

BRIEFING PAPERS
PACIFIC POLICY CONFERENCE
September 19-20, 1989
Honolulu, Hawaii

Compiled by:
Bureau of Planning

September 1989

INSULAR POLICY CONFERENCE**AGENDA**

September 19 & 20, 1989
Ala Moana Hotel
Honolulu, Hawaii

Monday, September 18

2:30 p.m. Afternoon Registration
to 4:00 p.m.

5:00 p.m. Reception in Honor of Secretary Manuel Lujan
to 7:00 p.m. Hosted by Governor John Waihee
Governor's Residence
(By Invitation)

Tuesday, September 19

7:30 a.m. Morning Registration
to 8:30 a.m.

8:30 a.m. General Session

Opening Remarks	- The Honorable Stella Guerra Assistant Secretary Territorial & International Affairs
Welcoming Remarks	- The Honorable John Waihee Governor of Hawaii
Keynote Address	- The Honorable Manuel Lujan Secretary of the Interior

9:00 a.m.

Addresses by Heads of Delegations

(approximately 5 minutes each)

(Presentation in order that insular area entered the American political family or its present relationship with the United States)

The Honorable John Waihee
Governor of Hawaii

The Honorable Joseph F. Ada
Governor of Guam

The Honorable Peter T. Coleman
Governor of American Samoa

The Honorable Alexander A. Farrelly
Governor of the United States Virgin Islands

The Honorable Pedro P. Tenorio
Governor of the Commonwealth of the Northern Mariana Islands

The Honorable Ngiratkel Etpison
President of the Republic of Palau

His Excellency Wilfred I. Kendall
Representative to the United States from the Republic of the Marshall Islands

His Excellency Jesse Marchalau
Representative to the United States from the Federated States of Micronesia

9:45 a.m. Break
to 10:00 a.m.

10:00 a.m.

Round Table Discussions

Objective: This Insular Policy Conference has been convened in order to gather information for the policy report requested under Title III of Public Law 99-239. The Conference objective, therefore, is to address insular issues and seek solutions.

I. Economic Development

Moderator: Mr. Howard Hills
Vice-President and General Counsel
Overseas Private Investment Corporation

(A) Suggested Items for Discussion:

- (1) Trade issues
- (2) Private Sector and Investment Development
- (3) Tourism
- (4) Marine issues, including EEZ, Tuna, Mariculture
- (5) Agriculture
- (6) Tax structure
- (7) Capital Infrastructure
- (8) Political status as it applies to economic development
- (9) Other

(B) Procedure:

- (1) Overview of Issues and Solutions by the head of each insular delegation or his representative (optional -- up to 5 minutes each)
- (2) Round Table Discussion by insular delegations, federal officials and other conference participants (bulk of round table time) Federal participants may include: Commerce, NOAA, USDA, SBA, DOT, State, and Customs

11:30 a.m.
to 11:50 a.m.

- (3) Observations by conference observers (both official and public) reflecting issues that Interior should consider when drafting the policy. In order to allow time for others to speak, please limit observations to one minute. (Participants may, but need not, respond orally at this time.)

12 noon

No Host Luncheon

Speaker - Admiral Huntington Hardisty
Commander in Chief
United States Pacific Command
United States Navy

2:00 p.m.

Congressional Comment

2:30 p.m.

II. Applicability of Federal Laws to the Insular Areas

Moderator: Mrs. Ruth Van Cleve
Attorney, Office of Solicitor
U. S. Department of the Interior

(A) Suggested Items for Discussion:

- (1) Multi-year funding of government operations
- (2) Technical assistance from DOI and other Federal agencies
- (3) Mutual consent in the application of federal laws
- (4) Limitation of federal law applicability to subjects of compelling national interest
- (5) Application of EPA and Corps of Engineers regulations and standards
- (6) Political status as it applies to federal laws
- (7) Other

(B) Procedure:

- (1) Overview of Issues and Solutions by the head of each insular delegation or his representative (optional -- up to 5 minutes each)
- (2) Round Table Discussion by insular delegations, federal officials and other conference participants (bulk of round table time) Federal participants may include: USDA, Commerce, Corps of Engineers, DOD, Education, Energy, EPA, GSA, FEMA, HHS, HUD, Justice, Labor, DOT, Customs, and Veterans
- (3) Observations by conference observers (both official and public) reflecting issues that Interior should consider when drafting the policy. In order to allow time for others to speak, please limit observations to one minute. (Participants may, but need not, respond orally at this time.)

4:15 p.m.
to 4:35 p.m.

4:35 p.m. Closing

6:00 p.m. Secretary's Reception
to 7:00 p.m. Garden Lanai -- Ala Moana Hotel

Wednesday, September 20

8:00 a.m. Continuation of Round Table Discussions

8:15 a.m. **III. Social Issues**

Moderator: Dr. Samuel Lin
Deputy Assistant Secretary for Health
Intergovernmental Affairs
Assistant Surgeon General
United States Department of Health and
Human Services

(A) Suggested Items for Discussion:

- (1) Health
- (2) Education
- (3) Housing
- (4) Drugs
- (5) Women's Issues
- (6) Movement of people into United States territorial areas
- (7) Political status as it applies to federal laws
- (8) Other

(B) Procedure:

- (1) Overview of Issues and Solutions by the head of each insular delegation or his minutes each)
- (2) Round Table Discussion by insular delegations, federal officials and other conference participants (bulk of round table time) Federal participants may include: HHS, Education, Drug, Postal, and USIA

(3) Observations by conference observers (both official and public) reflecting issues that Interior should consider when drafting the policy. In order to allow time for others to speak, please limit observations to one minute. (Participants may, but need not, respond orally at this time.)

Break

IV. United States Foreign Policy

Moderator: Ms. Marilyn Meyers
Deputy Assistant Secretary for East
Asian and South Pacific Affairs
United States Department of State

(A) Suggested Items for Discussion:

- (1) Role of United States insular areas in international relations when an issue particularly affects an individual island area, e.g. international aviation agreements, and relations with the freely associated states
- (2) Drift-net fishing
- (3) Nuclear free zone treaties
- (4) Nuclear waste disposal
- (5) Third-country assistance
- (6) Maritime surveillance & repatriation of incarcerated foreign fishermen
- (7) Political status as it applies to foreign policy formulation
- (8) Other

(B) Procedure:

- (1) Overview of Issues and Solutions by the head of each insular delegation or his representative (optional -- up to 5 minutes each)
- (2) Round Table Discussion by insular delegations, federal officials and other conference participants (bulk of round table time) Federal participants may include: State, DOT, and Energy
- (3) Observations by conference observers (both official and public) reflecting issues that Interior should consider when drafting the policy. In order to allow time for others to speak, please limit observations to one minute. (Participants may, but need not, respond orally at this time.)

12:10 noon
to 12:30 p.m.

12:30 p.m.

Lunch -- Open

2:00 p.m.
to 2:45 p.m.

Discussion -- President's Initiatives
White House and Other Federal Agencies

2:45 p.m.

V. Federal Executive Organization - Insular Issues

Moderator: Richard D. Fisher, Jr.
Heritage Foundation

(A) Suggested Items for Discussion:

- (1) Roles of federal departments, including the Department of the Interior
- (2) Covenant section 902 consultations
- (3) Political status as it applies to federal executive organization
- (4) Other

(B) Procedure:

- (1) Overview of Issues and Solutions by the head of each insular delegation or his representative (optional -- up to 5 minutes each)

- (2) Round Table Discussion by insular delegations, federal officials and other conference participants (bulk of round table time)

4:10 p.m.
to 4:30 p.m.

- (3) Observations by conference observers (both official and public) reflecting issues that Interior should consider when drafting the policy. In order to allow time for others to speak, please limit observations to one minute. (Participants may, but need not, respond orally at this time.)

4:30 p.m.

Closing Remarks

Heads of Delegation
(approximately 3 minutes)

Assistant Secretary for Territorial and
International Affairs

Adjournment

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INTRODUCTION

INTRODUCTION

The draft agenda for the Pacific Policy Conference identifies topics that are already addressed by the Guam Commonwealth Act, as follows:

<u>Conference Agenda Item</u>	<u>Guam Commonwealth Act*</u>
1. Economic Development	Articles 5, 6, 7, 8, 9, 10, 11
2. Applicability of Federal Laws	Article 2
3. Social Development	Article 1
4. Regional Foreign Policy	Article 3
5. Federal Executive Organization	Articles 1 & 2

* Not directly addressed in the conference agenda are Article 4 - Courts & Article 12 - Technical Amendments & Interpretation

This briefing paper provides more detailed information by agenda topic should this be required at the Conference. Following each agenda topic, a summary listing of agency concerns is presented followed by the briefing paper submitted by the agency.

TITLE III—PACIFIC POLICY REPORTS

48 USC 1681
note.

SEC. 301. FINDINGS.

The Congress finds that—

(1) the United States does not have a clearly defined policy for United States noncontiguous Pacific areas (including the Commonwealth of the Northern Mariana Islands, American Samoa, Guam, the State of Hawaii, and the State of Alaska) and for United States-associated noncontiguous Pacific areas (including the Federated States of Micronesia, the Marshall Islands, and Palau);

(2) the Federal Government has often failed to consider the implications for, effects on, and potential of noncontiguous Pacific areas in the formulation and conduct of foreign and domestic policy, to the detriment of both the attainment of the objectives of Federal policy and noncontiguous Pacific areas;

(3) policies and programs designed for the United States as a whole may impose inappropriate standards on noncontiguous Pacific areas because of their unique circumstances and needs; and

(4) the present Federal organizational arrangements for liaison with (and providing assistance to) the insular areas may not be adequate—

(A) to coordinate the delivery of Federal programs and services to noncontiguous Pacific areas;

(B) to provide a consistent basis for administration of programs;

(C) to adapt policy to the special requirements of each area and modify the application of Federal programs, laws, and regulations accordingly;

(D) to be responsive to the Congress in the discharge of its responsibilities; and

(E) to attain the international obligations of the United States.

SEC. 302. REPORTS.48 USC 1681
note.

(a) **SUBMISSION.**—Not later than one year after the date of the enactment of this joint resolution and each five years thereafter, the Secretary of the Interior, in consultation with the Secretary of State, shall submit to the Congress and the President a report on United States noncontiguous Pacific areas policy together with such recommendations as may be necessary to accomplish the objectives of such policy.

(b) **CONTENTS.**—The reports required in subsection (a) of this section shall set forth clearly defined policies regarding United States, and United States associated, noncontiguous Pacific areas, including—

(1) the role of and impacts on the noncontiguous Pacific areas in the formulation and conduct of foreign policy;

(2) the applicability of standards contained in Federal laws, regulations, and programs to the noncontiguous Pacific areas and any modifications which may be necessary to achieve the intent of such laws, regulations, and programs consistent with the unique character of the noncontiguous Pacific areas;

(3) the effectiveness of the Federal executive organizational arrangements for—

(A) providing liaison between the Federal Government and the governments of the noncontiguous Pacific areas;

(B) coordinating Federal actions in a manner which recognizes the unique circumstances and needs of the noncontiguous Pacific areas; and

(C) achieving the objective of Federal policy and ensuring that the Congress receives the information necessary to discharge its responsibilities; and

(4) actions which may be needed to facilitate the economic and social health and development of the noncontiguous Pacific areas, consistent with their self-determined objectives.

SEC. 303. CONFERENCE.48 USC 1681
note.
Reports.

(a) **MEETING.**—Prior to submitting the reports required under section 302(b), the Secretary of the Interior, in consultation with the Secretary of State, shall convene a conference to obtain the views of the noncontiguous Pacific areas on the matters required to be addressed in such reports.

(b) **PARTICIPANTS.**—Representatives of each of the noncontiguous Pacific areas; and the heads of all executive departments and agencies, and other public and private organizations concerned with the noncontiguous Pacific areas as requested by the Secretary of the Interior shall be entitled to be participants in the conference.

(c) **WRITTEN COMMENTS.**—The Secretary of the Interior shall afford participants in the conference an opportunity to submit written comments for inclusion in the reports required under section 302.

SEC. 304. ADMINISTRATIVE MATTERS.48 USC 1681
note.

(a) **ADMINISTRATIVE SUPPORT.**—The Secretary of the Interior shall provide all necessary administrative support to accomplish the requirements of sections 302 and 303.

(b) **AUTHORIZATION OF APPROPRIATIONS.**—There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this title.

ECONOMIC DEVELOPMENT

I. Economic Development

Moderator: Mr. Howard Hills
Vice-President and General Counsel
Overseas Private Investment Corporation

(A) Suggested Items for Discussion:

- (1) Trade issues
- (2) Private Sector and Investment Development
- (3) Tourism
- (4) Marine issues, including EEZ, Tuna, Mariculture
- (5) Agriculture
- (6) Tax structure
- (7) Capital Infrastructure
- (8) Political status as it applies to economic development.
- (9) Other

(B) Procedure:

- (1) Overview of Issues and Solutions by the head of each insular delegation or his representative (optional -- up to 5 minutes each)
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- (3) Observations by conference observers (both official and public) reflecting issues that Interior should consider when drafting the policy. In order to allow time for others to speak, please limit observations to one minute. (Participants may, but need not, respond orally at this time.)

ECONOMIC DEVELOPMENT

GUAM VISITORS BUREAU

- . Afford the territories greater exposure in marketing activities conducted by US TTA
- . Devise a more equitable formula by US TTA for sharing of costs in US TTA-sponsored activities

DEPARTMENT OF AGRICULTURE

- . Increase federal funding for forestry activities
- . Construct an agricultural inspection station with a small fumigation chamber
- . Extend Hawaii's melon fly project to Guam
- . Update USDA's list of insect pests for Guam and the surrounding Pacific Islands
- . Allocate funds under USDA Resource Conservation and Development Program to Guam
- . Amend DOI's Fish Restoration and Wildlife Restoration Grant Programs to increase Guam's funding levels and to allow grant funds to be used for enforcement and for non-finned species (crabs, lobster, etc.)

DEPARTMENT OF COMMERCE

- . Amend the Magnuson Fishery Conservation & Management Act to allow management of tuna resources
- . Strengthen fisheries monitoring and enforcement programs
- . Develop limited entry initiatives for fishing within Guam's EEZ
- . Foster support for local fishery development
- . Ensure adequate representation from the territories on fisheries and related councils including the Marine Fisheries Advisory Council
- . Enhance fishery data collection programs

- . Modify the funding formula under the Interjurisdictional Fisheries Act to account for fish off-loaded from foreign vessels in addition to those from U.S. flag vessels
- . Ensure timely receipt of census data
- . Request reinstatement of trade statistics.

DEPARTMENT OF LABOR

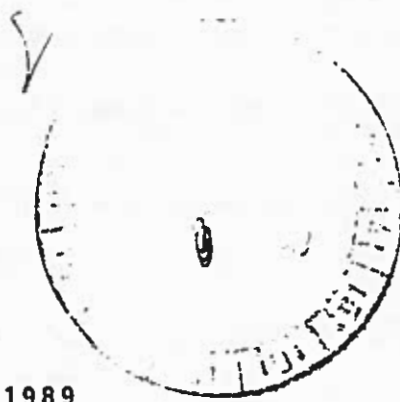
- . Request the U.S. Department of Labor to return all penalty payments imposed and assessed by Guam OSHA inspectors
- . Allow the Governor or his representative to issue determinations on all employee applications for temporary alien agricultural and aquacultural workers.

ADDITIONAL ISSUES

- . Encourage US Geological Survey, DOI to secure \$20.2 Million for a seven year on-shore and off-shore geological study of the Western Pacific Islands
- . Encourage the federal government to afford Taiwan the opportunity to participate in the VISA waiver program
- . Reinststate Guam as a center for the issuance of US Passports



Guam Visitors Bureau
Setbision Bisitan Guahan



September 05, 1989

MEMORANDUM

To : Director, Bureau of Planning
From : General Manager
Subject : Pacific Policy Conference

Attached for the Governor's reference is GVB's position on Guam's involvement with the United States Trade & Tourism Administration (USTTA).

Michael D. Carlson
MICHAEL D. CARLSON
acting

attachment



The United States Trade & Tourism Administration (USTTA) is tasked with the Marketing of the United States abroad as a tourist destination. In the performance of this task, the USTTA conducts seminars in foreign countries which are aimed at the travel trade. The format for these seminars is twofold - educating the travel trade on the various entry requirements and promoting numerous destinations within the United States.

GVB has participated in several USTTA-sponsored seminars to date. Aside from the organizing of such events, GVB has had to provide at its own cost the resources to promote Guam. Assistance, financially or otherwise, from USTTA has been minimal at best, and GVB is hopeful that a better sharing of costs may come about in the future. GVB is also mindful of the fact that the USTTA seminars do not single out any one destination within the U.S., and an assessment of the return on resources committed by GVB is forthcoming. It has also been GVB's experience that the territories are only invited to participate in seminars, but are not marketed by USTTA to the same degree as the fifty states and the District of Columbia.

It is highly recommended that two points be brought to the attention of the USTTA officials. One, that Guam and the other territories be afforded greater exposure in marketing activities conducted by USTTA. And two, that USTTA devise a more equitable formula for the sharing of costs when Guam and the other territories are asked to participate in USTTA-sponsored activities.

- 9 -

ANTONIO S. QUITUGUA
DIRECTOR



Director's Office 734-3942/
Aquatic & Wildlife Resources 734-3944/4
Agricultural Development Services 734-3946/4
Forestry & Soil Resources 734-3948
Animal & Plant Industry 734-3940/4

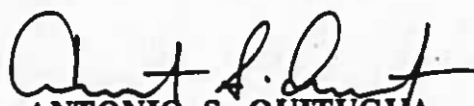
AGANA, GUAM 96910

September 6, 1989

Memorandum

To: The Governor
Via: Director of Planning
From: Director of Agriculture
Subject: Pacific Policy Conference

The Department of Agriculture submits the attached briefing papers as per your memorandum of August 24, 1989.


ANTONIO S. QUITUGUA

Attachments



U.S. Department of Agriculture (USDA)

USDA has several programs that impact the Government of Guam's Department of Agriculture (DOA). These programs are in the area of the Forest Service, the Animal Plant and Health Inspection Service (APHIS), and the Soil Conservation Service.

Under Forestry, while Guam is now participating under the Forestry Grant-in-Aid Program the funding level is not sufficient for the DOA's Forestry Division to undertake badly needed afforestation and reforestation work especially for rehabilitation of southern Guam. The Forestry Division has done 200 acres of afforestation in southern Guam. The Division has been averaging about 40-50 acres of planting per year. There are 10,000 acres of savannah land that require afforestation work [(both public and private lands) there are considerable acreage of private lands that are highly eroded that requires planting for soil and water conservation purposes].

As readily apparent from the above-mentioned figures, unless there is an increase in the funding level granted to Guam the task to afforest southern Guam will take quite a long time to accomplish. Therefore, it is recommended that in order for Guam to save its fragile, valuable soil and water resource it is necessary that Guam's funding level for Forestry Grant-in-Aid be increased.

Under APHIS, DOA performs certain functions that should be carried out by USDA. DOA through the Guam Department of Commerce's Customs and Quarantine Division enforces USDA's APHIS regulations for shipments from foreign countries. There have been numerous instances where shipments arriving on Guam are infested. It is recommended that an agricultural inspection station with a small fumigation chamber be provided by USDA.

USDA is undertaking fly eradication project for Hawaii and California. One (1) of the target species for eradication in Hawaii is the melon fly. The melon fly is also present on Guam.

USDA has tried an experimental eradication program for the melon fly on Rota in the CNMI using Cue-Lure. Had the project been successful, it was to have been extended to Guam. Unfortunately, the project did not succeed.

GovGuam should request that the melon fly project for Hawaii be extended to Guam. The fly can be hatched and reared in Hawaii and then shipped to Guam for aerial release.

There is a need for USDA to update its insect pests listing. The last entomological survey done by USDA for Guam and the former Trust Territory of the Pacific Islands was in the 50's. The development of Guam's agriculture is impacted by the out-dated list as there may be new pests present or pests from the 50's survey that are no longer present. Guam should recommend that USDA undertake a survey to update the insect pests for Guam and the surrounding Pacific Islands.

Under the USDA Soil Conservation Service, there exists a program called Resource Conservation and Development (RC&D) aimed at stimulating rural development and conservation projects. An application was submitted in December 1988 to USDA but due to budgetary constraints, this application has since been held pending. However, there are indications that additional funds may be available in FY 1990 so therefore, we should again pursue for the implementation of this program on Guam.

U.S. Department of Interior (DOI)

DOA participates under the Fish Restoration and Wildlife Restoration Grant-in-Aid Programs offered by DOI. These programs are very restrictive and the constraints of the program prevent DOA from doing more towards conserving our fish and wildlife resources. For example, funds under the programs cannot be used for non-finned species (crabs, clams, lobsters, sea-cucumber, etc.) nor for enforcement purposes. There is an incongruity as far as enforcement is concerned; laws are enacted and regulations promulgated based on the findings of studies undertaken on the programs; but, no portion of the funds can be used to enforce these laws and regulations.

Guam receives funds based on a formula stipulated under the Fish Restoration Act and Wildlife Restoration act. The apportionment of funds for Guam is very small. For Fish Restoration it is one-third of 1 per centum. For Wildlife Restoration it is one-sixth of 1 per centum. The funds received for Fish Restoration is adequate for the present level of operation. However, the funding level for Wildlife Restoration is inadequate.

GovGuam should recommend that the Acts and regulations therefrom should be amended to provide greater flexibility in the expenditure of funds to include costs not presently eligible under the Acts. Further, that the apportionment formula for Guam be amended so that Guam can receive a higher funding level so that Guam can respond adequately to rapid changing conditions and the problems caused by the brown tree snake.

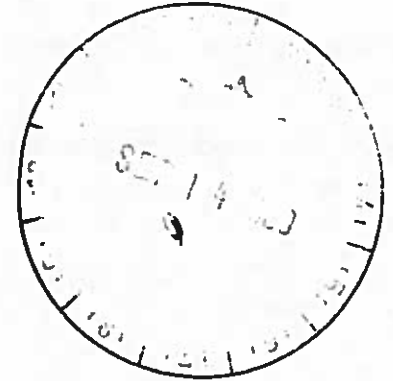
U.S. Trade and Tourism Administration and International Trade Administration

Guam should request that barriers preventing trade be identified. The study on trade barriers should also include recommendations on over-coming the barriers.



GOVERNMENT OF GUAM
AGANA, GUAM 96910

SEP 13 1989



Memorandum

To: Director, Bureau of Planning
From: Director of Commerce
Subject: Pacific Policy Comments

The following issues are presented for further consideration in the upcoming Pacific Policy Conference.

1. Fishery Developments. Recent hearings regarding the re-authorization of the Magnuson Fishery Conservation and Management Act will consider efforts on the part of the Western Pacific Fisheries Management Council for the inclusion of Tuna in the Magnuson Fishery Act. Specifically, continue to strongly support the amendment of Section 102 of the MFCMA to include tuna. This will be consistent with our efforts to pursue the rights to manage and develop the resources within Guam's EEZ. In addition, fishery development in Guam is undergoing major changes as a key distribution and servicing point to the identified export markets. Recent developments in Hawaii regarding domestic commercial fishing groups and the influx of other non-Hawaii fishing fleets have caused major problems in both gear-conflict areas and overfishing in limited areas. This problem will also extend towards Guam as the same fishing fleets are contemplating Guam as the next fishing ground.

Some of the more immediate issues in the fishery are:

1. The limited ability of the Guam Government to enforce its fishing jurisdiction, given the lack of resources and legal authority. Pursue the strengthening of the monitoring and enforcement program through both the consolidation of scientific data and the use of satellite monitoring with enforcement response to violations within our EEZ.
2. Lack of appropriate local controls to impose limited entry initiatives or programs to fish in Guam's EEZ.
3. Appropriate initiatives should be fostered to support local fishery development in all areas particularly the distribution aspect should be seriously reviewed.

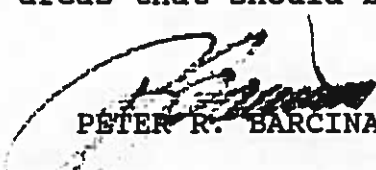
4. Adequate representation on appropriate councils and programs that are automatically granted to the island states should be encouraged and supported to ensure fair representation. It is recommended that future nominations to the Marine Fisheries Advisory Committee (MAFAC) include representatives from the immediate area. This desire to have a representative from Guam on the committee should be brought to the Secretary's attention.
5. Encourage/foster domestic fishery development in the appropriate areas. Programs should be designed to assist fishing firms and shore-side programs.
6. Data/Statistics programs should be enhanced further to allow timely review and analysis for enforcement and compliance purposes. It appears that fishery data is very restrictive for review.
7. Interjurisdictional Fisheries Act. Recommend the modification of the formula that determines the funding level should be discussed with the Secretary and the head officials of the NOAA and the NMFS. The formula should be changed for Guam to include the off-loading from foreign fishing vessels at the commercial port of Guam. (The current formula only considers tuna off-loaded from U.S. flag vessels.) This change would substantially increase the fund available to Guam which is limited to the minimum allocation of \$19,185.

Recent actions taken highlights the signing of an agreement by the Governors of the Pacific Basin Development Council supporting the inclusion of Tuna in the Magnuson Fishery Conservation Management Act.

2. Census Programs. The immediate issues at hand are the recent programs and census activity slated to begin in 1990. However, the issues that should at least be targeted should be considered and presented accordingly.

- a. Timely receipt of census data and processing. The ideal situation is to eventually have Guam conduct its own processing and review of census data.
- b. Reinstatement of Trade Statistics which document and tabulates exports from the U.S. to respective countries. This should be requested for reinstatement. Initial requests have been made.

These are the two critical areas that should be addressed;


PETER R. BARCINAS



UNITED STATES DEPARTMENT OF COMMERCE
Bureau of the Census
Washington, D.C. 20233

May 16, 1989

Mr. Peter R. Barcinas
Acting Director, Department of Commerce
Government of Guam
590 South Marine Drive
Tamuning, Guam 96911



Dear Mr. Barcinas:

Thank you for your letter requesting the reinstitution of Shipper's Export Declaration (SED) requirements for shipments from the United States to Guam.

I regret that Dr. Keane's letter to the Honorable Ben Blaz on trade statistics between the United States and Guam (copy enclosed) did not clearly state our position. Reinstating the requirement that SEDs be filed on shipments from the United States to Guam will not properly resolve the problem of measuring merchandise entering Guam. Therefore, we do not propose that the SED requirement be reinstated.

However, as Dr. Keane's letter pointed out, a more effective way to resolve Guam's work load problem that you referenced in your May 1988 letter to Congressman Blaz, and to provide accurate and timely statistics, is the introduction by the government of Guam of a standard entry form. This form would apply to all merchandise entering Guam (including that coming from the United States) and would require the importer to supply all needed statistical information, including the Harmonized System code for classifying merchandise. Such a standard entry form would greatly simplify processing operations by eliminating much of the manual processing that burdens your current system.

Should you decide to adopt a standard entry form for all your imports, we will support your efforts by immediately making the necessary amendments to the Foreign Trade Statistics Regulations and will assist you in the processing and systems design, if you so desire.

Should you wish to discuss this matter further, please do not hesitate to contact me.

Sincerely,

DON L. ADAMS
Chief, Foreign Trade Division
Bureau of the Census

Enclosure



UNITED STATES DEPARTMENT OF COMMERCE
Bureau of the Census
Washington, D.C. 20533

OFFICE OF THE DIRECTOR

SEP 12 1988

Honorable Ben Blaz
House of Representatives
Washington, DC 20515

Dear Mr. Blaz:

Thank you for your letter enclosing a request from Guam's Department of Commerce for the Bureau of the Census to compile and publish statistics on shipments between the United States and Guam.

We are enclosing the latest issue of Report PT 800, U.S. Trade with Puerto Rico and U.S. Possessions, covering February 1988 that contains information regarding shipments from Guam to the United States.

In 1970, at the request of the Government of Guam, the United States eliminated the Shipper's Export Declaration (SED) requirement for shipments from the United States to Guam, a prerequisite for Census Bureau data processing, and substituted for it a provision requiring Guamanian importers to submit invoices and/or waybills for all imports into Guam. This change in requirements permitted Guam to compile and publish data on its imports from all countries, including the United States. Previously, Guam only counted imports from the United States.

Periodically, over the past several years the Government of Guam has raised this issue. Reinstating the SED requirement and Census Bureau data processing to reduce Guam's work load will not properly resolve that problem. Based on the import and export data shown in the Guam Annual Economic Review-1982, the value of imports from the United States accounts for about one-fourth of the total value of imports into Guam. We estimate that about 100 invoices and/or waybills out of about 500 submitted on an average day reflect shipments from the United States. This leaves almost 400 more documents to be processed each day for imports from other countries.

A more effective way of resolving Guam's work load problem is the introduction of a standard entry form. We discussed this concept with representatives from Guam's Department of Commerce several years ago. Use of the form would require the importer to supply needed statistical information, including the merchandise classification code, and would greatly simplify processing operations by eliminating many of the current manual processing steps.

Honorable Ben Blas

2

We continue to view this approach as a better overall solution to Guam's problem rather than the partial solution of reinstituting the SED requirement. Reinstitution of the SED requirement will also result in unequal treatment of Guam's importers, since those ordering merchandise from the United States will not be required to submit invoices. This is likely to create resentment in the business community and complicate Guam's problems. If Guam's Department of Commerce decides to adopt a standardized form as the required import document, we will support its efforts by making the necessary amendments to the Foreign Trade Statistics Regulations.

Should you wish to discuss this matter further, please have a member of your staff call Mr. Don L. Adams, Chief, Foreign Trade Division, on 763-5342.

Sincerely,

(Signed) John G. Keane

JOHN G. KEANE
Director
Bureau of the Census

Enclosure



U.S. DEPARTMENT OF COMMERCE
Bureau of the Census
Washington, D.C. 20233

March 30, 1970

FTSR LETTER NO. 70

TO: Regional Commissioners and Other Principal Customs Field Officers,
Department of Commerce Field Offices, Exporters, Importers, and
Others Concerned

FROM: Bureau of the Census

SUBJECT: Elimination of Shipper's Export Declaration Requirements for Shipments
to Guam and Most Other Small Island Possessions

The Foreign Trade Statistics Regulations were amended effective June 1, 1968, to provide for the compilation of statistics by the Government of Guam on merchandise imported into Guam. The amended regulations provided for the delivery to the Government of Guam of a copy of the commercial invoice and the bill of lading (or air waybill) on each shipment into Guam to serve as source documents for the compilation of these statistics.

As a result of these changes, it has now been determined that the requirements for the filing of Shipper's Export Declarations for shipments from the United States (and Puerto Rico) to Guam can be eliminated. Accordingly the Foreign Trade Statistics Regulations have been amended to eliminate the requirements for filing Shipper's Export Declarations (and manifests) with United States Customs officials on shipments to Guam effective March 21, 1970. Simultaneous with the elimination of Shipper's Export Declaration (and manifests) requirements on shipments to Guam, these requirements are also being eliminated with respect to shipments to all other so-called "United States possessions", i.e., Wake Island, Midway Island, Canton and Enderbury Islands, Swan Islands, etc., except for shipments to American Samoa and to the Virgin Islands of the United States.

To effect these changes in reporting requirements the Foreign Trade Statistics Regulations have been amended by notice appearing in the Federal Register of March 21, 1970 (35 F. R. 4948), as set forth below, to specify that the requirement for filing Shipper's Export Declarations and manifests for shipments between nonforeign areas now apply only to shipments between the United States and Puerto Rico, and to shipments from the United States or Puerto Rico to American Samoa and the Virgin Islands of the United States.

1. Section 30.1 (a) (2) (iii) is amended to read as follows:

^S 30.1 General statement of requirement for Shipper's Export Declarations.

(a) . . .

(2) . . .

(iii) To American Samoa and the Virgin Islands of the United

States from the United States or Puerto Rico.

2. The reference to U.S. possessions immediately following § 30.1 (a)(2)(iii) is moved to immediately follow the end of § 30.2 (a).

3. Footnote 1 is amended to read:

1/ Shipper's Export Declarations are not required for shipments from the United States or Puerto Rico to the United States Possessions, except to American Samoa and the Virgin Islands of the United States, or from a United States Possession destined to the United States, Puerto Rico or another U.S. Possession.

4. Section 30.5 (a)(2) is amended to read:

§ 30.5 Number of copies of Shipper's Export Declaration required.

(a) . . .

(2) In duplicate for shipments, except by mail, where Canada is the final destination as known to the exporter at the time of exportation, and for shipments to nonforeign areas as required.

5. Section 30.20 is amended to read as follows:

§ 30.20 General statement of requirement for the filing of manifests and Shipper's Export Declarations by carriers.

Carriers transporting merchandise from the United States, Puerto Rico, or U.S. Possessions to foreign countries, from the United States or Puerto Rico to American Samoa or to the Virgin Islands of the United States; or between Puerto Rico and the United States, shall not be granted clearance, where clearance is required, and shall not depart, where clearance is not required, until manifests (for vessels, aircraft, and rail carriers) and Shipper's Export Declarations have been filed with the Customs Director as specified below, except as provided in § 30.24.

6. Section 30.24 (a)(1) is amended to read as follows:

§ 30.24 Clearance or departure of carriers under bond on incomplete manifest or Shipper's Export Declarations.

(a) . . .

(1) For shipments aboard a U.S. flag carrier between the United States and Puerto Rico, or from the United States or Puerto Rico to American Samoa or the Virgin Islands of the United States, the condition of the bond shall be that a complete manifests (where a manifest is required) and all required Shipper's

Export Declarations shall be filed by the carrier not later than the seventh business day after departure.

7. Section 30.40 is amended to read as follows:

§ 30.40 Single declaration for multiple consignees.

As a further exception to the requirements of § 30.6, shippers are authorized, subject to the approval of the Customs Director, to file one Shipper's Export Declaration (in duplicate) for all shipments, other than those made to U.S. Government agencies, offices, establishments, or representatives of any of these, which are laden on one vessel or aircraft and destined to go to one port in Puerto Rico, American Samoa, the Virgin Islands of the United States, or the Canal Zone. For such shipments no consignee information need be furnished whether such shipments are made to one or several consignees.

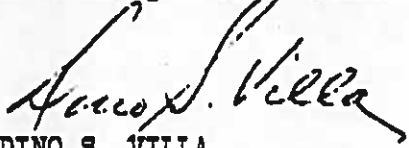
8. Section 30.55 (h) is amended to read as follows:

§ 30.55 Miscellaneous exemptions.

(h) . . .

Shipments (except shipments requiring a validated export license) between the United States and Puerto Rico, to American Samoa and the Virgin Islands of the United States, and to all countries except countries included in country groups S, W, Y, and Z, as defined in the Export Control Regulations of the Office of Export Control (15 CFR Parts 368-399)² where the value of the commodities classified under a single Schedule B number and shipped on the same exporting carrier from one exporter to one importer is \$250 or under: Provided, however, that this exemption shall be conditioned upon the filing of such reports as the Bureau of the Census shall periodically require to compile statistics on \$250 and under shipments.

Reprint pages incorporating these changes in the loose-leaf publication of the Foreign Trade Statistics Regulations will be issued shortly.


DINO S. VILLA
Chief
Foreign Trade Division
Bureau of the Census



DEPARTMENT OF COMMERCE
GOVERNMENT OF GUAM
590 SOUTH MARINE DRIVE
SUITE 601, 6th FLOOR GITC BLDG.
TAMUNING, GUAM 96911

JUN - 9 1989

DC/C&P/89-102-A

Don L. Adams, Chief
Foreign Trade Division
U.S. Bureau of the Census
Washington, D.C. 20233

Dear Mr. Adams:

Thank you for your letter of May 16, 1989 proposing a standard entry form for Guam's imports. After discussions with my staff, we have decided to pursue the adoption of both an entry and export form, and seek the support that you have generously offered.

In addition to the assistance you have offered in processing and systems design, and in the immediate amendments to the Foreign Trade Statistics Regulations, we would like to request your help in form design. By designing the forms in such a way as to ease their completion by importers with the minimum of misunderstanding and error, we hope to speed their adoption and acceptance locally. We do not, however, have expertise available to us on-island in content and design of forms; we hope to avail ourselves of that expertise within the Census Bureau. We have compiled a list of items that we would like to have on such forms; they are listed below.

- 1.) Point of origin;
- 2.) Mode of transportation;
- 3.) Seven-digit Harmonized System or Schedule B classification;
- 4.) Commodity description (according to Harmonized System);
- 5.) Unit of quantity (according to Harmonized System);
- 6.) Total quantity;
- 7.) Value;
- 8.) Date of arrival at destination (Guam).

The proposed exit (or export) forms would have items similar to these. Items 3 through 7 would be for each commodity imported or exported; the remainder of the items would be per invoice.

In the processing and systems designs, we would like to see tabulations available that are as specific as the items listed above: i.e., Harmonized digit by total quantity, total quantity by value, etc..

We would appreciate any suggestions that your Division has on the implementation of such forms.

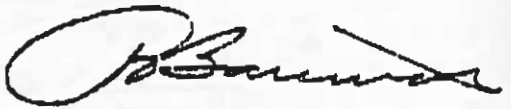
In addition to the assistance that we have requested above, would it be possible to provide our Department with a copy of any updates of the

Harmonized System or Schedule B (Classification of Commodities from the U.S. to Foreign Countries) that have occurred since the beginning of 1989? We have received such updates in the past, but have not had any arrive recently.

We thank you for any assistance that your Division can offer us in these matters, and appreciate your efforts to reduce our workload. Should you have any questions about our requests, please contact Mr. Joseph T. Flors or Ms. Cynthia Naval at (671) 646-5841/4; our FAX number is (671) 646-7242.

We hope to hear from you soon about our requests.

Sincerely yours,

15/ 

PETER R. BARCINAS
Director



DEPARTMENT OF COMMERCE
DEPARTAMENTON I KOMETSIO
GOVERNMENT OF GUAM
SUITE 601, 6th FLOOR, GITC BLDG.
590 SOUTH MARINE DRIVE
TAMUNING, GUAM 96911
Tel: 646-5841/4
Fax: 646-7242



AUG 30 1989

DC/C&P/89-137-F

Don L. Adams, Chief
Foreign Trade Division
U.S. Bureau of the Census
Washington, D.C. 20233

Dear Mr. Adams:

This letter is a follow-up to our request of June 9, 1989 (enclosed) that standard entry and exit forms for Guam be established. As we have not received your response, we would like to know the status of our request for assistance.

If your office has not received our request, please consider the enclosed letter as a replacement for the original of June 9, and proceed accordingly.

Should you have questions about the request, please contact Mr. Joseph T. Flores or Ms. Cynthia L. Naval of our office at (671) 646-5841/4. Our facsimile number is (671) 646-7242.

Thank you for your attention to this matter.

Sincerely,

15/

PETER R. BARCINAS
Director

Enclosure



DEPARTMENT OF

LABOR

DIPATTAMENTON HUMOTNAT

EDWARD A. GUERRERO, Director • JOHN M. TAJITO, Deputy Director

JOSEPH F. ADA
Governor

FRANK F. BLAS
Lieutenant Governor

SEP 02 1989



MEMORANDUM NO. 319-89

To: Bureau of Planning
From: Director of Labor
Subject: Pacific Conference

1. Request you cancel my memorandum dated September 6, 1989.
2. The Department of Labor after judicious review of the various programs submits the following data for consideration:

TOPIC: The 7(c)(1) OSHA ENFORCEMENT AGREEMENT

DISCUSSION: The Occupational Safety and Health Act of 1970 created the enforcement of job safety and health standards in the industries. With the recent construction boom and an increased number of contractors, the current injuries and illnesses data released by the Bureau of Labor Statistics has escalated.

Through the enforcement of the OSH Act, penalty payments are assessed following an inspection of an employer's establishment or construction site. Penalty payments assessed are transmitted to the U.S. Treasury. These assessments made locally have no stipulated sanction to retain assessments generated by the enforcement of the program.

"COMMONWEALTH NOW"

RECOMMENDATION: Request the federal Department of Labor (under the same mirror application of the Organic Act provisions, mandating that all income taxes earned on Guam, be reverted into the Government of Guam General Fund) to revert all assessments made through the OSH Act enforcement, which can provide operational cost to improve program efficiency, or reduce local funding participation requirement for the subsequent year.

TOPIC: **IMMIGRATION REFORM AND CONTROL ACT**

DISCUSSION: On November 6, 1986, the President signed IRCA (Immigration Reform and Control Act) into law. The statute required that regulations governing the temporary alien agricultural worker H-2A program provisions be promulgated in interim rule form no later than June 1, 1987. As a result, regulations were published by the U.S. Department of Labor, Employment & Training Administration, in the Federal Register on June 1, 1987 and were effective upon publication and govern all employer applications for temporary alien agricultural worker certifications. Under the statute, the Attorney General, through the Immigration and Naturalization Service (INS), has the authority for approving an employer's petition, however, the law requires the employer to apply to the U.S. Department of Labor (USDOL) for a certification that:

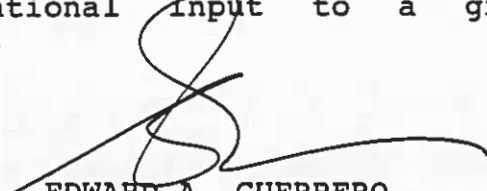
- a. There are not sufficient workers who are able, willing and qualified, and who will be available at the time and place needed, to perform the labor or services involved in the petition, and

- b. The employment of the alien in such labor or services will not adversely affect the wages and working conditions of workers in the United States similarly employed.

RECOMMENDATION:

The present Immigration and Naturalization Service regulations at 8 CFR 214.2(h)(3)(ii) which vest the Governor of Guam, or the Governor's designated representative within the Territorial Government, with authority to issue temporary labor certifications on Guam pursuant to 101(a)(15)(H)(ii) of the Immigration and Nationality Act, 8 USC 1101(a)(15)(H)(ii), should be expanded to include the authority to issue determinations on all employer applications for temporary alien certification on Guam for agricultural and aquacultural employment.

Agriculture and Aquaculture on Guam have the potential of being a major economic contributor. One of the major stumbling blocks on Guam's agriculture and aquaculture development is the lack of farm and aquatic labor pool. Locally, people are not in tune with this kind of work. A farmer and an aquatic must still, produce and market his own commodity. In contrast to California, farmers and aquatics have the luxury of employing temporary non-immigrant workers. This factor renders itself to Guam making agriculture and aquaculture a major factor. If such process is duplicated on Guam, agriculture and aquaculture on Guam will definitely become a viable economic factor. This change will provide closer control on the certification process and allow the labor officials to monitor the entry and exit of imported alien labor, and provide for local informational input to a greater degree.



EDWARD A. GUERRERO

PRELIMINARY PROPOSAL FOR GEOLOGICAL STUDIES IN THE ISLAND NATIONS OF THE WESTERN PACIFIC (WESTPAC)

INTRODUCTION

A preliminary proposal for a seven-year program of offshore and onshore geological studies and education is presented for Island nations of the western Pacific and the territory of Guam (WESTPAC).

This proposal for geologic studies in the western Pacific Ocean integrates offshore and onshore studies and recommends educational assistance. Guam would serve as a focal center for the coordination of all activities within this proposed program. The total cost is \$20.2 million for seven years. This would provide the Island nations and Guam of WESTPAC with data and interpretations that can be used to strengthen their economies.

OFFSHORE AND NEARSHORE RESOURCES IN THE WESTPAC NATIONS

Hydrocarbons

The Island arcs of the westernmost WESTPAC nations have basins and Tertiary (Miocene in particular) reefs that may have had the right geologic conditions for generating and trapping hydrocarbons. In particular, the Republic of Palau, the State of Yap (FSM), the Territory of Guam, and the Commonwealth of the Northern Mariana Islands have geologic histories that will make an evaluation of their potential hydrocarbon resources worthwhile.

The primary requisite for evaluating hydrocarbon potential of these areas is a good understanding of their geologic frameworks. This can only be accomplished by a broad approach using a variety of equipment and experience. Fundamental to any investigation is deep seismic penetration of the basins' sedimentary fill and of regions where buried Tertiary reefs may form hydrocarbon reservoirs. Along with seismic reflection and refraction studies are associated geophysical (e.g. gravity and magnetics) investigations and sampling (dredging, coring, drilling, and onshore sampling programs). The S.P. LEE, with an upgraded seismic reflection system, is the recommended ship.

Metals

The occurrences and economic potentials of two major types of deep-sea metals (Mn and Co oxides and sulfides) will be an important part of our studies. Co and Mn crusts and nodules should be looked for in all WESTPAC nations. Work by Hein in the northern Marianas and in the Marshall Islands by Hein and Schwab have given us some ideas of where to continue sampling and which areas will be worth reconnaissance and detailed surveys. One 30-day cruise should be considered at this time for each island nation and/or state of the FSM. That will require about 240 days of shiptime. The ship could be the LEE, the FARNELLA, or any other that has adequate single-channel seismic and sampling capabilities. In addition, the ship should be able to handle SEA MARC equipment (60 days). We might consider recommending at least 30 days of diving by submersible.

Sulfides are associated with back-arc spreading centers in the Mariana Trough and possibly with some of the active volcanoes along and across the arc axes.

In addition to deep seismic penetration to find the magma chambers, there will be needed good sampling (water, coring, dredging) capabilities, detailed bathymetry, side-scan sonar imaging, excellent navigation, and the use of a submersible. A decent reconnaissance will require at least 30 days of side-scan (SEA-MARC) imaging, 20 days of MC seismic reflection profiling, 80 days of detailed (SEA BEAM) bathymetry, 30 days of shipboard sampling, and 60 days of submersible diving.

-gold

Sand, Gravel, Phosphorite, and Placer Deposits

Nearshore studies should be carried out in those areas with greatest need for sand and gravel and in those with greatest potential for phosphorite and placer deposits. This will require smaller vessels plus personnel with scuba-diving experience and skills in interpreting nearshore processes. These personnel should also be prepared to study coastline erosion and deposition and pollution problems. They could teach necessary short courses and develop educational programs for teaching geologic and engineering skills to the citizens of the WESTPAC nations. The boats should be able to collect high-resolution seismic data, side-scan profiles, samples, and detailed bathymetry.

The best way to handle these studies is to have a base of operations at the University of Guam and perhaps three permanent U.S.G.S. employees (scientists and technicians) assigned for terms of one year or six months to the University of GUAM Marine Laboratory. Adequate equipment (bathymetric studies, single-channel seismic, side-scan profiling, scuba diving gear, current meters, sampling bottles, etc.) must be available for use on boats of opportunity in the

Island nations. In conjunction with this assignment, U.S.G.S. research personnel could offer seminars and handle some of the logistical (interact with ship agents, make sure shipments are sent and received) and political (interact with governments directly to determine needs) problems that will surface during the tenure of the proposal.

OFFSHORE AND NEARSHORE GEOLOGIC HAZARDS

In conjunction with studies to determine the regions; geologic evolution and determining resources, potential geologic hazards can be evaluated. In particular, we should look at the volcanoes along the Northern Mariana Islands, the effects of earthquakes, slumps, and tsunamis, and the results of coastal erosion and deposition. Large offsets of the sea floor should be mapped and evaluated with respect to recency of faulting and/or slumping.

These studies should require no additional survey time by the large ships and can easily be incorporated by the chief scientists during other investigations. Nearshore studies, however, could be demanding and will require flexibility in operations and budgeting.

ONSHORE STUDIES

Onshore resource and environmental studies should be carried out in all the Island nations, depending on need. The Branch of Western Mineral Resources already has started looking at Palau and Yap for precious metals and this can be expanded to looking for sand and gravel, suitable rocks for roads and

construction, and phosphorite deposits such as those on Rota Island in the Northern Marianas. The islands should be mapped (or remapped) geologically at the same scale, and hopefully by the same team of geologists, to establish consistency.

EDUCATIONAL ASSISTANCE

The U.S. Geological Survey is not an educational institution, but personnel can be prepared to offer short courses and training in their areas of expertise for citizens of these developing island nations. The University of Guam has asked us to help them build a center of excellence in the Earth Sciences. This can be done by stationing competent people at the university, encouraging the university to hire full-time faculty members in the earth sciences, and assist them in acquiring funds from agencies of the U.S. government.

PRODUCTS

Essential parts of any WESTPAC proposal must be the expected products and the methods of assuring their orderly and timely completion. We should make certain that the prime data are reproduced and given to the WESTPAC nations and that interpretive maps and reports are published for the scientific community and for use by resource and other companies. Specific Products are the following:

- 1) Copies of all prime data to be stored and curated at the University of Guam. Some to be given to the other island nations.
- 2) General reports for each cruise within twelve months.

- 3) Volumes with Interpretive scientific reports within three years from the completion of a cruise.
- 4) Interpretive articles published in scientific journals.
- 5) Training of earth science specialists from each island nation through the University of Guam.

SUMMARY AND COSTS

The budget is preliminary and may vary after the final review and identification of all resources (e.g., ship time) and equipment required to complete the program. However, it will provide a relatively accurate estimate. The budget will be more accurately delineated before it is finally completed. The budget will also have to be focused on the requirements of possible funding agencies when they are identified.

A seven year program is proposed (five years for completion of the cruises and two additional years for completing the interpretive maps and reports). Estimated costs per day are given in parentheses. The total estimated costs are summarized in the next section.

OFFSHORE

Dollars

Upgrade S.P. LEE seismic equipment, change deck to accommodate SEA MARC, prepare space for a better sampling and processing laboratory	\$1.0x106
120 days of MC profiling @ \$12/day (includes processing and MIDAPS salaries)	\$1.5x106
320 days of SC profiling and sampling 2 \$10K/day	\$3.2x106
120 days of SEA MARC @ \$15K/day	\$1.8x106
90 days for submersible diving @ \$20K/day	\$1.8x106
80 days of SEA BEAM @ \$12K/day	\$1.0x106
400 days large ship transit @ \$6K/day	\$2.4x106
260 days small boat operations @ \$2K/day	\$0.5x106
Incidental Travel and Shipping	\$0.5x106

ONSHORE AND EDUCATIONAL ASSISTANCE

20 man-years at University of Guam and temporary assignments @ \$100K/man-year	\$2.0x106
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LABORATORIES

60 man-years of technician help @ \$50K/man-year	\$3.0x106
--	-----------

PUBLICATIONS

20man-years of drafting and technician help @ \$50K/man year	\$1.0x106
Direct publication costs (printing, photographing, binding, etc.)	\$0.5x106

TOTAL ESTIMATED COST \$20.2x106

San Agustin worries GMH raises

Joe T. San Agustin yesterday said he is concerned that unclassified nurses at GMH will lose their jobs if they are not reclassified. San Agustin explained, "The 1988 Budget provides for a 1 percent raise for these nurses but the hospital would undermine efforts to improve the managerial capability of the hospital."

San Agustin went on to say, "I don't understand why the board is being neglectful of this situation. GMH officials have assured me that the hospital has adequate cash resources to cover this pay adjustment so there really isn't much excuse for this lack of action on the part of the board."

Agustin also stated, "The welfare of the employees, I am concerned about the board's failure to address the issue."

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By J.B. GUERRERO
Guam Tribune Staff

Senator F.R. Santos yesterday said there is discrimination towards policies and programs on Guam with headquarters in such as the Guam-only visa waiver program designed to avail the Territory of the region's economic progress being experienced in the Pacific Rim.

Santos, chairman of the Committee on Federal, Foreign and Legal Affairs, was referring to the Federal Bureau of Investigation (FBI) opposition to extending the Guam visa program to Taiwan.

Santos said that he and Lt. Governor Frank F. Blas were briefed last Monday on the FBI's position towards extending the Guam visa waiver program and it was noted that the opposition was based on overall FBI "national security" concerns relative to the general opening up of Guam to visitors from Taiwan.

In a letter to U.S. Attorney General (AG) Richard Thornburgh, Santos requested that the AG and the Department of Justice review the proposed

Santos calls FBI's visa waiver stance discriminatory

The FBI's opposition to the extension of the Guam visa waiver program to Taiwan, Santos said, is discriminatory. He pointed out that there are already thriving businesses on Guam with headquarters in Taiwan and in view of this, he found it difficult to understand the FBI's opposition based on security. "Businessmen from Taiwan come to Guam regularly and have never heard of any problems in securing visas for travel from Taiwan to Guam," Santos said.

Santos further said: "I am very concerned about this issue because of the many opportunities and potentials that could be missed by Guam insofar as business investments are concerned. I am also concerned about it because it is a lucrative tourist market for Guam. The tourist industry is a vital source of revenues and jobs for Guam. Opening up the Taiwan market will provide a market for more tourists."

Gov. Santos has first budget surplus in 14 years: Governor

Governor Joseph F. Ada announced that according to current law, employees of the Government

TESTIMONY TO RESOLUTION #97

PETER ALECXIS ADA

PASSPORT OFFICER

FEBRUARY 25, 1988

MR. CHAIRMAN, MR. SPEAKER, SENATORS, DISTINGUISHED GUESTS LADIES AND GENTLEMEN.

MY NAME IS PETER ALECXIS ADA AN AGANA RESIDENT AND AN APPOINTED PASSPORT OFFICER FOR GUAM SINCE JANUARY 6, 1987. OUR OFFICE IS PRESENTLY LOCATED ON THE FIRST FLOOR OF PEDRO'S PLAZA, SINCE SEPTEMBER OF 1987.

I WANT TO EXPRESS MY SINCERE AND HUMBLE GRATITUDE FOR THE INTEREST YOU HAVE SHOWN TO INVOLVE THIS AUGUST BODY IN AN ISSUE EXTREMELY CRITICAL TO GUAM REGARDING U.S. PASSPORTS.

AT THE OFFSET, I WOULD LIKE TO INFORM YOU THAT DURING A TRIP I MADE TO THE STATE DEPARTMENT IN NOVEMBER OF LAST YEAR REGARDING THIS SAME ISSUE. IT WAS MADE CLEAR TO ME THAT THE REASON GIVEN FOR THE CENTRALIZATION OF PASSPORT FACILITIES WERE TWO-FOLD. ONE, A TIGHTER CONTROL USING THE AUTOMATED MACHINE READABLE AND THE OTHER WAS BUDGETARY CUTBACKS WITHIN THE STATE DEPARTMENT. IT WAS MADE PERFECTLY CLEAR TO ME THAT THERE WAS NOTHING ELSE.

PLEASE ALLOW ME TO GIVE YOU A^N GENERAL OVERVIEW OF THE GUAM PASSPORT OFFICE. AS I'VE SAID, THIS CUTOFF IMPLEMENTATION HAS BEEN A LONG PLAN OF THE STATE DEPARTMENT, BUT IT DID NOT MATERIALIZE UNTIL DECEMBER 9, 1986. PRIOR TO THAT DATE, AN APPLICATION MAY BE SUBMITTED AND AFTER THOROUGH REVIEW BY THE PASSPORT AGENT A PASSPORT MAYBE ISSUED IMMEDIATELY. STILL THE APPLICATION MUST BE SENT TO WASHINGTON D.C. OTHERWISE IT WOULD STILL

HAVE TO TAKE ANYWHERE FROM 2 TO 3 WEEKS FOR CLEARING AND PROCESSING.

UPON ASSUMING OFFICE IN JANUARY OF 1987, THE GUAM PASSPORT OFFICE WAS ONLY TO ACCEPT APPLICATIONS FOR PROCESSING EITHER SEATTLE OR HONOLULU. IN A FEW INSTANCES WASHINGTON DC (THESE ARE FOR THE "NO FEE" OFFICIAL PASSPORTS). THEN WE ALSO PROCESS A FEW APPLICATIONS FOR U.S. PASSPORTS FOR CITIZENS OF THE NORTHERN MARIANAS AS A RESULT OF THEIR COMMONWEALTH STATUS.

THERE ARE THREE WAYS A TRAVELER CAN HAVE HIS PASSPORT SERVICED. ONE, WHICH IS SENT TO SEATTLE WASHINGTON AND THIS NORMALLY TAKES 10 DAYS UPON AN UNDERSTANDING WITH OFFICIALS THERE. HOWEVER, THIS IS NOT NECESSARILY TRUE, BECAUSE OF THE LIMITED AIR SERVICE TO AND FROM GUAM AND THE CONTINENTAL UNITED STATES. TAKING THOSE CONSTRAINTS INTO CONSIDERATION A PASSPORT WOULD THEN TAKE ANYWHERE FROM TWO-AND-A-HALF TO THREE WEEKS FOR DELIVERY.

THE SECOND PROCESS IS CALLED EXPRESS MAIL. HERE A TRAVELER HAS MADE HIS ITINERARY LESS THAN THE 2½ OR 3 WEEKS AND IS WILLING TO PAY ADDITIONAL OF \$10.75 AND REQUEST TO HAVE THIS PASSPORT ISSUED FROM HONOLULU AND RETURNED VIA "SPECIAL DELIVERY". THIS PROCESS TAKES A WEEK TO A WEEK-AND-A-HALF. FOR ABOUT TWO MONTHS THIS SAME PROCESS WAS USED TO INCLUDE MEDICAL REFERRALS OR EVEN WORST A DEATH IN A FAMILY.

SENATORS, ALLOW ME TO TELL YOU IN WHAT I HAD TO FACE HEADON. SOMETIME AROUND APRIL OF LAST YEAR A FILIPINA U.S. CITIZEN CAME TO MY OFFICE WITH A TELEGRAM CRYING WHICH READ:

MOTHER, FATHER, BROTHER AND SISTER INVOLVED IN AN ACCIDENT
NANAI, TATAI AND BROTHER DEAD. SISTER IN RESPIRATORY MACHINE.

NEED YOUR PRESENCE TO MAKE PLANS AND DECISION IMMEDIATELY."

LADIES AND GENTLEMEN, IT WAS HARD FOR ME. CAN YOU IMAGINE HOW SHE FELT WHEN I MUST TELL HER THAT IT WOULD TAKE ABOUT A WEEK TO A WEEK-AND-A-HALF TO BE ISSUED FROM HONOLULU. FOUR DAYS LATER SHE LOST HER SISTER, STILL UNABLE TO LEAVE.

THIS REALLY BOTHERED ME. I THEREFORE MANAGED TO CONVINCE THE HONOLULU PASSPORT OFFICE THAT AN ALTERNATIVE HAS TO BE SOUGHT AND IF THEY WOULD CONSIDER AN APPLICATION SENT VIA DHL IF THE APPLICANT IS WILLING TO PAY. WE FINALLY WORKED THINGS OUT THAT THIS WOULD ONLY BE ACCEPTABLE FOR THOSE AS MEDICAL REFERRALS OR DEATHS.

THIS PROCESS TAKES ANYWHERE FROM 3 TO 5 WORKING DAYS. BUT THEN AGAIN THIS ALL DEPENDS ON THE FLIGHT COMING FROM HONOLULU. VERY OFTEN, I HAVE MADE ARRANGEMENTS WITH THE PATIENT'S FAMILY TO ME^ET ME AT THE TERMINAL THAT SAME MORNING HOPING THAT THEIR PASSPORTS ARE ON BOARD. THERE ARE A FEW OCCASIONS WHEN THE PATIENT HAD TO BE RETURNED EITHER HOME OR THE HOSPITAL.

TO GIVE YOU ACTUAL FIGURES, I AM SURE YOU WOULD LIKE TO KNOW. FROM JANUARY TO DECEMBER 5, 1986, GUAM ISSUED 11,898 PASSPORTS. FROM DECEMBER 9TH OF 1986 TO DECEMBER 31, 1987, WHEN APPLICATIONS WERE TO BE SENT OFF-ISLAND. WE PROCESSED 9,417 TO SEATTLE, 1,557 TO HONOLULU VIA EXPRESS MAIL AND 314 ALSO TO HONOLULU BUT MARKED UPON SEPARATE COVER THROUGH DHL FOR A TOTAL OF 11,288.

FROM JANUARY 4TH TO MARCH 18, 1988, WE HAVE PROCESSED 2,093 TO SEATTLE, 140 TO HONOLULU VIA EXPRESS AND 68 MARKED DHL FOR A TOTAL OF \$86,281.25

REPRESENTING 2,301 APPLICATIONS.

COMMANDER B. R. FORD, ACTING COMMANDING OFFICER FOR MEDICAL SERVICES, UNITED STATES NAVY, MR. JOHN C. ROSARIO, HOSPITAL ADMINISTRATOR, FOR GUAM MEMORIAL HOSPITAL, DR. K. M. CHEN, PRESIDENT GUAM MEDICAL SOCIETY, HAVE ALL WRITTEN LETTERS (SEE EXHIBITS 1,2,3) TO MR. HARRY L. COLBURN, DEPUTY ASSISTANT SECRETARY FOR PASSPORT SERVICES TO ALLOW GUAM UNDER EXTREME CIRCUMSTANCES TO ISSUE LOCALLY, PASSPORTS FOR THOSE DEFINED AS MEDICAL REFERRALS OR DEATH IN A FAMILY, LADIES AND GENTLEMEN, LIFE IS NOT DEPENDENT ON TIME. FIVE DAYS IS --TOO-TOO-LONG.

A COUPLE OF WEEKS AGO, AN INCIDENT HAPPENED AND I WOULD LIKE TO SHARE IT WITH YOU. A YOUNG CHILD WAS BORN AND DIDN'T HAVE A PASSPORT. OF COURSE, A NEWLY BORN CHILD OR PARENT CANNOT PLAN FOR THE UNBORN'S ^{TRAVEL} REGARDLESS OF CIRCUMSTANCES. BUT ANYWAY, THE DOCTORS INFORMED THE MOTHER THAT THE CHILD HAD TO BE MEDIVACED SINCE THE ISLAND DID NOT HAVE THE SOPHISTICATED MEDICAL EQUIPMENT TO SAVE THE CHILD'S LIFE. HONOLULU WAS TOO FAR, SO THE MAKATI MEDICAL CENTER IN THE PHILIPPINES WAS TO BE THE CLOSEST. THEY WERE SCHEDULED TO LEAVE SATURDAY AFTERNOON AT 2 P.M. BUT A FEW HOURS PRIOR TO THAT DEPARTURE THE FAMILY WAS CALLED SINCE THE CHILD DID NOT HAVE ANY TRAVEL DOCUMENTS, THE PHILIPPINE GOVERNMENT WOULD NOT ALLOW ENTRY.

I IMMEDIATELY WAS CALLED TO TRY AND ASSIST. THE IMMIGRATION OFFICIALS DID NOT CHANGE THEIR POSITION. THE CHILD COULD NOT LEAVE. EARLY MONDAY MORNING, I GOT ANOTHER CALL INFORMING ME OF THE ADDITIONAL PROBLEMS, I THEREFORE PROMISED THAT I WOULD DO EVERYTHING HUMANLY POSSIBLE AND APPEALED TO THE HIGHEST IMMIGRATION OFFICIAL AND FINALLY GOT APPROVED. EARLY MONDAY AFTERNOON THE CHILD WAS ON HIS WAY.

SENATORS, IF ONE IS TRAVELING FOR PLEASURE THEY HAVE ALL THE TIME IN THE WORLD TO PLAN ACCORDINGLY; BUT WHEN IT COMES TO SAVING A LIFE OR A BODY IS TO BE LAID TO REST, I WILL BENT BACKWARDS ANYTIME REGARDLESS OF THE HOUR OF THE NIGHT, EVEN IF I HAVE TO DO MY WORK AT HOME WHICH I HAVE OFTEN DONE. THAT'S MY JOB ANYWAY.

ACCORDING TO MR. COLBURN'S LETTER TO ME DATED JANUARY 14, 1988 (SEE EXHIBIT 4, HE MENTIONS THAT A RECENT DECISION BY THE DEPARTMENT OF DEFENSE WHICH WILL REQUIRE ALL MILITARY ACTIVE DUTY AND THEIR DEPENDENTS TO BE DOCUMENTED WITH A U.S.PASSPORT. THIS SHOULD REDUCE OUR WORKLOAD. THIS IS VERY TRUE. HOWEVER THEY ARE ONLY ADDRESSING MILITARY PERSONNEL AND THEIR DEPENDENTS. WE STILL HAVE TO FACE THE THOUSANDS OF CIVILIANS WHO MUST TRAVEL UNDER THE SIMILAR OR WORST CIRCUMSTANCES, NOT TO MENTION THE FINANCIAL CONSTRAINTS. }

THERE ARE A FEW WHO MUST TRAVEL ONWARD TO EITHER HONOLULU OR THE WEST COAST FOR MEDICAL REASONS AND TRAVEL DIRECTLY VIA HONOLULU. BECAUSE OF THE FINANCIAL OBLIGATIONS POUNDING ON THE FAMILY, SOME MAY HAVE TO USE THE CHEAPER ROUTE THUS REQUIRING THEM TO TRAVEL VIA JAPAN WHICH REQUIRES A PASSPORT.

ON FEBRUARY 22ND A MEETING WAS HELD AT THE NAVAL HOSPITAL. ATTENDING THAT MEETING WERE PATIENTS AFFAIRS OFFICER FOR THE NAVAL HOSPITAL LT. MARK MAHAR AND CAPT. STEVEN HALL, PATIENT AFFAIRS OFFICER FOR THE AIR FORCE AND MYSELF. THE PURPOSE OF THE MEETING WAS TO ADDRESS THE SAME SUBJECT. PRIOR TO THAT MEETING, A SIMILAR MEETING WAS HELD IN JAPAN FOR MILITARY MEDIVAC PATIENT AFFAIR OFFICERS. AT THE NAVAL HOSPITAL MEETING, WE ALL AGREED THAT TOO OFTEN ESPECIALLY WHEN A MINOR REQUIRES OFF-ISLAND

TREATMENT IN SUBIC BAY IN THE PHILIPPINES, A PARENT (FOR THIS PURPOSE IS DEFINED AS "NON-MEDICAL" ATTENDANT) IS REQUIRED TO BE PRESENT. IF THAT PARENT DOES NOT POSSESS A VALID PASSPORT, PROBLEMS BEGIN TO ARISE AND CHANCES ARE THE PATIENT IS NOT TRANSFERRED. HERE AGAIN A LIFE COULD HAVE BEEN IN JEOPARDY.

DURING GOVERNOR JOSEPH F. ADA'S RECENT TRIP TO WASHINGTON FOR THE POLITICAL STATUS ISSUE, HE BROUGHT WITH HIM A LETTER ADDRESSED TO MR. COLBURN (SEE EXHIBIT 5) TO RECONSIDER HIS JANUARY 14, 1988 DECISION. IN ADDITION, THE GOVERNOR REQUESTED CONGRESSMAN BEN BLAZ'S OFFICE ASSISTANCE (SEE EXHIBIT 6) AND I SINCERELY HOPE THAT YOU TOO COULD JOIN IN THIS ENDEAVOR.

LADIES AND GENTLEMEN, IF WE STICK WITH MEDICAL REFERRAL OR DEATH IN A FAMILY, I FIND IT QUITE DIFFICULT FOR ANYONE NOT TO COMPREHEND. I AM BEGINNING TO THINK THAT THERE ARE STILL A LARGE NUMBER WHO IMPLY THAT GUAM IS A FOREIGN SOIL. THEY SEEM TO BE TOO CONCERNED WITH THE MILITARY, TOTALLY UNAWARE THAT WE TOO HAVE THOUSANDS OF CIVILIANS WE ARE ACCOUNTABLE AND SUBJECTED TO AND WILL DEFEND ACCORDINGLY.

LT. GOVERNOR FRANK BLAS ONCE TOLD ME, "DON'T DO ANYTHING BECAUSE ITS POPULAR AND NICE; DO IT BECAUSE IT'S ONLY RIGHT. I THANK YOU.

A handwritten signature in black ink, appearing to read "Paula A. Ada". The signature is fluid and cursive, with a large initial "P" and a stylized "A".

APPLICABILITY OF FEDERAL LAWS

II. Applicability of Federal Laws to the Insular Areas

Moderator: Mrs. Ruth Van Cleve
Attorney, Office of Solicitor
U. S. Department of the Interior

(A) Suggested Items for Discussion:

- (1) Multi-year funding of government operations
- (2) Technical assistance from DOI and other Federal agencies
- (3) Mutual consent in the application of federal laws
- (4) Limitation of federal law applicability to subjects of compelling national interest
- (5) Application of EPA and Corps of Engineers regulations and standards
- (6) Political status as it applies to federal laws
- (7) Other

(B) Procedure:

- (1) Overview of Issues and Solutions by the head of each insular delegation or his representative (optional -- up to 5 minutes each)
- (2) Round Table Discussion by insular delegations, federal officials and other conference participants (bulk of round table time) Federal participants may include: USDA, Commerce, Corps of Engineers, DOD, Education, Energy, EPA, GSA, FEMA, HHS, HUD, Justice, Labor, DOT, Customs, and Veterans
- (3) Observations by conference observers (both official and public) reflecting issues that Interior should consider when drafting the policy. In order to allow time for others to speak, please limit observations to one minute. (Participants may, but need not, respond orally at this time.)

APPLICABILITY OF FEDERAL LAWS

PORT AUTHORITY OF GUAM

- . Insist on effective Federal Maritime Commission Oversight in the Guam trade to ensure competition in the shipping industry
- . Delete automatic rate increases as proposed by HR 2498.

GUAM ENVIRONMENTAL PROTECTION AGENCY

- . Develop a separate evaluation of health-related Maximum Contaminant level for lead for the islands because USEPA's proposed level of 5 parts per billion was based upon U.S. data and not on islands with natural limestone aquifers.

GUAM ENERGY OFFICE

- . Establish a Pacific Basin Strategic Petroleum Reserve
- . Allow the use of Petroleum Violation Escrow funds for air-conditioning insulation
- . Allow the use of Institutional Conservation Program funds to conduct energy audits and insulate classrooms proposed for air-conditioning
- . Revive the Solar Bank & Energy Conservation Bank Program by increasing the median income eligibility criteria.

DEPARTMENT OF ADMINISTRATION

- . Encourage identification of under-utilized federal buildings for use by the homeless.

GUAM AIRPORT AUTHORITY

- . Secure commitments from U.S. Department of Transportation that Essential Air Service subsidies to the Territories will never be reduced regardless of options taken by DOT to reduce program costs
- . Develop federal rules that allow the territories to obtain EAS cargo determinations
- . Encourage that Guam no longer be considered a U.S. point for the purposes of bilateral negotiations with foreign countries, thereby implementing an open-skies policy for Guam.

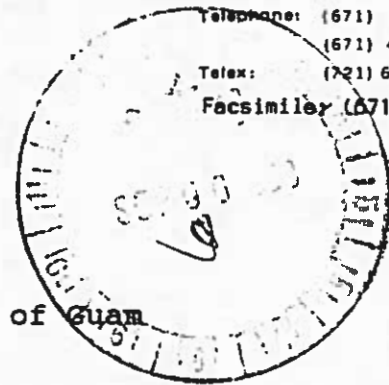
ADDITIONAL ISSUES

- . Amend P.L. 96-418 (Brooks Amendment - Transfer of Cabras Island) to eliminate those provisions that hinder development of Commercial Port
- . Reduce the acreage included in the War in the Pacific National Historical Park to a more manageable level.



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SEP 4 5 1989



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MEMORANDUM

To: Director, Bureau of Planning
From: General Manager, Port Authority of Guam
Subject: Pacific Policy Conference

As per the Governor's memorandum of August 24, 1989 regarding the above subject, I am attaching a copy of testimony delivered by Attorney General Elizabeth Barrett-Anderson and myself relative to H.R. 2498, The Intermodal Shipping Act of 1989, before Congress on June 15, 1989.

This bill seeks to deregulate domestic off-shore trade and will have a significant impact on how freight rates and other actions of the domestic carriers will be implemented in the Guam trade.

Presently, the law firm of Dorsey and Whitney is working on redrafting H.R. 2498 based on recommendations made by the Shipping Rate Review Board established by the Governor. In summary, our position is as follows:

1. Guam should work with Hawaii in developing parallel positions on H.R. 2498. The Attorney General's office is to make initial contact with the Hawaii representative so that we may work jointly to develop a joint position.

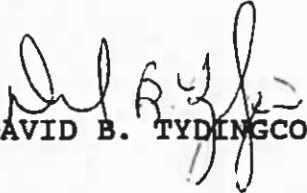
2. Guam must insist on effective Federal Maritime Commission oversight in the Guam trade as we are being served by two dominant carriers and no effective competition exists that would allow for competitive pricing.

3. Automatic Rate Increases proposed by H.R. 2498 should be deleted in its entirety.

To avoid the problem of policy makers getting bogged down in the details of this issue, I recommend that the Governor propose to the State of Hawaii as well as other U.S. Pacific territories that a meeting be held to discuss and formulate a joint statement with the members of the Shipping Rate Review Board.

Memo to Director, Bureau of Planning
Subject: Pacific Policy Conference
Page 2

We would appreciate any help you can provide on this matter.


DAVID B. TYDINGCO

Attachment

STATEMENT OF DAVID B. TYDINGCO, GENERAL MANAGER,
PORT AUTHORITY OF GUAM
&
ELIZABETH BARRETT-ANDERSON,
ATTORNEY GENERAL, TERRITORY OF GUAM
ON BEHALF OF THE GOVERNOR OF THE TERRITORY OF GUAM
BEFORE
THE HOUSE COMMITTEE ON MERCHANT MARINE AND FISHERIES
ON H.R. 2498
THE INTERMODAL SHIPPING ACT OF 1989

June 8, 1989

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE:

HAFA ADAI!

On behalf of the Governor of the Territory of Guam, Joseph F. Ada, we would like to thank the Committee for providing this opportunity to present our preliminary views on H.R. 2498, the Intermodal Shipping Act of 1989. Mr. Chairman, I am David Tydingco, General Manager of the Guam Port Authority, and am Chairman of a special Task Force on shipping established by the Governor to coordinate the Territory's response to a number of important developments which have occurred over the last three months affecting our island's shipping service, including the Committee's legislative initiative. With me is Elizabeth-Barrett Anderson, Attorney General of the Territory of Guam, who also serves on this Task Force.

NEED FOR LEGISLATION

Guam is a market with a vital stake in the regulation of domestic offshore shipping. We believe that the Committee's initiative is both a necessary and overdue exercise, if implemented with a full awareness and sensitivity to Guam's important role in the U.S. family and unique problems regarding adequate shipping service.

It has now been five years since the passage of the landmark Shipping Act of 1984. That legislation substantially redrafted the parameters of regulation in the international trades. It should now be followed by a reexamination of regulation in the domestic trades.

It is ironic that although numerous discussions and papers have analyzed the effect of this legislation on international trade, there has been little concern over its effects domestically. We can assure you that it has been significant on Guam. The revised Shipping Act had the effect through its service contract provisions of removing substantial blocks of cargo shipped under specific, public tariff rates. Today in the Pacific, the bulk of international trade moves under service contract rates.

These rates and conditions of carriage are only known in general terms. By permitting shippers to negotiate individual rates with carriers and conferences, it is safe to say the largest shippers are able to realize preferred rates. Much of the cargo destined for Guam falls either into that category or is military cargo. Defense Department cargos have always been aggressively sought by United States flag carriers and the result has been that, taken together, service contract and military cargo move at lower rates now than ever before.

The consequence of this has been that Guam destination cargo must bear an increasing share of the voyage costs due to smaller volume and smaller shippers. We believe, therefore, it is important that in the course of this dialogue, we carefully examine the effect of the 1984 Act on domestic cargo movements.

Another consequence is that Guam is seeing growing import substitution with U.S. products being replaced by Asian products with lower prices, due, in part, with lower shipping costs on the foreign carriers. The task of the Committee in satisfying the disparate needs of domestic markets is not an enviable one. The state of Alaska, the State of Hawaii, the Commonwealth of Puerto Rico, Guam and the other domestic governments that will appear before you all have specific transportation objectives which will vary from market to market. Some will be concerned about competition, others adequacy of service, others rate levels, but

all will share the same goal of establishing a regulatory system which will ensure that each of our citizens is treated fairly in the provision of essential commodity-ocean transportation which frequently approaches a monopoly.

IMPORTANCE OF THE COMMITTEE'S INITIATIVE TO GUAM

Cost efficient and regular ocean shipping has long been vital to Guam because of its distant location. Today, these issues are even more sensitive for Guam, which is currently experiencing tremendous change. Guam, traditionally, has played a key role in the U.S. strategic position in the Pacific. This role has become clearer as questions continue to arise about the stability of other U.S. base locations in the region, particularly by the Philippines.

Our non-military economy, while relatively small, is also expanding rapidly. Guam has been "rediscovered" by investors throughout the Pacific as an island of new and exciting opportunities. Our ability to sustain this growth, to prosper and to stand on our own financially depends to a great extent on our establishing a stable business environment. Because the economy is so heavily dependant on imported goods and materials to support our economy, the availability of open, predictable and understandable shipping practices is essential.

Mr. Chairman, we reviewed your opening statement of June 8, 1989, with particular interest. We are very pleased you recognize that significant differences exist between the various offshore areas subject to domestic shipping regulation. We believe that Guam is a case study onto itself, and that its differences should be specifically recognized in any major reworking of domestic shipping regulation. The statutory review the Committee has begun provides us all with an opportunity to assess what Guam's differences are and how these differences are best addressed by domestic regulation.

In short, Mr. Chairman, Guam welcomes the Committee's review. The time has come to re-examine the legislative framework under which we now operate. Guam has been subjected to an administrative framework, fully authorized legislatively, which has permitted backroom deals and kept Guam in the dark. This cannot continue.

Your Committee has proven itself as one which is fair and open to all reasonable suggestions. We look forward to working closely with the Committee in a joint attempt to craft a specific legislative approach which addresses the regulation of the domestic off shore trades in general and Guam's unique shipping needs in particular.

GUAM'S UNIQUENESS

As you know, Guam is the western most territory of the United States. Our island lies 6000 miles west of San Francisco and 3700 miles west of Hawaii. Notwithstanding these great distances, our relative closeness to the ports of Asia, and our proximity to the major east-west shipping routes, we are a domestic port within the U.S. regulatory framework. As a result, we have the distinction of being the most distant point from the United States subject to the Jones Act requirement that our U.S. goods be carried on domestic carriers.

This unique combination of distance and the Jones Act requirement places Guam in a unusually vulnerable position when any changes occur in shipping practices, the law or regulation. Unfortunately our experience is that just about the time we are on the threshold of developing an understanding of the impact of these shipping practices, changes occur beyond our control and we must start anew to determine their impact.

RECENT EXPERIENCES

We believe that Guam's recent experiences may help the Committee understand the problems with which Guam is confronted, even in what is supposed to be a regulated environment. Guam is currently served by two domestic carriers, American President

Lines and Sealand Services. They, and their many predecessors, have been operating pursuant to the Guam Rate Agreement, No. 8454 ("GRA"), since the GRA was first approved in 1960. Throughout the years, Guam has had very little opportunity to determine how the GRA operates or whether its actions, especially in the tariff area, are justified.

After its original approach, the GRA was subject only once, in 1967, to formal review by the Commission. Beginning in the 1980's rate changes were rampant. Between 1981 and 1985, for instance, Guam was subjected to eight 2.9% rate increases and two decreases. The frequency and rapidity of the changes and the heavy burden which anyone challenging the changes must bear left many in Guam feeling that a full understanding of the rate-making decision process was impossible.

During the last two years, however, Guam's frustrations with the internal workings of the GRA have reached an all-time high. These developments have touched the pocketbooks of Guam's families and moved these issues from Government to the kitchens of our people. In 1988, the GRA announced that two-2.9% rate increases were to be implemented, one in June and one in September. These increases were the maximum permitted without justification.

Guam's representatives moved expeditiously to raise objections at the Federal Maritime Commission ("FMC"). The FMC instituted a

proceeding to investigate the increases and sought disclosure of information from the GRA. The GRA's initial response was to seek a delay in providing the requested information. Then prior to the disclosure date, the GRA withdrew the proposed rate hikes, thereby effectively foreclosing Guam's efforts to determine the foundation of the GRA's rate structure.

Stymied yet again in the attempt to learn more about the rate practices of the carriers participating in the GRA, the Guam Chamber of Commerce on June 17, 1988, requested that the FMC initiate an investigation of the GRA. On February 14, 1989, over eight months later, the FMC denied the Chamber's request, but in a simultaneous Order initiated its own investigation of the GRA, its validity, and certain tariff practices.

Moreover, in late March, the GRA announced a new round of rate increases, this time on 17 specific commodities, effective in May and October, with the increases ranging from 10-45.3%. See Exhibits A and B. Prices are being increased both on items essential to our people such as rice, sugar and milk products as well as on items essential to our economic growth such as cement, houses or buildings, petroleum products and household goods. Guam sought FMC review of the increases but the FMC declined offering Guam the alternative of filing a complaint.

Seemingly presented at last with an opportunity to gain first hand knowledge of how the GRA works and as well as how rates are set by the participating carriers, Guam intervened in the FMC initiated investigation of the GRA and filed far-reaching extensive discovery requests seeking information on the GRA, the setting of rates and other related information. Faced again with the possibility of having to expose their operations to the sunshine, the carriers to the GRA announced a few days later that they had agreed to terminate the GRA, effective July 16, 1989, and also filed a motion with the FMC seeking dismissal of the investigation. While this is a victory for Guam in the short run, it also presents another roadblock in our effort to open the process. Again Guam may be foreclosed from determining the basis for its tariff structure.

This, of course, leaves open the May 1989 rate increases. But again the carriers have a strategy. Faced with yet another probable challenge to the rate increases at the FMC, at least one member of the GRA has indicated an intention to file an intermodal rate at the ICC. This would, of course, eliminate the FMC's jurisdiction and frustrate again Guam's efforts to understand fully the tariff structure employed in Guam.

Under the present regulatory structure, Guam has only two alternatives. One is to acquiesce. The other is to initiate a proceeding by filing a complaint with the FMC. In this

circumstance, Guam must bear the extraordinary burden and expense of pursuing this litigation in its quest to determine how rates are set in the Guam trade. But, of course, even this effort could be futile if an intermodal tariff is filed at the ICC by Sealand and/or APL.

In effect, Mr. Chairman, the carriers are presently operating as if they are in an unregulated environment. They avoid scrutiny by moving from one initiative or forum to another, probing for the point of least resistance. This may be a good business practice but fails absolutely to protect the public interest or to recognize the unique vulnerability of Guam to these practices.

ALTERNATIVES

We view this discussion as even more important since we have weighed the alternatives to rate regulation. Although our government intends to explore means whereby small shippers can organize and thus secure volume discounts, there will be limitations on the success of this approach. Our Government has no direct influence over any of the carriers participating in these trades and regulation by the Government of Guam is impossible since the Federal Government has preempted this area.

The foreseeable situation in Guam does not appear to permit a publicly owned service to be operated as the Commonwealth of

Puerto Rico does. Therefore, it is impossible for our citizens to control rates and charges through public ownership.

Finally, a clear reduction in rates could be achieved through a third alternative, elimination of the Jones Act. However, we are all aware of the political realities associated with such an effort.

Any consideration of possible alternatives makes it very clear that rate regulation is the only guarantee that the rights of shippers and carriers will be maintained and the public interest protected. We do not believe that a "business as business" attitude is in order. In the weeks ahead, our approach will be directed toward innovative and imaginative steps which will guarantee the rights of shippers and consumers, while at the same time recognizing the competitive environment in which carriers operate.

In fact, Mr. Chairman, Guam believes that its circumstance demands a regulatory environment which permits an open and fair analysis of how the carriers are operating and how rates are structured. Specifically, we request, that as part of the Committee's review, the Committee ask the Federal Maritime Commission to conduct a comparative rate analysis to determine how rates to Guam compare with other similar markets and with the long-haul rates beyond Guam.

We also must not be left with the uncertainty of dual agency regulation. Nor can we be left with only the expensive and disruptive alternative of challenging piecemeal rate changes in order to reach at the fundamental issues involved with our shipping service. We must work together to establish a fair and open regulatory process.

As worthwhile as deregulation may be as a goal for domestic transportation policy, we must be frank in stating that deregulation can not be employed under near monopoly conditions in a distant location such as that which exists in the Guam trades. The record in this trade speaks too clearly to allow for an unregulated atmosphere. We reiterate the need to tailor this legislation to accommodate Guam's unique position as the most distant United State's point subject to domestic regulation.

CONCLUSION

Mr. Chairman, we have come here today to express in broad terms Guam's concerns about the current regulatory environment. We can assure you that this is a matter of the highest importance to our island and our concerns are widely shared. To this end, I call to your attention testimony filed by Senator Francisco R. Santos on behalf of the Committee on Federal, Foreign and Legal Affairs of the Twentieth Guam Legislature and Speaker Joe. T. San Augustin, Speaker of the Twentieth Guam Legislature.

All of us in Guam are prepared to work closely with you to craft a sound solution to the problems we have raised.

Thank you and Hafa Adai.

0876V



GUAM ENVIRONMENTAL PROTECTION AGENCY

AHENSIAN PRUTEKSION LINA'LA GUAHAN
POST OFFICE BOX 2999 AGANA, GUAM 96910 TELEPHONE: (671) 646-8863/64/65 FAX: 646-9402

SEP 06 1989



INTER-AGENCY MEMORANDUM

TO: The Governor

FROM: Administrator

SUBJECT: Proposed Maximum Contaminant Level (MCL) for Lead

This is in reference to your memorandum dated August 24, 1989, concerning federal rules and regulations that need to be modified in order for them to be consistent with Guam's unique character. The Guam Environmental Protection Agency is concerned with the USEPA's proposed MCL for "Lead" of 5 parts per billion (ppb). The current MCL for lead contaminant in the drinking water is 50 parts per billion (ppb). The naturally occurring level of lead in drinking water of Guam as withdrawn from groundwater sources ranges from 10-20 parts per billion (ppb). The presence of Lead and other heavy metals such as Cadmium and Zinc, on limestone capped volcanic islands like Guam is a natural phenomenon linked to the geologic formation of the island.

The proposed standards, as published by U.S.E.P.A. were based on studies performed on mainland United States and the MCL for drinking water was determined by the ratio of Lead intake from water to the total dietary Lead intake from all sources. On Guam, dietary lead intake is an unknown factor. The background levels of lead in groundwater exceeds the proposed MCL but may not be hazardous by itself.

To install treatment equipment to lower the 10-20 ppb Lead content normally found in our groundwater could cost as much as \$800,000 or more per well and more than triple the operation and maintenance cost for PUAG.

The MCL on Guam should be adjusted based on actual total dietary lead on the island. A separate evaluation of the health related MCL value for lead in drinking water be investigated in the unique Pacific Island environment before such prohibitively costly treatment is forced upon water purveyors on these islands.

Should you have any question or need more information please contact us at 646-8863/5.

Roland B. Solivio
ROLAND B. SOLIVIO
Acting



"ALL LIVING THINGS OF THE EARTH ARE ONE"

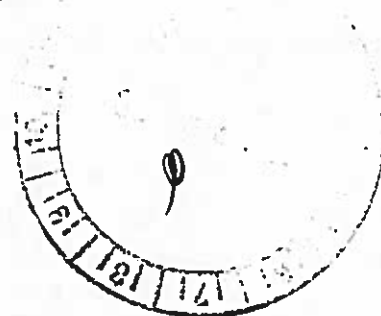


JERRY M. RIVERA
Director

GUAM ENERGY OFFICE

Government of Guam

September 7, 1989



MEMORANDUM

To: The Governor
VIA: Bureau of Planning
From: Director, Guam Energy Office
Subject: Pacific Policy Conference Input re Federal Laws, Rules,
Regulations in Need of Modification

In reply to your memorandum of August 24, 1989 the Guam Energy Office finds the following in need of enactment into law or modification of existing statutes, rules or regulations.

1. Pacific Basin Strategic Petroleum Reserve

As earlier brought to your attention last month in August, Guam needs to be included along with Hawaii in getting a Pacific Basin Strategic Petroleum Reserve established for our part of the world in the event of another global oil crisis. I understand that Hawaii federal legislators were to have already introduced legislation for this purpose. We need to follow up on this. As it stands, Hawaii expects at least a 90-day time lag in receiving petroleum resources from Mainland reserves. It will take even longer for Guam unless we act to set one up for our area.

2. Weatherization of Buildings Grants

One program not specifically implemented on Guam out of five (5) programs authorized by the Warner Amendment (Section 155 of P.L. 97-379) is the "program under part D of Title III of the Energy Patrol and Conservation Act (relating to primary and supplemental State Energy Conservation Programs: 42 U.S.C. 6321 and the following)" more commonly known as the Weatherization Assistance Program for Low Income Households. The Petroleum Violation Escrow funds in accordance with the Warner Amendment can only be used for Energy Conservation unrelated programs. Guam being in the tropical zone is not mentioned in the weatherization program and for this reason, cannot receive federal funds for this purpose. Mainland programs only focus on cold weather measures, air conditioning should be considered for tropical climates and

weatherization funds for insulation should be granted to Guam since the entire basis for these programs is the conservation of energy.

3. Institutional Conservation Program for Public Schools:

As you know, the Legislature intends to air-condition all public schools. However, technical audits already completed in many schools could not include classrooms that will be air conditioned in the future since this is not allowed under Part G of the same law cited in paragraph 2 above (relating to Energy Conservation for Schools and Hospitals), 42 U.S.C. Section 6371, et. seq. Thus, these classrooms (not yet air conditioned) will not qualify for energy conservation measure grants to insulate them for air conditioning. Guam should seek an amendment to exempt it from this prohibition.

4. Solar Bank and Energy Conservation Bank Program

In the past, this program was initiated on Guam with the amount of \$120,000 and was conducted vigorously. However, very few had applied due to income median being very low, and being applicable to only a few people. As a result, on September 18, 1986, it was closed and recaptured the amount of \$44,500. Low-income families can not afford to pay for solar hot water heaters nor purchase or install Energy Conservation Measures (ECMs). Therefore, this program did not help Guam to conserve Energy. Hopefully, we can revive this program for Guam by increasing the median income which recently became higher on Guam.

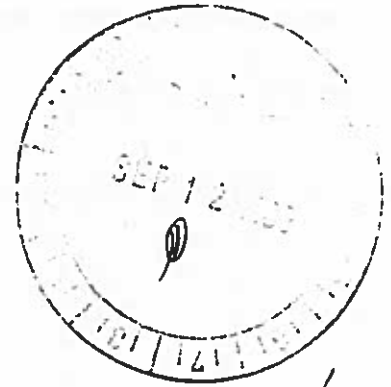
Because of the limited time involved to react to this memorandum which we received on August 28, 1989, this is the best reply we can produce at this time. In the meantime, we will continue to review other federal laws and provide you with a more comprehensive report at a later date.


JERRY M. RIVERA

JMR/tm
memo102



GOVERNMENT OF GUAM
AGANA GUAM 96910
DEPARTMENT OF ADMINISTRATION
(Dipattamenton Atmenestrasion)
DIRECTOR'S OFFICE
(Ufisinan Direktot)



SEP 11 1989

Handwritten signature

MEMORANDUM

To: The Governor
From: Director of Administration
Subject: Pacific Policy Conference

In response to your memorandum dated August 24, 1989, regarding the Governor's Pacific Policy to be held in September 19 - 20, 1989, this State Agency for Surplus Property Office, housed at General Services Agency, has no programs or regulations that require modification of laws, in order to be consistent with Guam's unique character. However, identification and use of under-utilized federal public buildings and property for facilities to assist the homeless individuals in our territory, might be of interest.

The following public laws are provided for your perusal:

1. Public Law 94-519:

Federal Property and Administrative Services Act of 1949 as amended, to permit the donation of Federal surplus personal property to the State and local organizations for public purposes and for other purposes.

2. Public Law 100-77:

Stewart B. McKinney's Homeless Assistance Act, to provide urgently needed assistance to protect and improve the lives and safety of the homeless, with special emphasis on elderly persons, handicapped persons, and families with children.

Should you need further assistance, please do not hesitate to contact our State Agency for Surplus Property Office, at General Services Agency, in Piti.

Handwritten signature of Wilfred G. Aflague
WILFRED G. AFLAGUE

Attachments



GUAM AIRPORT AUTHORITY

(ATURIDAT PUETTON BATKON AIKEN GUAHAN)

P.O. BOX 8770/Tamuning, Guam 96911/Telephone: 646-0300, 646-0301, 646-0302
Telex: 6456 GUMARPPT-GM
FAX: (671) 646-8823

September 14, 1989

MEMORANDUM

TO: The Governor
FROM: Executive Manager
SUBJECT: Pacific Policy Conference

Briefing paper on federal laws, rules, regulations or programs that need modification, to be addressed on aviation policies with the Department of Transportation.

I. Essential Air Service

Guam has an EAS determination for passenger air transportation, but the last rulemaking on EAS which is now in effect, mentioned that Alaska, Hawaii and the Pacific Islands would not have subsidies cut regardless of options taken to reduce subsidy expenditures. We are appreciative of this statement by DOT, but would like to know if this could be an ongoing legislative commitment by the Congress and the Secretary of Transportation when budgets in a subsequent fiscal year might again require some EAS subsidy cuts.

Secondly, on EAS, it was noted in the rulemaking briefing, that cargo (freight) would also be part of the new EAS program, but we have not heard further on this inclusion of cargo flights in the EAS program. In the past, only passenger seats were considered, not cargo.

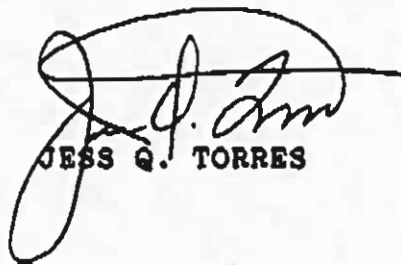
II. Air service to Guam from foreign destinations has always been the product of bilateral agreements between the U.S. and such countries, with little or no input from Guam officials in the negotiation proceedings.

With Guam's designation as a U.S. point and the restrictions on "cabotage", most foreign flag carriers do not exercise their rights to serve Guam, since they will be giving up a U.S. point, and the Guam market will not be viable without beyond rights to another destination. (U.S. Code, Title 49, Section 1508).

Pacific Policy Conference
September 14, 1989
Page 2

Thus, it would serve Guam in good stead to be no longer considered a U.S. point in such negotiations, i.e., to have Guam exempt from these bilateral agreements. This will give Guam an "Open Skies" program, in which the market will dictate air service to and from foreign points. This could have a great impact on the economy of the territory.

Please accept my apologies for this late submittal.



JESS G. TORRES

ADDRESS TO THE SECRETARY OF INTERIOR
AND CONGRESSIONAL DELEGATION
FEBRUARY 13, 1989 - 12 NOON
PORT AUTHORITY OF GUAM
APRA HARBOR, GUAM

✓

CONGRESSMAN UDALL, SECRETARY OF INTERIOR LUJAN AND MEMBERS OF THE CONGRESSIONAL DELEGATION, GOVERNOR ADA AND LT. GOVERNOR BLAS, SPEAKER SAN AGUSTIN AND MEMBERS OF THE LEGISLATURE, COMMISSIONER RAYMOND LAGUANA AND MEMBERS OF THE COMMISSIONERS COUNCILS, DISTINGUISHED GUESTS, LADIES AND GENTLEMEN:

WELCOME TO THE PORT AUTHORITY OF GUAM, THE LIFELINE TO THE ECONOMIES OF GUAM AND MICRONESIA. WE ARE AN OPERATING PORT, EMPLOYING OVER 300 PERSONNEL IN SUPPORT OF BOTH THE CIVILIAN AND MILITARY COMMUNITY. WE HANDLE OVER 1.2 MILLION TONS OF DRY CARGO AND OVER 4 MILLION BARRELS OF PETROLEUM PRODUCTS ON AN ANNUAL BASIS. WE ARE AMERICA'S LINK TO ITS TRADING PARTNERS IN ASIA AND MICRONESIA.

THE MAGNITUDE OF SUPPORT THE PORT AUTHORITY OF GUAM PROVIDES TO OUR NATIONAL DEFENSE WAS BEST DESCRIBED BY A COMMENT MADE BY AN OFFICIAL OF THE NAVAL SUPPLY DEPOT ON GUAM. HE STATED THAT APPROXIMATELY EIGHTY FIVE PERCENT (85%) OF THE CARGO BROUGHT TO GUAM IN SUPPORT OF THE LOCAL MILITARY INSTALLATIONS ARE BROUGHT THROUGH THE COMMERCIAL PORT OPERATIONS.

WE HERE AT THE PORT AUTHORITY HAVE A DREAM. THAT DREAM IS TO REALIZE TRUE ECONOMIC SELF-SUFFICIENCY, TO PROVIDE SERVICE THAT IS SECOND TO NONE TO THE COMMUNITY WE SERVE, AND TO CONTRIBUTE WHAT A SEA PORT SHOULD BE ABLE TO CONTRIBUTE, BARRING ANY

CONSTRAINTS, TO THE ECONOMIES WE SERVE.

THE PORT AUTHORITY OF GUAM HAS DEVELOPED A BLUE PRINT FOR THE FUTURE, A BLUE PRINT THAT WILL INJECT OVER \$100 MILLION DOLLARS INTO GUAM'S ECONOMY. WE WILL INVEST CLOSE TO \$40 MILLION DOLLARS ALONE TO UPGRADE THE COMMERCIAL PORT FACILITY, EXPANDING OUR CARGO HANDLING CAPACITY TO MEET THE NEEDS OF THE FUTURE. THESE PLANS WILL NOT ONLY BENEFIT THE TERRITORY OF GUAM, BUT, MORE IMPORTANTLY, WILL HELP INSURE THAT OUR ROLE IN PROTECTING THE NATIONAL INTEREST IS ADDRESSED.

THE PRESIDENT AND THE CONGRESS OF THE UNITED STATES HAVE CONSISTENTLY RECOGNIZED THAT THE PURSUIT OF ECONOMIC SELF-SUFFICIENCY FOR GUAM THROUGH IMPROVED TRANSPORTATION NETWORKS IS IN THE NATIONAL INTEREST (DOT 1985 TRANSPORTATION STUDY). IT WAS IN RECOGNIZING THE FACT THAT A VIABLE COMMERCIAL PORT OPERATION IS ESSENTIAL TO NATIONAL DEFENSE THAT CONGRESS RETURNED PROPERTIES AT APRA HARBOR TO THE GOVERNMENT OF GUAM THAT WERE DEEMED EXCESS BY THE MILITARY. BUT IT IS QUITE APPARENT THAT CONGRESS'S COMMITMENT TO GUAM AND THE COMMERCIAL PORT OPERATIONS WAS HALF-HEARTED.

U. S. PUBLIC LAW 96-418 SET THE GROUND WORK FOR THE TRANSFER OF APPROXIMATELY 927 ACRES OF RECLAIMED AND SUBMERGED LANDS IN APRA HARBOR TO THE GOVERNMENT OF GUAM. BUT THE TRANSFER WAS CONDITIONAL, MANDATING THAT IF THE GOVERNMENT OF GUAM SHOULD EVER DISPOSE OF THE PROPERTY BY LEASE OR BY SALE, IT MUST BE DISPOSED

OF AT FAIR MARKET VALUE, AND THE PROCEEDS RECEIVED FROM THE DISPOSITION OF PROPERTIES MUST BE REMITTED TO THE FEDERAL TREASURY. THIS RESTRICTION IS OUTLINED IN SECTION 818(B)2 OF PUBLIC LAW 96-418.

ACCORDING TO THE CONGRESSIONAL RECORD, CONGRESS'S INTENT IN PLACING THIS RESTRICTION WAS TO ACHIEVE THE TWIN GOALS OF PERMITTING ECONOMIC DEVELOPMENT ON GUAM WHILE AT THE SAME TIME PROTECTING THE INTERESTS OF THE UNITED STATES GOVERNMENT AND THE U.S. TAXPAYER WHO FINANCED THE CONSTRUCTION OF IMPROVEMENTS IN APRA HARBOR, GUAM.

ALTHOUGH CONGRESS'S INTENT SHOULD BE LAUDED, REALITY HAS SHOWN THAT IT WAS "FATALLY FLAWED". IF WE TAKE A MINUTE TO ANALYZE WHAT PROPERTY WAS RETURNED, WE WILL FIND A GRAVE INJUSTICE THAT WAS PERPETRATED ON THE PEOPLE OF GUAM.

PURSUANT TO THE TERRITORIAL SUBMERGED LANDS ACT OF 1963, 62 ACRES OF LAND , WHICH INCLUDES THE PRESENT COMMERCIAL PORT OPERATION AND THE INDUSTRIAL PARK, WAS DEEDED TO THE GOVERNMENT OF GUAM IN EXCHANGE FOR 324 ACRES OF GOVGUAM LAND THAT WAS TRANSFERRED TO THE DEPARTMENT OF INTERIOR FOR THE WAR IN THE PACIFIC NATIONAL HISTORIC PARK. GOVERNMENT OF GUAM PROPERTIES SUCH AS MT. TENJO, ASAN RIDGE, ASAN INVASION BEACH AND MT. ALUTUM, ARE NOW FEDERAL PROPERTIES RESERVED FOR DEPARTMENT OF INTERIOR PURPOSES. THEREFORE, THE GOVERNMENT OF GUAM PAID FOR THE IMPROVEMENTS MADE ON THE EXISTING COMMERCIAL PORT FACILITY AND THE CABRAS INDUSTRIAL PARK.

OF THE 927 ACRES TRANSFERRED THROUGH PUBLIC LAW 96-418, OVER 40% OF THE PROPERTIES ARE SUBMERGED LAND....CLOSE TO 50% ARE UNDEVELOPED PROPERTIES THAT WERE A PART OF CABRAS ISLAND WHEN CAPTAIN GLASS SAILED INTO APRA HARBOR. THE REMAINING 10% OF THE PROPERTIES INCLUDE A PETROLEUM HANDLING FACILITY WHICH WAS BUILT AND FINANCED BY MOBIL OIL BACK IN THE 1950'S WHICH WILL REQUIRE APPROXIMATELY \$4.8 MILLION DOLLARS TO RESTORE, A FUEL PIER FINANCED AND CONSTRUCTED BY THE GUAM OIL AND REFINING COMPANY, AND HOTEL WHARF WHICH, TO THIS DAY, HAS NOT BEEN TRANSFERRED TO THE CONTROL OF THE GOVERNMENT OF GUAM.

WE CANNOT UNDERSTAND WHY CONGRESS BELIEVES THAT THE INTEREST OF THE UNITED STATES CAN BE PROTECTED BY THE REVERSION OF LEASE PAYMENTS OF CABRAS ISLAND PROPERTIES. WE ARE ONLY TALKING ABOUT APPROXIMATELY \$3 MILLION DOLLARS OF POTENTIAL LEASE PAYMENTS ON AN ANNUAL BASIS, A SPEC OF DUST IN THE TOTAL FEDERAL BUDGET, BUT A SIGNIFICANT AMOUNT OF FUNDS THAT CAN BE FUNNELED TOWARDS THE DEVELOPMENT OF THE COMMERCIAL PORT OPERATION, AN ESSENTIAL KEY IN THE UNITED STATES' GLOBAL DEFENSE STRATEGY IN ASIA.

WE HAVE A CATCHY PHRASE THAT THE LOCALS ARE FAMILIAR WITH. IT IS COMMONLY REFERRED TO AS OOG, AN ACRONYM FOR "ONLY ON GUAM". ONLY ON GUAM DO WE HAVE A RESTRICTION SET BY CONGRESS THROUGH SECTION 818(B)2 OF PUBLIC LAW 96-418 THAT REQUIRES US TO REMIT LEASE PAYMENTS RECEIVED ON CABRAS ISLAND PROPERTIES TO THE FEDERAL GOVERNMENT. WE HAVE DONE EXTENSIVE RESEARCH AND FOUND THAT IN OTHER U.S. PORTS, SUCH RESTRICTIONS DO NOT APPLY. IN FACT, THE PORT OF OAKLAND WAS RECENTLY GRANTED A 50 YEAR LEASE ON 195 ACRES OF FEDERAL PROPERTY. THE MAJOR ADVANTAGE IN THE LEASE

ARRANGEMENT OFFERED TO THE PORT OF OAKLAND AND AUTHORIZED BY U.S. CONGRESS IS THAT FUNDS RECEIVED AS A RESULT OF LEASE PAYMENTS MADE TO THE FEDERAL GOVERNMENT CAN BE USED BY THE PORT OF OAKLAND FOR MAINTENANCE, REPAIR AND IMPROVEMENTS TO THE LEASED AREA. WHY IS THAT SAME OPPORTUNITY NOT AFFORDED THE TERRITORY OF GUAM THROUGH SECTION 818(B)2 OF PUBLIC LAW 96-418?

HERE'S ANOTHER EXAMPLE OF OOG. WE ARE SURE THAT IN ALBUQUERQUE, NEW MEXICO, OR TUSCON, ARIZONA, THERE IS NO SUCH THING AS BEING HALF-PREGNANT. BUT, HERE , AT THE PORT AUTHORITY OF GUAM, WE ARE EXACTLY THAT... HALF-PREGNANT, ABLE TO CONCEIVE, BUT UNABLE TO DELIVER.

WE CAN CONCEIVE THE GREATEST DEVELOPMENT PLAN THAT WILL PROVIDE IMMEASURABLE BENEFITS TO THE LOCAL ECONOMY AS WELL AS INSURING THE PROTECTION OF OUR NATIONAL INTEREST, BUT THE PORT AUTHORITY OF GUAM CANNOT DELIVER BECAUSE CONGRESS REFUSES TO NOURISH THE AUTHORITY BY ITS ENACTMENT OF SECTION 818(B)2 OF PUBLIC LAW 96-418.

SECRETARY OF THE INTERIOR LUJAN AND HONORABLE CONGRESSMEN, YOU ARE THE PHYSICIANS. YOU MUST DECIDE WHETHER WE CONTINUE OR ABORT THE PREGNANCY. THE PORT AUTHORITY OF GUAM IS NOT ASKING FOR FEDERAL FUNDING TO SUPPORT OUR EXPANSION PLANS. ALL WE ASK IS THAT THE SECRETARY OF THE INTERIOR SUPPORT AND THE 100TH CONGRESS ENACT ONE SENTENCE INTO LAW. THAT SENTENCE SHOULD READ:

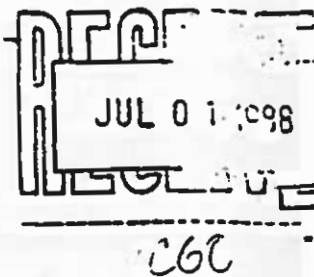
"SECTION 818(B)2 OF PUBLIC LAW 96-418 IS HEREBY REPEALED."

THANK YOU.



United States Department of the Interior

NATIONAL PARK SERVICE
PACIFIC AREA OFFICE
300 Ala Moana Blvd., Box 50165
Room 6305
Honolulu, Hawaii 96850



IN REPLY REFER TO:

L14(PAAR)

June 28, 1988

Honorable Franklin J. A. Quitugua
Office of the Speaker
Nineteenth Guam Legislature
P. O. Box CB-1
Territory of Guam
Agana, Guam 96910

Dear Senator Quitugua:

The following information is provided in response to your request to our Park Planner Gary Barbano for an update on National Park Service land-acquisition plans at War in the Pacific National Historical Park. I have also attempted to clarify some misconceptions about the park which appear in Resolution No. 340 which you attached to your letter.

LAND STATUS - WAR IN THE PACIFIC NATIONAL HISTORICAL PARK

Lands Presently Owned by the National Park Service

1. Federal lands transferred at no cost directly to NPS by the U. S. Navy or to NPS through the General Services Administration (GSA):

<u>NPS Tract No.</u>	<u>Acreage</u>
101-27	41.36
101-28	13.07
101-39	30.09
101-40	16.45
101-41	2.00
101-42	1.71
101-51	36.52
106-01	11.50
	<u>152.70</u>

2. Former Government of Guam lands, exchanged quid pro quo for Federal (U. S. Navy) lands on Cabras Island (commercial port complex).

<u>NPS Tract No.</u>	<u>Acreage</u>
101-09	50.74
101-10*	42.02
101-15	59.81
101-23	198.30

004122

<u>NPS Tract No.</u>	<u>Acreage</u>
104-01	23.64
104-02*	73.93
105-04*	200.00
107-01	157.91
107-02	6.75
107-05	.29
107-11*	3.29

816.68

* These lands, quitclaimed to the United States prior to War in the Pacific's establishment, are located outside park boundaries. Tract 101-10, after being appraised by NPS, has been exchanged for private land within the park; tract 107-11 has been transferred at no cost to the Government of Guam for use in connection with the development of the Agat Small Boat Harbor (NPS had previously been offered \$100,000 for this property as partial payment for a privately-owned tract within the park). Consequently, these two tracts are no longer owned by NPS.

3. Privately owned lands, acquired by NPS through purchase:

<u>NPS Tract No.</u>	<u>Acreage</u>	<u>Purchase Price</u>
101-45	42.02	\$296,150 plus Tract 101-10 (appraised at \$340,100)
102-05	0.12	26,900
102-11	0.26	62,000
102-13	0.11	112,500
102-19	0.38	154,350
103-01	0.14	127,000
103-03	0.12	19,100
103-05	0.57	83,600

43.72

Lands Which Have Been Appraised by the National Park Service (In Addition to Those Nine Tracts Already Acquired or Exchanged)

<u>NPS Tract No.</u>	<u>Acreage</u>
101-11	12.11
101-17	.60 (pending)
101-43	.39
101-46	3.54
101-48	24.81 (pending)
102-08	.05
102-09	.38
102-12	.15
102-15	.18
102-16	.08
102-18	.09
103-04	.12
103-06	.26

<u>NPS Tract No.</u>	<u>Acreage</u>
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103-08	.40
103-09	.81
	<u>43.97</u>

The NPS has been prevented from purchasing quite a number of the appraised properties because of the property owner's unwillingness to accept the appraised value. These are tracts 101-11, 101-43, 102-08, 102-09, 102-12, 103-06, and 103-89.

~ 103-09?

*neg
ted* { The NPS has attempted to appraise several other tracts along Marine Drive but has been unable to obtain permission from the owners to appraise. These are tracts 102-07, 102-10, 102-17, 103-07. Tracts 102-10 and 102-17 also have title problems. We have been unable to appraise tracts 103-10 and 103-11 because of interrelated and unresolved encroachment problems. Finally, we have thus far been unable to contact the owner of tract 103-02. Despite considerable effort and expense, it now appears that the NPS has run out of opportunities to purchase additional lands along Marine Drive.

With regard to the remaining tracts of land belonging to the U. S. Navy, the NPS has requested a no-cost transfer of tracts 101-03, 101-38, and 106-02. Recent communication with the Navy indicated that they have prepared the necessary documentation and that the transfer should be completed in the near future (101-03 and 106-02 are submerged lands and Navy ownership of 101-38 has just recently been determined).

There are also several tracts within the park belonging to the Government of Guam which were to be made available to the park without cost, but as of this time have not been. These are:

<u>NPS Tract No.</u>	<u>Acreage</u>
101-01	1.67
101-02	26.00
101-05	256.74 (submerged land)
101-06	9.45
101-29	2.02
101-36	1.80
101-44	39.87
102-03	.58
102-04	.13
102-06	1.32
103-12	1.31
106-04	525.95 (submerged land)
107-03	1.36
107-04	2.86
	<u>871.06</u>

Since park authorization in 1978, four additional tracts within the park have been acquired through condemnation by the Government of Guam for public purpose (flood control). These are:

<u>NPS Tract No.</u>	<u>Acreage</u>
102-01) now	.18
102-02) 102-23	.21
102-20) now	.09
102-21) 102-22	.13
	<u>0.61</u>

There are about 22 tracts encompassing approximately 130 acres remaining within War in the Pacific National Historical Park are in private ownership. In the future, the property owners will be approached for permission to appraise, based generally on the priorities set in the park's land protection plan (April 1984).

FUNDING STATUS - WAR IN THE PACIFIC NATIONAL HISTORICAL PARK

Total Amount of Monies Appropriated To Date for Land Acquisition

FY 80	\$ 600,000
FY 85	1,176,000
FY 88	800,000

Total Amount of Monies Spent To Date for Land Acquisition

Purchase Price	\$1,221,700 (includes the \$340,100 appraised value for Tract 101-10)
Appraisal and Title Services	99,535
Relocation Costs	31,755
GHURA Service Charge	8,957

The above information should now give you a current and accurate status of the land acquisition program at War in the Pacific National Historical Park. The National Park Service will continue to seek appropriations to complete the acquisition of all private lands within the park.

In order to fully respond to your letter and the attachment, we offer the following clarifications:

We too are aware that "property is a sensitive issue to the people of Guam;" this may be one of the principal reasons why land acquisition has been proceeding so slowly at War in the Pacific. The land acquisition policy which the National Park Service has followed and will continue to follow on Guam is to purchase land strictly on a willing seller-willing buyer basis. No landowner there has ever been threatened with condemnation by the Park Service. We have acted in accord with this policy in deference to the previously expressed wishes of the Government of Guam.

Moreover, the Park Service has no authority to regulate land use (we do not issue building permits nor do we advise or suggest to others that permits not be issued) to stifle development in this area, either within or outside of the park's boundaries. The location of a parcel of private property within the authorized boundaries of War in the Pacific in no way diminishes the rights of an owner from either selling, subdividing, or developing his or her property, within the constraints imposed by the existing land use regulations of the

Government of Guam. Several examples come to mind where this has already occurred on lands within the park:

- Tract 101-06, in public ownership, was modified by development which damaged the historic scene on this portion of the Asan invasion beach. Additional development was proposed here which, if constructed, would have completely destroyed the historic scene. Fortunately, the Advisory Council on Historic Preservation intervened to stop it.
- Tract 101-07, was subdivided by the owner into two parcels (now 101-49 and 101-50) and, after obtaining a building permit from the Government of Guam, constructed a residence on one of them.
- Tract 101-43, after appraising the property because of the owner's financial hardship situation, NPS was informed by the owner that he had received a better offer and would sell instead to a private buyer.

Regarding Resolution No. 340's noting that of the monies appropriated for land acquisition, "at least \$500,000 have been completely wasted on administrative and maintenance costs,..." -- I don't know the source of this information, but it is not correct. Let me try to clarify this for you: First, monies which have been spent are operating costs of War in the Pacific over the past decade greatly exceed \$500,000; second, no land acquisition monies have ever been used for operations and maintenance; these activities are funded mainly out of our ONPS (Operation of the National Park System) account, augmented by monies out of accounts like Repair and Rehabilitation, Cyclic Maintenance, Health and Safety, and others. We do not regard these monies as having been wasted at War in the Pacific.

Also, I am not sure what specific parts of the park you are referring to with "inconvenient hours of operation." Again, let me try to clarify this:

Both the visitor center and the Asan Point area are open seven days a week, from 7:30 a.m. to 3:30 p.m., Monday through Friday and 8:30 a.m. until 2:00 p.m. Saturday and Sunday. Park headquarters, where the visitor center is located, is officially closed only on Thanksgiving, Christmas, and New Year's Day. The Agat portions of the park -- Rizal, Apaca, and Gaan -- are open to visitors at all times. The restrooms at Gaan, however, are closed usually at about 4:00 p.m. The Alifan, Piti, and Fonte portions of the park are all open, but remain undeveloped. Visitors who wish to explore these areas are normally advised by a park ranger about existing conditions and the limited access.

Although at the present time it is not possible for visitors to tour the museum or see the slide show during the late afternoon or at night, the nearby Asan Point area remains accessible to visitors at all times. A barrier that is placed across an interior road after 3:30 p.m. on weekdays and after 2:00 p.m. on weekends does not prevent visitors from parking their vehicles in the park and walking over to the grassy area to picnic, or strolling along the coast, or hiking the trail up behind Asan Ridge. The barrier is placed there to protect park resources from vehicles, not keep visitors out.

With the existing staff -- three park interpreters, a maintenance foreman, and three less-than-full-time crew members -- we feel fortunate indeed to accomplish as much as we do.

In closing, let me say that War in the Pacific is still a relatively new park. Just because land acquisition is not yet complete, staffing inadequate, and the park not yet fully operational

does not mean we should throw in the towel and abandon the park. Nor do we intend to. There are many, many units that have been within the national park system far longer than War in the Pacific that have not yet completed their land acquisition plans. These parks, like War in the Pacific, will continue to be operated and managed to protect resources and provide visitor services as effectively and as efficiently as possible within existing budgetary constraints.

We appreciate your interest and concern regarding the operation of War in the Pacific National Historical Park. In the future, whenever it's convenient for you, we suggest you contact Superintendent Ralph Reyes and arrange for an on-site, first-hand recounting of where and how the Park Service has been and will be spending monies for the operation of the park. I know that Ralph would be delighted to be your guide.

Sincerely yours,

Bryan Harry
for Bryan Harry
Director, Pacific Area

Enclosures 1-3 7-11 10-17
10-11 10-12 10-13

SOCIAL DEVELOPMENT

III. Social Issues

Moderator: Dr. Samuel Lin
Deputy Assistant Secretary for Health
Intergovernmental Affairs
Assistant Surgeon General
United States Department of Health and
Human Services

(A) Suggested Items for Discussion:

- (1) Health
- (2) Education
- (3) Housing
- (4) Drugs
- (5) Women's Issues
- (6) Movement of people into United States territorial areas
- (7) Political status as it applies to federal laws
- (8) Other

(B) Procedure:

- (1) Overview of Issues and Solutions by the head of each insular delegation or his minutes each)
- (2) Round Table Discussion by insular delegations, federal officials and other conference participants (bulk of round table time) Federal participants may include: HHS, Education, Drug, Postal, and USIA
- (3) Observations by conference observers (both official and public) reflecting issues that Interior should consider when drafting the policy. In order to allow time for others to speak, please limit observations to one minute. (Participants may, but need not, respond orally at this time.)

SOCIAL DEVELOPMENT

GUAM COMMUNITY COLLEGE

- . Release Navy lands for the new GCC Campus
- . Provide a lump sum appropriation under USDOE to educate Micronesians as currently authorized under the Higher Education Act and to provide additional authorizations for the years after 1991
- . Provide territorial post-secondary institutions under USDOE with funding for construction of academic facilities similar to that provided traditionally Black colleges.

DEPARTMENT OF PUBLIC HEALTH & SOCIAL SERVICES

- . Eliminate the Congressionally-mandated ceiling under the Social Security Act in order to increase the federal share of the Medicaid and Public Assistance Programs as currently enjoyed by the States
- . Extend the Supplemental Security Income Program (SSI) to Guam
- . Provide income subsidies and tax credits for child care
- . Provide funds for training of day care workers and for support of GCC's Child Development Program
- . Provide funds to provide children with adult supervision after school hours (latch-key project)
- . Allow Guam to provide for "subsidized adoptions" which facilitate the adoption of hard to place children (e.g. handicapped)
- . Review U.S. Immigration visa waivers in Manila in relation to increase in Tuberculosis in Guam
- . Provide federal funding for Hepatitis B vaccine to continue the immunization of young children in the Pacific
- . Provide assistance in recruiting a pathologist for the Guam Memorial Hospital and doctors for the Department of Public Health and Social Services.

UNIVERSITY OF GUAM

- . Ensure that USDOE does not penalize Guam under the Stafford Loan Program (Guaranteed Student Loan) because of our high default repayment rate since this rate results from non-payment by Micronesia rather than Guam students
- . Allow Guam to have its own Sea Grant Program under US Department of Commerce
- . Encourage awareness of Guam's need to establish a Marine Sanctuary Program under U.S. Department of Commerce
- . Encourage the Navy to continuously fund environmental monitoring activities, a trouble shooting team for crisis response, continuing research and training
- . Fund a U.S. EPA - sponsored laboratory and personnel at UOG
- . Designate Guam as a center for receipt of grants (health, aging, AIDS, mental health, etc.) that are normally provided to Hawaii or mainland states
- . Modify the postal service code to facilitate delivery of library materials on a timely/inexpensive basis
- . Designate the RFK Library as a U.S. information center to allow upgrade of materials, facilities and equipment
- . Ensure that DOD pays its share of road construction costs
- . Establish Guam as a Micronesian/Pacific Center for Development & Training
- . Support Section 101(d) of the draft Commonwealth Act as it provides a responsible way for the federal government to compensate for the extra-educational burden the military and revenue limitations place on the island
- . Support full appropriation of \$8.1 Million under the Higher Education Act to educate Micronesian students and support additional authorizations beyond 1991.

GUAM MEMORIAL HOSPITAL

- . Approval of pending \$2 Million Federal CIP FY90 funding request for GMHA hospital facility construction necessary for JCAHO re-accreditation
- . Compact impact assessment and monitoring on the hospital care and benefits provided to FSM citizens who reside on Guam and medical referrals from FSM

- . Continuance of technical assistance Memorandum of Understanding in specialty hospital consultants from PHS and IHS to assist GMH for JCAHO accreditation/HCFR Certification; hospital-wide quality assurance and hospital/medical operations
- . Continuance of technical assistance Memorandum of Understanding allowing GMH managers the opportunity to train at selected PHS/IHS hospital operations in the mainland
- . Continued assistance from Perry Point Medical Supply Center for procurement of pharmaceuticals, medical and hospital supplies and equipment. Perry Point has been helpful in assisting GMHA in accessing VA and Federal/GSA supply contracts.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

- . Provide HUD-CDBG front-end financing to complete the Asan Community Development Project
- . Increase the HUD Secretary's Discretionary Fund and earmark these funds for on-going redevelopment projects.

ADDITIONAL ISSUES

- . Insist that DOI live up to its commitment to have the federal Departments of Justice; Education; Health & Human Services; Housing & Urban Development; and Agriculture provide technical assistance to Guam in the review of data collection mechanisms which address DOI's Compact Impact reporting mandate.



Guam Community College

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P. O. Box 23069

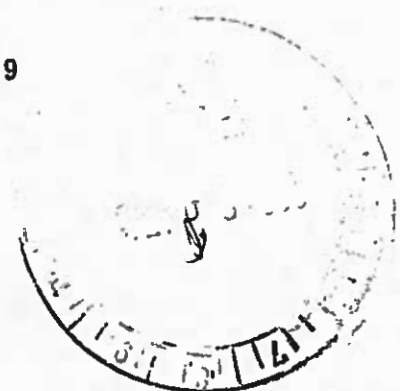
Guam Main Facility

Guam, 96921

September 6, 1989

MEMORANDUM

To: The Governor
Via: Director, Bureau of Planning
From: President
Subject: Pacific Policy Conference



In reference to your memorandum of August 24, 1989, regarding the Pacific Policy Conference sponsored by the Department of Interior, the following are of major importance to Guam Community College:

1. Transfer of excess military held lands in Barrigada to the Government of Guam to site a new Guam Community College.

The present site of Guam Community College in Mangilao was designed for 1,000 students but must now accommodate over 3,000 students. A facility assessment study concluded that the existing site will not allow for major education program expansion because of limited space and facilities. Because of lack of facilities, ninety percent (90%) of GCC's postsecondary programs are offered after 4:00 p.m.

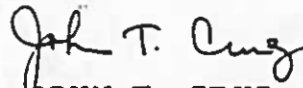
Regarding release of military held lands, a piecemeal policy appears to exist on returning land to the people of Guam. This situation results in a time consuming process in acquiring land held by the military and frustrates planning and development. All land not presently utilized or underutilized by the military should be returned to the people of Guam for immediate and future needs.

2. Section 1204 (c) of the Higher Education Act (P.L. 96-374) authorized \$2 million to be appropriated annually (up to \$10 million) to assist Guam in supporting the cost of providing postsecondary education programs on Guam for non-resident students from the Trust Territory of the Pacific Islands, the Northern Mariana Islands, and American Samoa from Fiscal Year

1985. Public Law 99-498, Section 1201 (2) extended the authorization from October 1, 1985 to October 1, 1991.

Since 1985, not more than \$500,000 has been disbursed in any given fiscal year to Guam Community College and the University of Guam.

As these funds are inadequate to support the cost of said mentioned non-resident students, we urge an amendment to the original legislation to allow a lump sum appropriation of the remaining balance and to authorize additional funds to continue providing support beyond the October 1991 deadline.


JOHN T. CRUZ



Guam Community College

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of Schools and Colleges".

P. O. Box 23069

Guam Main Facility

Guam, 96921

September 11, 1989

MEMORANDUM

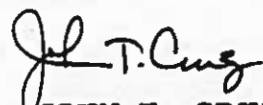
To: The Governor
Via: Director, Bureau of Planning
From: President
Subject: Pacific Policy Conference

Our memorandum of September 6, 1989 made several recommendations regarding subjects to be brought forward at the Pacific Policy Conference, sponsored by the Department of Interior, which would be of benefit to Guam Community College. As an amendment to that memorandum, we request the addition of the following:

To provide territorial postsecondary institutions funding for construction of academic facilities similar to that provided traditionally Black colleges.

If Congress recognizes the need to strengthen traditionally Black colleges in order to enhance educational equality, the same should apply to other colleges which traditionally serve other minorities. This policy recommendation could be as an amendment to Section 1204 (c) of the Higher Education Act (P.L. 96-374).

Thank you for your consideration.


JOHN T. CRUZ





GOVERNMENT OF GUAM
AGANA, GUAM 96910



MEMORANDUM

TO: The Governor

FROM: Director of Public Health & Social Services

SUBJECT: Pacific Policy Conference

In response to your memo dated August 24, 1989, we submit below, some concerns which we feel are important to the health and welfare of our people.

To facilitate Guam's health care development for Medicaid recipients, it is recommended that the Social Security Act which addresses the funding level for the Medicaid program be amended to be equitable with the other states.

The Medicaid program is presently funded by the federal government with a ceiling of \$2.5 million for Fiscal Year 1989. Although Guam received an increase of \$500,000 to be spread out over a period of three years, Fiscal Year 1987 to Fiscal Year 1990, there are no plans to further increase the funding level after Fiscal Year 1990. Increases are not automatic and legislations are needed to receive increased funding. The optimum solution is to provide for an open-ended funding level similar to what other states are enjoying. Most states are receiving a federal funding match of 85% federal and 15% local funds while Guam receives a 50% match.

Doing away with the ceiling or providing for equitable yearly increases are necessary for Guam due to the expected increase in Medicaid expenses due to the following:

1. The increase of the twenty (20) year old Standards of Assistance for welfare will increase the number of recipients to Public Assistance and Medicaid Programs.
2. The Welfare Reform Law will also increase Medicaid expenses due to extended Medicaid coverage up to a year on certain individuals participating in the JOBS program.

3. MIP, the local medical assistance program has been providing supplemental assistance to Medicaid clients for services not covered by Medicaid for a total amount of at least \$1 million. The efforts to cover these services under Medicaid will provide a more accurate picture of expenditures for individuals under the Medicaid Program.

The social development issues specific to public welfare is the concern of the current funding ceiling for AFDC and the Adult categorical programs. The extension of SSI to Guam and the removal or the increase of the ceiling can greatly enhance the program operation to meet the basic needs of the recipients of the program. There is a bill being introduced to increase the need standards of the public assistance program which will need the amount of about \$10,000,000 to implement the program. The standards of assistance has not been increased since twenty (20) years ago.

The continued growth in Medicaid and Public Assistance expenditures is due to mandates and other changes in policies making coverages more responsive to recipients. The present inequity of establishing a ceiling of Federal Matching Participation for the federal programs for Guam while other states' funding are open-ended should be rectified.

There are some issues affecting the quality of life of Guam's children and their families which need to be addressed.

1. Affordability of child care.

Lower and middle income families find it too costly to provide their children, specially infants, with quality child care. Income subsidies and tax credits are among the proposed solutions.

2. Quality of child care.

The quality of child care is only as good as the relationship and interactions between the caregiver and the child. Neither the amount nor the sophistication of the environmental equipment is going to compensate for the ignorance of the one who is responsible for the child's wellbeing in his formative years, a most crucial time in his development. Nowadays, a child of working parents is only at home for holidays and sleeping time. The responsibility placed on the caregiver is awesome. Yet this person, for the most part, female, is at the very bottom of the pay scale, usually with no benefits. We pay more to have our cars serviced than to have our children cared for.

Recognition of child care as a worthy profession can only be accomplished through better pay and adequate benefits.

Presently the lack of trained day care workers is alarming. Funds are needed to provide incentives for training and to support the Child Development Program at Guam Community College.

3. Children without adult supervision after school hours has become an accepted occurrence in the community.

Parents can only do so much in trying to keep their families financially afloat. These days when an employee gets a 20 cent raise, his rent goes up \$100, infant formula is 40 cents per can and a box of diapers costs \$5.98, just to mention a few essentials. Then, there are the older children, - What can happen to them, for a couple of hours after school?...The possibilities are endless and horrifying. Funding is needed for an island-wide latch-key project as a preventive measure to child abuse and neglect.

4. Other states are able to facilitate the adoption of "hard to place children" i.e. children with handicaps, chronic and/or serious illness, "different ethnic groups" (by mainland standards, not ours), etc.; by what is called "subsidized adoption". What it means, is the ability of the adopting parents to qualify for financial assistance for the child, if eligible. If this practice could be allowed within the Title XX Consolidation of Grants, the Bureau of Social Services Administration could assist those foster parents who wish to adopt and give the children the permanency and security that a name and a true home can provide, but that is not possible when they cannot assume the entire financial responsibility.

Other areas of concern are:

1. Review of US immigration visa waivers in Manila in relation to increase in TB in Guam. (See attached memo.)
2. Need for federal funding for Hepatitis B vaccine to continue the immunization of young children in the Pacific. The donated vaccine has run out. Prevalence of Hepatitis B is high in Pacific Nations.
3. Assistance in recruiting a pathologist for the Guam Memorial Hospital and doctors for the Department of Public Health and Social Services.


LETICIA V. ESPALDON, M. D.



GOVERNMENT OF GUAM
AGANA, GUAM 96910

JUN 22 1989

Memorandum

To: The Governor

From: Director of Public Health and Social Services

Subject: Tuberculosis Control

I am seriously concerned that tuberculosis may be re-emerging as a major health problem on Guam. Based on new cases reported for the first quarter of calendar year 1989, it is estimated that the incidence of TB will be double this year compared to what it was last year.

I am particularly concerned that a number of TB cases that our Department has assumed responsibility for treating this year are in immigrants granted "waivers" by U.S. Embassies in Manila. At one time persons with communicable diseases were not allowed to immigrate to the U.S. but in recent years it has been the practice of embassy personnel to grant such persons waivers if they can provide documentation that they have been "adequately treated" and are in a non-communicable stage of the disease.

Unfortunately, our TB program not infrequently finds that such individuals are actually in a communicable stage of the disease when they are examined here and that they require additional treatment.

There have been 4 such cases so far this year and an additional person who was a contact of one of these cases has also developed tuberculosis.

I feel these visa waivers are a serious problem that can only delay and hinder our ability to control tuberculosis on Guam. Perhaps you can work with Representative Diaz to see if something can be done to discontinue the granting these waivers for tuberculosis cases, at least until this problem is under control here and the incidence rate for TB on Guam approaches that of the U.S. as a whole (Guam's TB case rate was approximately 5 times that of the U.S. in 1987, it appears that it may be as much as 10 times the U.S. rate in 1989).

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LETICIA V. ESPALDON, M.D.

RHADDOCK:cqn

06/19/89

cc: Dir chrono; dir file
CPHQ



University of Guam

OFFICE OF THE PRESIDENT
U.O.G. Station, Mangilao, Guam 96923
Cable: "UnivGuam" * Telex: 721-6275 * Fax: 734-3118



September 5, 1989

MEMORANDUM

To: Governor of Guam
From: President, University of Guam
Subject: Pacific Policy Conference

The following information is provided for the subject conference. Where possible specific laws, rules or regulations are cited.

1. Subject: University of Guam: Default Rate of 64.1% for Stafford Loan (formerly Guaranteed Student Loan) and supplemental Loans for Students (SLS).

Reference: Federal Register, Vol. 54, No. 106, June 5, 1989 (Department of Education, 34 CFR Parts 668 and 682, Student Assistance General Provisions and Guaranteed Student Loan and PLUS Programs).

The University of Guam has been placed in an unfortunate bind since the U.S. Department of Education (Office of Student Financial Assistance) has calculated our default rate to be 64.1% for Stafford Loans and Supplemental Loans for Students. This rate exceeds the tolerable 60% default rate. If UOG's FY 1989 rate continues to exceed 60%, it will be subject to administrative action by the Department of Education to limit, suspend, or terminate its eligibility to participate in the Federal student financial aid programs authorized by Title IV of the Higher Education Act of 1965, as amended, beginning in January 1991 (Letter from U.S. Department of Education to President dated 31 July 1989).

The problem lies in the fact that the default rate for Guam residence is only 23.25%. It is the default rate of borrowers from other islands that raises the default rate of UOG students to 64.1%.

Guam	23.25%
CNMI	50.06%
Republic of Palau, FSM, and Republic of the Marshall Islands	73.92%
American Samoa	92.11%

Yet, the University of Guam is the institution which will be penalized. Although the federal government has deemed students from the FSM and the Marshalls as ineligible for either loans, the University of Guam is still accountable for the repayment of loans by students receiving such loans prior to Spring 1986-87.

2. Sea Grant. There is a definite need for Guam, either alone or as the focal point of a Pacific Islands consortium, to have our own Sea Grant College Program (Sea Grant is part of the National Oceanic and Atmospheric Administration (NOAA) in the Department of Commerce). The importance of marine research and development is at least an order of magnitude greater for us than for Georgia, yet the money funneled to Guam via Hawaii Sea Grant is an order of magnitude less (under 10% of what Georgia receives)! I mention Georgia, which is not particularly well-funded by Sea Grant, only because we know the program, but the conclusion is obvious. The Marine Laboratory already has a committee looking into the possibilities for this and the Department of Commerce and NOAA should be aware of the importance to Guam and UOG.
3. Sanctuaries and Research Reserves. The National marine Sanctuary System and National Estuarine Research Reserve System both also under NOAA, do not include any sites in Guam or Micronesia. These systems (which are similar, but established under two different laws; thus the need for separate terms) manage and protect natural areas that are important resources for research, education and recreation, and usually provide access, interpretation and resource information for the public. There is a site in Hawaii (Waimanu Estuarine Research Reserve) and one in American Samoa (Fagatele Bay National Marine

Sanctuary, for which the Biological Resource Assessment was done by the UOG Marine Lab). The lack of a site in this area is not necessarily the fault of the NOAA Sanctuaries Program Office, since the initiative should come from the Government of Guam, but if they are aware of the need it might help our case. With development proceeding at an accelerated pace, the establishment such sanctuaries is long overdue. The University is the obvious lead agency for this sort of program, but would need the support of the Governor, the Department of Parks and Recreation and the National Park Service, among others.

4. Environmental Research and Monitoring. The impact on the environment of Guam by the military has been historically even greater than that of development. The DOD should be required to provide for environmental monitoring and should fund research on both specific military-related problems and on the environment generally. I am aware that they do fund some environmental impact studies, as required by law, but these are often one-shot operations of limited time duration, and are, in my view, totally inadequate. There should be a constant, consistent effort to monitor the effects of military activities, plus a trouble-shooting team to respond to crisis situations (fuel spills, toxicant releases, etc.). These efforts should be funded through UOG, Guam EPA or a private environmental firm, and should be completely open where public health and/or environmental integrity are concerned. There should be a concomitant effort to fund research, either through UOG or by open, peer-reviewed competition. The environment of a small island like Guam is fragile at best, and has been seriously altered by past military activities. It is time for the DOD to do its share to protect what we have left.
5. USEPA Presence on Guam. The U.S. Environmental Protection Agency should have an office or laboratory on Guam to supplement the efforts of Guam EPA and other agencies. An alternative would be to fund a position and laboratory at UOG (e.g., an expanded WERI water lab) with ties to EPA via reporting lines to Washington that would carry come "clout." I understand that GEPA does a good job, but they are likely to be overwhelmed by

conflicting local interests as development continues. USEPA has a duty to Guam and the former Trust Territories, and they are seriously delinquent in this without even an office in this region of burgeoning development. From what I have seen, environmental problems are serious now, and unless they receive immediate high priority attention will soon be much worse.

6. Re: Grant Application in the Area of Health Services

The Federal Government usually includes Guam with Hawaii or west coast areas for certain kinds of grants; this essentially leaves Guam and the rest of Micronesia without service. Most often the agency in Hawaii or on the west coast eligible for grant funding will write Guam and Micronesia into the grant in a token kind of way. After funding is received, Guam and Micronesia see very little of the service connected with the grant.

If Guam were eligible for various "center" grants to serve Guam and Micronesia, this problem would be avoided. For example, a recent funding announcement specified monies to be used for AIDS education. A set number of grants was to be awarded to "centers" in the U.S., with Guam not included among the possible locations. We attempted to find out which possible center area would include Guam in its service area; so far as we could determine, Guam and Micronesia were simply left out. Similarly, "center" grants for education on aging have been awarded over the past few years, with Guam being written into a California grant for several years, then into the Hawaii grant. In neither case have we received any substantial benefit. If the University of Guam makes an adjustment in organization to establish a School of Nursing and Allied Health, we will be able to apply for this particular "center" grant when the opportunity next occurs; otherwise we are still left as an appendage for other grant applicants unless an alternative on-island group or office is established.

The most improbably example of the above problem is the "center" grant for education and research in mental health. Guam and Micronesia were written into the Chicago grant, a fact not known to people in Guam and Micronesia, with no service being given. When a UOG faculty member accidentally discovered that we were supposed to be included in the Chicago grant and visited the center, center staff were honest in admitting that they could do nothing for Guam due to the funding limitations of the grant.

Another problem with many grant specifications is that they are essentially written for mainland distribution and do not take into account the problems of travel and communication inherent in our location. Unless specifications include allowance for variation in travel and communications requests, we sometimes have to forego application for funding for projects that would be of benefit to Guam and Micronesia.

7. The Federal Government modify the postal service code to provide Guam and other Pacific territories the right of using the air service with the special library or book rate for delivering library materials including books, periodicals, non-book products, etc. from and to other U.S. geographical locations. The modification would provide the U.S. citizens on Guam and other territorial islands with the opportunity to receive information at almost same time with the U.S. citizens living in other states. The information may be needed for individual research, business operations, the needs of daily living, etc. At the present, the library or book rate of the postal service is delivered by the sea mail, that will usually be delayed about one month or longer.
8. The Federal Government provide substantial and separate funds particularly designated for the library development on Guam and other Pacific territories. The funds are needed for the construction of library buildings, the development of library collections including book and non-book materials, the provision of information technologies including computers and telecommunication facilities, the establishment of information networks for interlibrary cooperations on the islands and with other states, etc. The development is critically needed in the academic, public, school, governmental military libraries, particularly in the Robert F. Kennedy Memorial Library at the University of Guam. The RFK Library can be developed and designated as the U.S. information center in the Pacific area. At the present, all the library buildings, facilities, collections, and personnel on Guam and other territorial islands are well below the overall standards in comparing with libraries in other states.

9. The U.S. Department of Defense take the responsibility to assist the Government of Guam and to provide funds for designing, improving, and constructing major roads on Guam. The fact is that a major proportion of the population on the island is the military personnel. The majority of the roads on the island have been constructed with limited capacity. They are mostly improper for currently increased population and civil activities. They are also in need of maintenance. The maneuvers and operations of military equipment have made a great deal of damage to many of the major roads.

10. University-Federal Cooperation in Regional Development

The past decade in Micronesia has seen a growing recognition of the necessity for regional collaboration and cooperation in manpower development programs, higher education and support services. Huge geographic and economic barriers, however, present extraordinary challenges for fulfilling the regional needs. More than 2000 islands with a combined population of approximately 300,000 and a total land mass less than that of Rhode Island are scattered over an ocean area larger than the continental United States. Communications networks and transportation systems are improving somewhat but are woefully inadequate to support meaningful economic activity, and, with the exception of marine resources which remain largely unassessed and unexploited, there is little in the way of natural resources to provide an investment base. Historic socio-political barriers between the small and intensely parochial island governmental entities further complicate the problem and the more recent signing of the Compacts of Self-Determination has exacerbated the conflict further. Despite the deterrents noted, the people of Micronesia, exposed to the developed world through the media, have high expectations and aspirations. There is an increasing demand for better living conditions, improved employment prospects and more and better educational opportunities, particularly at the post-secondary level.

The University of Guam is proposing the establishment of a Micronesian/Pacific Center for Development and Training (Micro-Pac Center), with substantial Federal support, to be utilized both to provide needed support services and to build the capacity of the various political entities to meet their own needs. This concept of a Micro-Pac Center has been circulating in the region in a variety of forms and under

many different names for over a decade. The basic rationale behind such a Center is to establish a nucleus of expertise and resources within the region in order to more systematically address economic, political and social development within appropriate cultural contexts mainly through data collection and analysis, technical assistance and meeting manpower training and development needs. Additionally, it would greatly assist in the development of "capacity building" among the region's established institutions. This will ensure that the developmental, technical assistance and training needs of societies in the region are handled within the framework of regional realities and such resultant autonomy will help diminish the perceived threat of extra-regional contacts.

Substantial Federal support would be needed for start-up costs and to underwrite the initial two to three year period of operations. From that point, costs would be borne by a collaborative regional/Federal effort coupled with those Federal agency grants and contracts acquired as an on-going process. The present uncertainty regarding the Department of Defense presence in the Phillipine Islands has raised the distinct possibility that the American presence in Micronesia may necessarily escalate rather diminish despite the Compacts of Self Determination. Unless this increased presence is handled in a manner sensitive to the regional needs and desires and with due caution for regional fears about loss of identity and autonomy this insertion may create more problems than it purports to solve. Island cultures, although robust enough to persevere over centuries, are surprisingly fragile in the face of encroaching technology and the spectre of Ebeye has created great fears about too close relationships with American governmental operations. If the American presence is to occur in a fashion that is acceptable to the regional entities and that functions in ways beneficial to all concerned, then there must obviously be a translator of that purpose, for the ways of Washington, D.C. are alien to the island communities to the same extent that the communities are incomprehensible to the Federal government.

The University of Guam has clearly demonstrated its sensitivity to these pressing regional needs and concerns by conceptualizing, developing and implementing a wide range of programs with significant regional impact, including research, academic, support service and manpower development activities. The University of Guam is the only degree-granting U.S. university permanently sited in Micronesia, and has an institutional policy of commitment to a regional role. The University draws its student body from throughout the region and the surrounding Pacific rim

countries. The diversity of its student population has required the University to focus on intercultural communication through cultural learning and sensitivity towards complex cultural differences in needs and expectations. The University's regional mission has been widespread and successful and limited only by funding restrictions. It should be noted that rarely have programs been totally reliant on external funding sources and that the University has invested heavily with its own resources in the future of Micronesia.

All of this activity represents a growing and mutually beneficial partnership between the University of Guam and the Micronesian region that has created a network of rewarding relationships between the University and various official and unofficial organizations, agencies and programs; public, private, Federal, local and regional. Without high levels of trust and quality service it is clear that few of these activities would exist. Collectively, these programs dramatize in concrete terms the capacity of the University to serve the region successfully and, more importantly, to provide that service from within the region. In short, the University is the most obvious choice as lead agency for an increased American presence in the region. The University is the most logical choice by dint of its experience and expertise, and the most cost efficient choice since there will be greatly diminished staff training and travel costs as a result of both experience and proximity.

In order to facilitate the fulfillment of these goals, UOG has charted its direction in academic matters and facility needs. However, the university's financial resources are woefully inadequate to meet this challenge.

UOG, as its first major capital improvement plan, will require a minimum of \$45M for the four phases of a Physical Master Plan over a span of 6 years. Funding for the first phase estimated at \$6.5M has been identified. The remaining three phases will require at least \$38.5M in 1989 dollars. When the recent construction cost trend is considered, it would require more than \$62M to complete the project.

The outlook for funding from sources other than the federal government is bleak.

Additionally, \$35M to \$40M will be required to develop programs of international scope to effectively utilize the new physical facilities. The areas of special interest are:

1. Micronesian, Asian and other area studies;
2. Exchange programs for students, professors and researchers.

Total request for federal assistance should be \$100M within one and a half to two years.

11. Changes in Federal Laws and provisions of the proposed Commonwealth Act

The pertinent provisions of the Act are Title II for general changes in Federal laws, Sections 1104 and 1105 (the latter providing additional Federal funding which we would like to see used to meet educational needs, particularly capital improvements at UOG), and Section 101(d).

Section 101(d), attached, specifically addressed education. The Federal Task Force on Guam's Commonwealth Act rejects the wording of 101(d); their arguments are also attached. But the Task Force has missed the point as to why Guam wishes to be treated "to the same extent as the several States" with respect to educational assistance from the Federal government. In the several States, education is supported primarily by property taxes raised locally. Guam does not have, nor will it ever have, the necessary real estate base to obtain adequate funds from property tax (or any other tax) to support a quality educational system. Moreover, an extraordinary burden is placed on Guam's educational system, proportional to its comparative size, by the military installations on Guam. Guam is unique within the U.S. federal system because of these two factors.

As a consequence, the military has turned to off-island tertiary institutions to serve its needs on Guam. In the enduring absence of a viable tax base the only source of funding available to Guam to fulfill its unique educational needs, including those of the military, is from increased Federal support. Such support can come from sporadic bail-outs, as in the past, or through the means provided in Section 101(d).

The increased educational funds which Guam would receive are therefore not a "windfall" as the Task Force asserts, but a responsible way for the Federal government to compensate the people of Guam for the extra educational burden the military and revenue limitations place on the island. That is, in educational matters Guam does not seek to be treated "equally", but as a valid special case which does deserve greater Federal assistance than that given the

small states, all of which dwarf Guam economically.

Approval of Guam's Commonwealth Act with Section 101(d) intact as proposed would greatly enhance the educational development on the island.

12. Section 1204(c) Higher Education Act, PL 96-374 and PL 99-498 Section 1201(2)

As you might be aware, Public Law 96-374, Section 1204(c) authorized \$2 million to be appropriated annually (up to \$10 million) from Fiscal year 1980 to Fiscal year 1985. Public La 99-498, Section 1201(2) extended the authorization from October 1, 1985 to October 1, 1991.

To date, the Territory of Guam has received the following disbursements under Section 1204c:

	<u>TOTAL</u>	<u>UOG</u>	<u>GCC</u>
FY 85	500,000	320,000	180,000
FY 86	500,000	318,500	181,500
FY 87	479,000	393,259	85,741
FY 88	479,000	369,788	109,212
TOTAL	1,958,000	1,401,547	556,453

There remains an \$8.1 million balance to be appropriated under the \$10 million authorization made by the Federal Government (Section 1204(c) of the Higher Education Act).

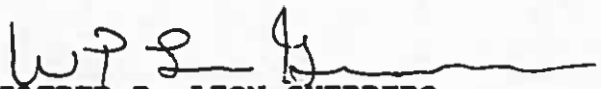
I have consulted with the Guam Community College (GCC) and it was agreed that this matter needed urgent attention. It was also agreed that both GCC and UOG could use the balance of the funds to be appropriated for purposes such as creating a permanent endowment from such an appropriation, somewhat in the nature of the Land Grant Endowment presently administered by the University. Such a plan would perhaps be more palatable to the Federal Government than the appropriation of non-categorical funding that could be quickly used and then gone forever. It could be clearly shown that such an endowment would have a lasting impact on the region, and would provide permanent testament to the goodwill and support of the Federal Government.

We, therefore, ask your support in proposing an amendment to the original legislation that would allow such a lump sum appropriation of the \$8.1 million remaining under the authorization. If it seems to you that this would

Pacific Policy Conference
September 5, 1989
Page 11

either not be feasible or would be an extremely extended process, then we would request that you bend your efforts to obtaining an extension of the October, 1991 deadline so as to assure that the full authorization can be made available to us incrementally.

We are aware that arguments have been made that the Section 1204c authorization is no longer a necessity in view of the implementation of the Compacts of Free Association that have been signed with the Micronesian Governments. It should be pointed out that the original intent of the legislation was to offer some recognition and recompense to the historical efforts of the Territory of Guam in providing low-cost opportunities for higher education to Micronesian students. The University of Guam has always enrolled Micronesian students as residents for tuition purposes and thousands of students have taken advantage of this opportunity over the years. By this action, the government of the Territory of Guam directly funds eighty (80%) of the cost of educating Micronesian students at the University of Guam.



WILFRED P. LEON GUERRERO

Attachment

TITLE I - POLITICAL RELATIONSHIP

SEC. 101. CREATION OF THE COMMONWEALTH AND FULL SELF-GOVERNMENT.

(a) The Island of Guam, and its adjacent islands and waters shall upon the enactment of this Act become a self-governing Commonwealth known as the "Commonwealth of Guam". This Act, the provisions of the United States Constitution, treaties, and laws of the United States applicable to Guam, and the Constitution of Guam shall be the supreme law of the Commonwealth.

(b) The people of Guam shall have the right of full self-government, which shall extend to all rightful subjects of government not inconsistent with this Act and the laws of the United States applicable to Guam, and shall govern themselves in accordance with this Act through a Constitution of their own adoption. Such Constitution shall--

(1) recognize, and be consistent with, the sovereignty of the United States over Guam, and the supremacy of the provisions of the Constitution, treaties, and laws of the United States applicable to Guam;

(2) provide for a republican form of government;

(3) provide for three branches of government; and

(4) contain a bill of rights.

(c) The Government of the Commonwealth shall have the power to sue in its own name, and, with the consent of the Legislature, may be sued upon any contract entered into with respect to, or any tort committed incident to, the exercise by the Government of the Commonwealth of Guam or any of its lawful powers.

(d) The Government of the Commonwealth of Guam shall have the power to establish, maintain, and operate a public educational system to the same extent as the several States.

Federal Task Force Report on Guam's Commonwealth Act

Section 101(d) requires that the "Government" of the Commonwealth to establish and operate a public education system, "to the same extent as the several states". Except for the final phrase, the subsection substantially parallels existing law, as amended in 1986 (48 U.S.C. 1421g(b)). (Before that date, the authority was reposed in the "Governor", which gave rise to an executive-legislative dispute that was settled by an amendment substituting "Government".) We have no objection to that portion of subsection(d), although we doubt it is necessary.

The phrase "to the same extent as the several states" is to us uncertain in its meaning. We understand that it was included because of Guam's general aspiration for "State-like" treatment in the Commonwealth Act. We fear, however, that it might create mischief, to the extent that some Federal programs in the education area do not treat Guam as a State, but provide benefits to Guam on the basis of a different formula. The matter is discussed more fully under section 1102 of this report. So far we have been able to establish, Guam's treatment under such special formulae in laws pertaining to education has usually resulted in some monetary advantage to it.

Some Federal program laws pertaining to education, however, contain a provision imposing a statutory floor -- the so-called "State minimum" -- for the benefit of small States. If Guam were to be the beneficiary of the State minimum provisions, then for those programs containing such provision its grants would increase, sometimes dramatically. What might be viewed as windfalls would occur. If Guam's objective, however, is equitable treatment, and we understand that to be so, then such minima ought not logically to apply to it.

Accordingly, because the quoted phrase (i.e., to the same extent as the several States") might either have a disadvantageous monetary effect on Guam, or result in unintended windfalls, we suggest that the quoted phrase be deleted. If subsection(d) were retained, we suggest that it might better provide as follows:

The Government of the Commonwealth of Guam shall have the power to establish, maintain, and operate a public educational system.



GUAM MEMORIAL HOSPITAL AUTHORITY

850 GOV. CARLOS G. CAMACHO ROAD
OKA, TAMUNING, GUAM 96911
TEL: 646-5801, 646-6876, 646-6711 thru 18
TELEX 671-6227, FAX 671-649-0145



SEP 13 1989

MEMORANDUM

To: Director - Bureau of Planning
From: Associate Administrator - Guam Memorial Hospital
Subject: Pacific Policy Conference

The federal actions which would assist GMHA are in the areas of continued technical assistance for:

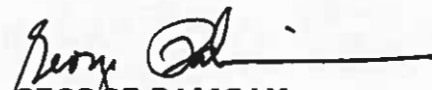
1.) Approval of pending \$2 Million Federal CIP FY90 funding request for GMHA hospital facility construction necessary for JCAHO re-accreditation.

2.) Compact impact assessment and monitoring on the hospital care and benefits provided to FSM citizens who reside on Guam and medical referrals from FSM.

3.) Continuance of technical assistance Memorandum of Understanding in specialty hospital consultants from PHS and IHS to assist GMH for JCAHO accreditation/HCFCA Certification; hospital-wide quality assurance and hospital/medical operations.

4.) Continuance of technical assistance Memorandum of Understanding allowing GMH managers the opportunity to train at selected PHS/IHS hospital operations in the mainland.

5.) Continued assistance from Perry Point Medical Supply Center for procurement of pharmaceuticals, medical and hospital supplies and equipment. Perry Point has been helpful in assisting GMHA in accessing VA and Federal/GSA supply contracts.


GEORGE PALICAN



GHURA

Guam Housing and Urban Renewal Authority
P.O. Box CS Agaña, Guam 96910
(671) 477-9851-4 • Fax (671) 477-4184

Joseph F. Ada

Co-Chairman

Frank E. Blas

U. Governor

Pilar A. Cruz

Exec. Dir. Director

Ricardo A. Calvo

Deputy Director

Board of Commissioners

Rufo C. Taitano

Chairman

Vicente C. San Nicolas

Vice-Chairman

Marilyn P. Megofna

Member

Jesus T. Lizama

Member

Evelyn A. Blas

Member

Salvador E. Camacho

Member

Nicolas D. Francisco

Member

September 14, 1989

MEMORANDUM

TO: Governor

FROM: Executive Director

SUBJECT: Information for Pacific Policy Conference

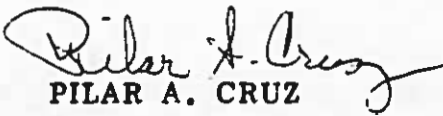
The most important issue that needs to be addressed with the Department of Housing and Urban Development, (HUD) is the funding mechanism for providing funds to the territories under the Community Development Block Grant Program (CDBG).

Under the previous funding mechanism for redevelopment projects, HUD provided financial commitment at the inception of a particular project. Communities, therefore, were able to draw project funds as quickly as they can complete the various phases of the project.

Under the current funding process through the CDBG program, the "front-end" financial commitment has been eliminated, in favor of a year-to-year allocation without commitment beyond the most current year allocation. Under this funding mechanism, actual completion of projects can oftentimes take twice as long to achieve.

Funds for redevelopment projects such as the Asan Project are allocated from the Secretary's Discretionary Fund and the current level is not sufficient to address the needs of the territories.

Increases in the appropriation of the Secretary's Discretionary Fund in the annual HUD budget should be sought, with an earmarking of the increased funds for on-going redevelopment projects. Furthermore, a reevaluation by HUD is needed in the level of funding made available to the territories for future redevelopment projects.


PILAR A. CRUZ

**TIMETABLE FOR COMPLETING THE
 ASAN REDEVELOPMENT PROJECT
 (ON-GOING AND UNFUNDED PROJECTS)**

I. <u>Funded Projects</u>		<u>Projected Date of Completion</u>		
A.	Phase 2B-1	December, 1988		
B.	Phase 2B-2	June, 1990		
C.	Phase 3A	September, 1988		
D.	Phase 3B-2 (commercial area)	January, 1990		
E.	Community Centers	October, 1989		

II. <u>Unfunded Projects</u>		<u>Est. Cost</u>	<u>Date of Commencement</u>	<u>Date of Completion</u>
A.	Water integrated system within (Phase 2B-1)	\$ 324,204	10/89	3/90
B.	Uncompleted work (Phase 2A) for upgrading water lines, curbs and gutter	300,000	10/89	3/90
C.	Phase 3B-1			
1.	Update of design, plans and specifications	200,000	10/89	3/90
2.	Acquisition			
a.	Partial	1,045,912	12/89	9/90
b.	Balance	654,088	10/91	12/91
	Subtotal	\$1,700,000		
3.	Relocation/Rehab			
a.	Partial	200,000	3/90	9/90
b.	Balance	300,000	10/91	3/92
	Subtotal	\$ 500,000		

<u>Unfunded Projects</u>	<u>Est. Cost</u>	<u>Commencement</u>	<u>Completion</u>
4. Construction (PFI)	2,778,000	10/90	9/92
5. Contingencies (15%)	870,331		
6. Administrative Expenses (12%)	800,704		

GRAND TOTAL \$7,473,239
 VVVVVVV

The above schedule on the unfunded projects is predicated upon desired funding allocation from the CDBG program for the next three years:

<u>Annual Funding Schedule</u>	<u>Minimum Dollar Requirement</u>
Program Year 1989	\$2,663,349
Program Year 1990	3,000,000
Program Year 1991	<u>1,809,890</u>
Grand Total	\$7,473,239 VVVVVVV

Assuming the above funding allocation schedule is not possible and, at best, the funding is to be based on the amount of \$1,718,298 (average the past 6 years from 1983-1988) annually, the following would result:

1. The total requirements of \$7,473,239 would be funded over a five-year period with the last funding occurring in 1993.
2. The construction work for the last remaining phase (3B-1) would have to be scheduled and awarded under two increments with completion date of no earlier than June, 1994.
3. Extended period may result in higher costs than currently projected for target date of September, 1992.

Pacific Policies Meeting
September 19-20, 1989
Honolulu, Hawaii

Impact of the Compact of Free Association

"Clearly, the Compact is an expression of Federal policy. If it errs, corrective action should rest with Washington, D.C. and not be the responsibility of territorial and state governments, whose counsel was either not sought or was ignored during Compact negotiations."

[From: Legislative History, Public Law 99-239: U.S. House Report No. 99-138 (Part 2)]

A. U.S. DEPARTMENT OF THE INTERIOR

The Government of Guam requests the Department of the Interior to make arrangements for the following federal departments and agencies to review and make recommendations on Compact impact verification in accordance with OTIA Technical Assistance grant titled "Compact Impact Verification".

I. U.S. Department of Justice, Office of Justice Programs, Bureau of Justice Assistance

The Department of the Interior shall arrange with the Bureau of Justice Assistance for technical assistance to Guam's criminal justice agencies to review their compact impact verification procedures for the benefit of providing data for the OTIA report. The review would focus on the sharing of information between agencies that would enable Compact citizens to be tracked through the criminal justice system.

1. Department of Law
2. Public Defenders Office
3. Superior Court of Guam
4. Department of Corrections
5. Guam Police Department
6. Department of Youth Affairs
7. Department of Commerce, Division of Customs and Quarantine

II. U.S. Department of Education

The Department of the Interior shall arrange with the U.S. Department of Education technical assistance for Guam's educational institutions to assess the adequacy of their data collection procedures and to make recommendations on procedures to education impact verification.

1. Department of Education
2. Guam Community College
3. University of Guam

III. U.S. Department of Health and Human Services, Public Health Service

A. The Department of the Interior shall arrange with the U.S. Department of Health and Human Services technical assistance for Guam's public assistance agencies that are in particular need of a review of the programs they administer. The purpose shall be to determine the availability and applicability of existing federal public assistance and interest-subsidy programs.

-- Department of Public Health and Social Services

1. Food Stamps
2. Aid to Families with Dependent Children

B. The Department of the Interior shall also arrange for technical assistance for Guam's health and social services agencies to review their Compact impact verification procedures for the benefit of documenting impacts for the OTIA report. This review will focus on local health data, records, protocols and practices necessary to determine the adequacy of information concerning the impact of the Compact.

1. Department of Public Health and Social Services
2. Department of Mental Health and Substance Abuse
3. Guam Memorial Hospital

IV. U.S. Department of Housing and Urban Development

The Department of the Interior shall arrange for technical assistance from the U.S. Department of Housing and Urban Development for Guam's public assistance agencies that are in particular need of a review of the programs they administer to determine the availability and applicability of existing federal public assistance and interest-subsidy programs.

-- Guam Housing and Urban Renewal Authority

1. Section 8 Rental Housing Assistance
2. Low Income Public Housing Assistance

V. U.S. Department of Agriculture, Farmers Home Administration

The Department of the Interior shall arrange for technical assistance from the U.S. Department of Agriculture for a review of the programs they administer to determine the availability and applicability of existing federal public assistance and interest-subsidy programs.



DEPARTMENT OF HEALTH & HUMAN SERVICES

Public Health Service

Office of the Assistant Secretary
for Health
Washington DC 20201

JUN 8 1989

ASST SECY - TIA
RECEIVED

JUN 14 1989

Mr. Timothy W. Glidden
Counselor to the Secretary
United States Department of the Interior
Washington, D.C. 20240

Dear Mr. Glidden:

Thank you for your recent inquiry regarding information on the availability of program assistance to the United States territories for health services provided to migrants from the Freely Associated States. I have asked Dr. Sheridan L. Weinstein, my Regional Health Administrator in San Francisco, to respond directly to you, inasmuch as his Office has the principal responsibility for managing our Public Health Service (PHS) programs in the Pacific.

Dr. Weinstein has informed me that almost all PHS programs do not have residency status as an element of eligibility. The PHS Regional Office staff held preliminary discussions with personnel in your Office of Territorial and International Affairs on May 23, 1989. For Guam and Saipan, a review of local health data, records, protocols and practices will be necessary to provide you with reliable information concerning the impact of the Compact. That review should take place within the next sixty days. It is our preliminary understanding that the health care system in American Samoa has not been affected by the Compact.

Additionally, since other components of our Department of Health and Human Services (DHHS) have health and social service programs operating in Guam, American Samoa, and the Commonwealth of the Northern Marianas Islands, Dr. Weinstein will consult with his regional DHHS colleagues prior to providing you with a comprehensive response.

Dr. Weinstein will be responding to you once the review of the data is complete. Please do not hesitate to contact myself or Dr. Weinstein (415-556-5810) if we may be of further service to you.

Sincerely yours,

James O. Mason M.D., Dr. P.H.
Assistant Secretary for Health

0 Suggested / TA
cc: Glidden
2 RF

B. U.S. DEPARTMENT OF JUSTICE, IMMIGRATION AND NATURALIZATION SERVICE

The Government of Guam needs assistance to monitor the movement of immigrants to Guam from the Freely Associated States so that Guam can properly determine the number of new residents. This is necessary for planning for the increased service levels they will entail. Because the Government of Guam does not control or monitor entry into the island, it will be necessary for the federal government to assist in the task of counting the persons arriving from the FSM and the Marshall Islands, as well as departing Guam.

The following statements appear in the U.S. House Report No. 99-188, Legislative History, Public Law 99-239 relating to the identification of INS as the responsible federal agency that should be collecting the necessary information:

"To fulfill the purpose of the first sentence of Section 4(d), the Immigration and Naturalization Service (and other agencies as may be necessary) must develop and implement procedures requiring documents of identity and approval for entry."

"Immigration reports should include information indicating where citizens of the two Micronesian areas entering the U.S. are settling, as well as statistical information concerning the extent of immigration to the U.S. by such persons."

C. U.S. DEPARTMENT OF COMMERCE, BUREAU OF THE CENSUS

The Government of Guam requests the continued assistance of the Bureau of Census in providing Guam with the necessary data on population and housing to assist in Guam's social and economic planning process:

1. Complete Count Committee and educational program assistance
2. Timely release of data products
3. Tabulations of the 1990 Census:
 - a. By ethnicity to further identify the composition of the island's population especially in terms of identifying Compact immigrants.
 - b. By sex to be able to address women's issues
 - c. By income or poverty status to assess the needs of social services
 - d. By military status/dependency to accurately identify the impact on the economy of Guam

U.S. FOREIGN POLICY

IV. United States Foreign Policy

Moderator: Ms. Marilyn Meyers
Deputy Assistant Secretary for East
Asian and South Pacific Affairs
United States Department of State

(A) Suggested Items for Discussion:

- (1) Role of United States insular areas in international relations when an issue particularly affects an individual island area, e.g. international aviation agreements, and relations with the freely associated states
- (2) Drift-net fishing
- (3) Nuclear free zone treaties
- (4) Nuclear waste disposal
- (5) Third-country assistance
- (6) Maritime surveillance & repatriation of incarcerated foreign fishermen
- (7) Political status as it applies to foreign policy formulation
- (8) Other

(B) Procedure:

- (1) Overview of Issues and Solutions by the head of each insular delegation or his representative (optional -- up to 5 minutes each)
- (2) Round Table Discussion by insular delegations, federal officials and other conference participants (bulk of round table time) Federal participants may include: State, DOT, and Energy
- (3) Observations by conference observers (both official and public) reflecting issues that Interior should consider when drafting the policy. In order to allow time for others to speak, please limit observations to one minute. (Participants may, but need not, respond orally at this time.)

U.S. FOREIGN POLICY

(Note: GovGuam agencies were not requested to comment directly on this topic because specific items were not identified in the preliminary agenda. The limited information provided below was obtained from Bureau of Planning files and does not cover all items in the new agenda.)

- . Prohibit drift gill net fishing
- . Encourage adoption of nuclear free zone treaties for the Pacific. (Requiring U.S. military disclosure of nuclear weapons on vessels may be problematic)
- . Discourage dumping of all nuclear wastes in the Pacific. (Recognize that President Kabua (Marshalls) has supported dumping.)
- . Support third-country assistance to Guam especially through such organizations as ESCAP, CCOP/SOPAC, and Asian Development Bank
- . Encourage Department of State to enhance the U.S. image in the Pacific Region.

DRIFT GILL NET FISHING

Drift gill net fishery in the western pacific is an issue of major concern to the Pacific Island countries including Hawaii, Guam, American Samoa, and CNMI.

This is a non-selective gear which not only snags its target species but also snags turtles, dolphins, seals, small whales and sea birds. In the North Pacific Ocean, there are estimated 1000 gill net vessels fishing for squid and salmon. In any one night there could be 30,000 miles of drift gill net sets in the ocean, mostly by Taiwanese, Japanese and Korean fishermen. The South Pacific Islands fisheries officials are concerned that a recently discovered albacore tuna fishery between latitudes 35-40 degrees, South, (East of Australia and south of the Tropic of Capricorn), will soon be depleted by Asians, mostly Taiwanese drift gill net fishing boats. These vessels harvest hundreds of thousands of metric tons of their target species annually; and in the process inflicts incidental mortalities of important species such as dolphins, seals, turtles, small whales and sea birds.

It has also been estimated that up to 40 percent of the fish hauled up drops back into the sea damaged and bleeding. Broken or lost gill nets continue to drift and catch fish and marine mammals. They also endanger ships and other fishing vessels by getting tangled in their propellers.

While our island countries have no legal control over fishery activities beyond the EEZ we are concerned with the impacts of drift gill net fishing activities on marine resources important to our region.

Gillnet ban proposed

Senator Pilar C. Lujan announced that western mainland legislators recently discussed at length Guam proposals to ban drift gillnets and adopt a policy on marine debris, during an Ocean Resources Committee meeting in Portland, Ore.

Introduced by Lujan and Senator John P. Aguon, the two marine related resolutions calling for the protection of ocean resources will be placed on the Western Legislative Conference (WLC) agenda for possible adoption this November, she said in a press release.

The resolution condemning the use of high seas drift gillnets notes a ban is necessary because the method is "indiscriminate and highly destructive." Called the "wall of death," these type of gillnets catch and kill sea birds, marine turtles, marine mammals, and various species of fish.

"Our mainland colleagues pointed out similar experiences and expressed grave concerns with fishing fleets utilizing these walls of death. It was very appalling to hear of fleets using 70-mile long gillnets of this type. This type of fishing cannot justify the wanton cost to the other species," Lujan said.

Additionally, the resolution seeks adoption of a national policy prohibiting importation of drift gillnet caught fish into the U.S.

The two Guam senators also presented a resolution urging adoption of a policy on marine debris.

Recognizing the adverse problems and impact such debris has on the environment, the resolution calls upon plastics and petrochemical manufacturers to make their products biodegradable and/or photodegradable. Moreover, national leaders are urged to develop a policy dealing with the problem.

"Our oceans are too valuable to be screwed up. If we don't address the problems now, it will be irreversible and we'll end up destroying ourselves," Lujan said.

Western Pacific says no to nuclear wastes

By Alastair Matheson

Port Moresby, Papua New Guinea.

The vastness and apparent emptiness of the Pacific Ocean is providing an irresistible attraction for nuclear powers anxious to dispose of the radioactive waste which is piling up outside their atomic plants back home.

Japan has now joined the United States in an urgent search for suitable storage sites for this low-level radioactive garbage. And France continues to ignore all international censure by polluting with its endless nuclear tests on Mururoa Atoll not only the waters of French Polynesia but also the atmosphere above.

Both New Zealand and Fiji recently accused the French government of testing neutron bombs in its latest test series which began in Polynesia in June, 1980. Pacific nations are fearful that international dumping may soon extend to high-level radioactive waste.

The United States is now seeking fresh dumping grounds for spent nuclear fuel. Persistent reports indicate that the most favored location is Palmyra, a complex of minuscule islets encircling a lagoon at the northern end of the Line Islands, 1,125 miles southwest of Hawaii.

Palmyra has no inhabitants, is out of the earthquake zone, is considered highly stable geologically, and is therefore more favored by the United States than the two other possible sites, Wake or the Midway Islands. Plans are being drawn up to dump 10,000-30,000 tons of low-level radiation nuclear waste in 100-ton concrete silos. The silos would be placed just above sea level on reclaimed land made from compacted coral in the center of the lagoon. The cost is currently estimated at some \$2 billion, and American scientists claim that risks will be minimal.

The U.S. plans are moving ahead in spite of disturbing reports of a leakage of radioactive soil which was supposed to have been safely entombed on Runit Island after being removed from adjacent

Eniwetok Atoll in the Marshall Islands in 1952, following the testing of the world's first hydrogen bomb.

Although Runit itself has been declared unfit for habitation for the next 25,000 years, latest reports suggest that leakage from the 100,000 cubic yards of "hot" soil from Eniwetok could contaminate other Marshall Islands. Radiation might also seep into the equatorial crosscurrent, which flows eastward to the Galapagos and then north along the Mexican coast to Southern California.

Unconvinced by hastily issued denials from American officials, the president of the Marshall Islands, Amata Kuba, has formally notified Washington of his people's fears of a major disaster. But no fresh monitoring seems to have been carried out.

Rumors of the Runit leakage started soon after the atolls of Eniwetok and Bikini were returned to the people of the Marshalls by a decree from Washington earlier this year. The United States "borrowed" the atolls in 1946 for atomic tests — tests which the then American governor of the Marshall Islands told the Bikini islanders would be "for the good of all mankind and to end all world wars."

In a more subtle exercise, the Japanese government has in recent weeks been sounding out the nations of the Western Pacific about proposals to dump nuclear waste 20,000 feet below the ocean surface, at a point east of Iwo Jima. This would involve 10,000 drums of low-level radioactive wastes, all encased in concrete.

A four-member team of Japanese scientists, led by Hiroshi Goto, deputy head of the atomic safety unit of Japan's Science and Technology Agency, arrived in Papua New Guinea in September, after visiting Guam, Australia, New Zealand, Fiji and Western Samoa. They explained Japanese plans and safety precautions to somewhat cool officials here in Port Moresby.

The mission was a carefully planned exercise aimed at persuading his and other governments in the Western Pacific that they have nothing to fear from Japanese nuclear waste. The two Pacific nations are also the only ones in the region which have refused to accept such proposals. The United States has also refused to accept such proposals.

lar problems" which densely populated Japan now faced in disposing of its nuclear waste, and New Zealand appears have echoed this view.

The smaller island nations of the Western Pacific have shown much stronger opposition. Indeed, the big powers' plans to use the Pacific as a nuclear dustbin have done more than any other single development to unite the disparate micro-states. The recently formed South Pacific Forum is seen as the most influential platform to put forward their united opposition to dumping as well as nuclear weapons tests.

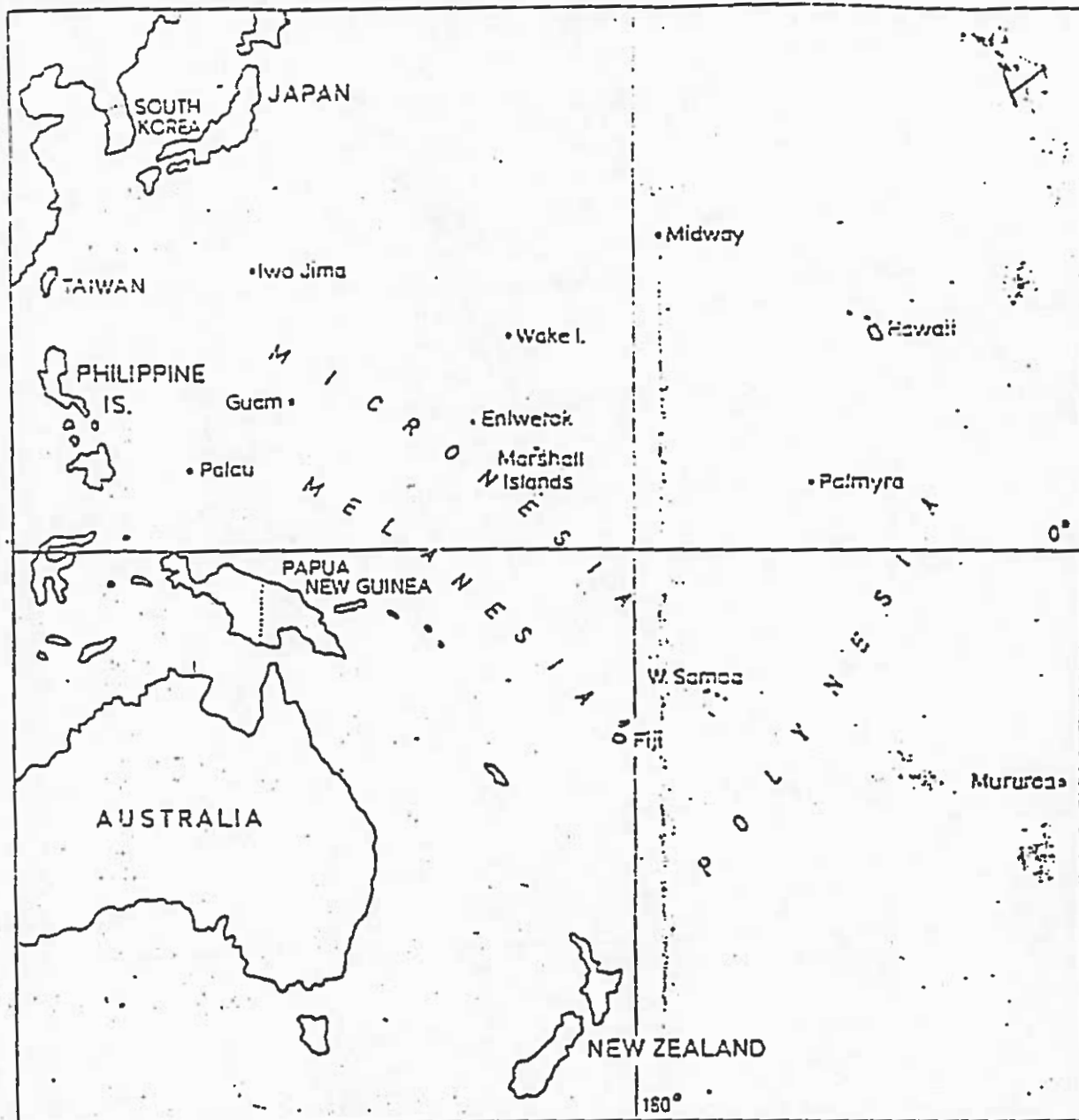
For probably the first time ever, there is common cause between the Micronesians (who have already suffered severely), the Polynesians (who are now realizing the dangers inherent in the French tests) and the Melanesians (who are determined it will never happen to them).

The principal Melanesian power, Papua New Guinea, bluntly told the Japanese team to dump its garbage in its own backyard, echoing the views expressed by the South Pacific Forum a year ago. At Port Moresby Councillor John Kosi told the Japanese and the Americans that if the waste was harmless, they should store it back home.

"We don't have to be scientists to know whether marine life will be affected by this experiment. The tuna fish industry may become unviable," declared Kosi. He hinted that the United States might ever be using nuclear dumping as a threat to hit back at those Pacific states which have refused to permit American involvement in local tuna fishing industries.

Some observers suspect that the softer attitude reportedly displayed by Australia, and perhaps also by New Zealand, may be the result of astute Washington lobbying. It is no secret that the United States, as well as other members of the "nuclear club," are reluctant to encourage Asian nations to reprocess uranium waste from power stations. This could result in the production of plutonium, thus giving nonmembers of the nuclear club a nuclear weapons capacity.

The United States does not want Japan.



Earthman

s is assisting in the search for nuclear garbage dumps in the Pacific—and at the same time insisting on stringent precautions.

The smaller Pacific states and colonies that have their struggle for a nuclear-free South Pacific is doomed to fail in the face of strong American pressure backed by other members of the club.

They are more optimistic that world pressure will increase against the French government for its continued nuclear bomb blasts in French Polynesia, and that the support of the international community will force the French government to halt nuclear tests.

Testing taking place on Mururoa Atoll has aroused bitter protests from neighboring countries, especially since the Fiji Times reported in June that neutron bombs were being exploded.

Sweden has monitored 55 nuclear explosions in Polynesia since 1970. Michael Taylor, New Zealand manager of the international pressure group Greenpeace, claims that the 1980 total will be far above the 1979 figure of nine tests. He bases this on the records of the New Zealand monitoring base on the Cook Islands, which adjoin French Polynesia.

"France has at last come out in the open over the neutron bomb," said the Auckland (New Zealand) Star recently.

No doubt, it suggested, President Valéry Giscard d'Estaing would find this useful political capital for the French reelection year. Critics, the paper added, would have little doubt that Mururoa and the Pacific were again the laboratory for France's "poisonous experiments."

The islanders of Palau, one of the Micronesian atolls due to receive independence from the United States next year, recently embodied a ban on all nuclear activity in their new draft constitution. This could give a lead to other Pacific states in opposing all further nuclear testing and dumping in their region.



Washington, D.C. 20520

August 23, 1989

Governor of Guam
Agana, Guam

Dear Sir:

As you may know, the U.S. Permanent Representative to the Economic and Social Commission for Asia (ESCAP) wrote a letter on May 30, 1989 to ESCAP Executive Secretary S.A.M.S. Kibria, to clarify the eligibility of certain Pacific Island associate members for ESCAP assistance. For your information, I reproduce below the full text of his reply:

Begin Text: We refer to your letter dated May 30, 1989, concerning the eligibility of the three associate members of ESCAP which are dependent territories of the United States of America (Guam, Commonwealth of Northern Mariana Islands, and the territory of American Samoa) for participation in the activities of ESCAP.

We wish to confirm that the above-mentioned three associate members may participate in activities of ESCAP, however, only on a self-financed basis. This also includes their participation in any future commission sessions.

We also wish to confirm your understanding that the following independent associate members of ESCAP (Federated States of Micronesia, the Republic of the Marshall Islands, and the Republic of Palau) are eligible to participate in activities of ESCAP, with financial assistance from the various projects under which those specific activities are undertaken. This includes their participation in the commission sessions with financial assistance from the special Pacific Islands trust funds. Such financial assistance from ESCAP's projects is provided on the basis of their status of independent and developing associate members of ESCAP, as in the case of other independent and developing members and associate members. With kind regards. Yours Sincerely, S.A.M.S. Kibria, Executive Secretary. End text.

Please let me know if I can be of further assistance in this matter.

Sincerely,

John S. Blodgett
Director
Office of International Economic Policy
Bureau of International Organization Affairs

202 P.02 0151-7-6510 WASH DC 202 647-6510
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89 08:27 BUREAU OF INT'L ORGN AFFAIRS

John S. Blodgett
Director
Office of International Economic Policy
Bureau of International Organization Affairs
United States Department of State
Washington, D.C. 20520

Dear Mr. Blodgett:

Thank you for sending me a reproduction of S.A.M.S. Kibria's response to the U.S. Permanent Representative to the Economic and Social Commission for Asia and the Pacific (ESCAP), specifically regarding the eligibility of associate members of ESCAP which are dependent territories of the U.S. for participation in the activities of ESCAP.

As I would like to fully understand the context of Mr. Kibria's response, I would like to obtain a copy of the letter which the U.S. Permanent Representative to ESCAP sent to Mr. Kibria.

Thank you for keeping me informed regarding matters affecting Guam and I sincerely appreciate your offer of assistance.

Sincerely,

UNSIGNED AS OF 7/14/89
JOSEPH F. ADA
Governor of Guam

FJPCABRERA:fjrc

cc: Bureau of Planning

S.A.M.S. Kibria
Executive Secretary
Economic And Social Commission For Asia And The Pacific
The United Nations Building, Rajadamnern Avenue
Bangkok 10200, Thailand

Dear Mr. Kibria:

I received some information from Mr. John S. Blodgett who is the United States Department of State Director for the Office of International Economic Policy, Bureau of International Organization Affairs, regarding the eligibility of associate members of ESCAP which are dependent territories of the U.S. for participation in the activities of ESCAP.

Mr. Blodgett basically informed me that your response to Guam's and other's eligibility to ESCAP activities. . .etc., was that Guam and others, are eligible to participate but only on a " self-financed basis." I would like a copy of your response to the U.S. Permanent Representative to ESCAP regarding his letter of May 30, 1989, and an interpretation as to exactly what is meant by the condition: " . . . participate but only on a self-financed basis." I thank you for your attention and assistance regarding this matter.

Sincerely,

unsigned, as of 9/14/89

JOSEPH F. ADA
Governor of Guam

FJRCABREPA:fjrc

cc: Bureau of Planning

	INITIAL	DATE
mcruz	—	
peg		
Spec. Asst.	H	5/16
Lt. Gov.		
INE.		5/18

MAY 18 1969

Elizabeth McKune
Director of Pacific Islands Affairs
Room 83017
Department of State
Washington, D.C. 20520

Hafa Adai Ms. McKune:

Thank you for the opportunity to meet with my staff during our recent visit to Washington, D.C. As you may recall, at this meeting you were alerted of the need for the U.S. to take a more active role in the activities of the South Pacific Commission.

I have just been advised that the U.S. Government has not paid its assessed contributions for 1986 and 1987 (15 611 926 and 26 678 470 CFP Francs, respectively). While I understand the difficulties of obtaining funding, serious policy implications arise through continued non-payment. In addition, the ability of SPC to carry out its objectives is effectively hampered, absent the contribution from the U.S.

It is my hope that you will make every effort to pay these contributions in total prior to the May 22, 1989, meeting of the Committee of Representatives of Governments and Administrations.

Si Yu'os Ma'asa',
Joseph F. Ada

JOSEPH F. ADA
Governor of Guam

cc: Governor, American Samoa
Governor, CNMI
Bureau of Planning

MJCRUZ: PPLEONGUERRERO: EPB

June 1, 1989

His Excellency Josepn F. Ada
Governor of Guam
Ofisinan 1 Maga'lahi
Agana, Guam 96910

Dear Governor Ada;

This is in response to your letter of May 18 to Elizabeth McKune. Ms. McKune has left this office to become Deputy Executive Secretary of the Department of State.

Regarding the problem of arrearages in our assessed contributions to the South Pacific Commission for the years 1986 and 1987, we are, of course, concerned about this. As you undoubtedly are aware the SPC is not the only international organization where such arrearages have occurred. The problem arose from shortfalls in the Congressional appropriation for international organizations and from sequestrations under the Gramm-Rudman-Hollings Law. Without minimizing the importance of our arrearages problem, it should be noted that we did pay the bulk of our assessments for 1986 and 1987 and we also made extra-budgetary contributions of approximately \$500,000 in each of those years.

The Administration has proposed to pay off our arrearages to international organizations over a period of six years from 1990 to 1995. The House of Representatives has amended the proposal so that the SPC is singled out for full payment in 1990. The State Department normally opposes earmarks as inhibiting flexible response to foreign policy problems, and some parts of the Department are concerned that singling out one international organization for special treatment would raise questions with other international organizations. Therefore, the State Department has refrained from taking a position on this Congressional initiative. We certainly recognize the good such payment could do our position in the Pacific.

We very much appreciate receiving your views on this matter and I hope that you will let us know your views on other foreign policy matters affecting the Pacific and Guam.

Sincerely,


Stanley G. Ilich
Acting Director, Pacific

FEDERAL EXECUTIVE ORGANIZATION

V. Federal Executive Organization - Insular Issues

Moderator: Richard D. Fisher, Jr.
Heritage Foundation

(A) Suggested Items for Discussion:

- (1) Roles of federal departments, including the Department of the Interior
- (2) Covenant section 902 consultations
- (3) Political status as it applies to federal executive organization
- (4) Other

(B) Procedure:

- (1) Overview of Issues and Solutions by the head of each insular delegation or his representative (optional -- up to 5 minutes each)
- (2) Round Table Discussion by insular delegations, federal officials and other conference participants (bulk of round table time)
- (3) Observations by conference observers (both official and public) reflecting issues that Interior should consider when drafting the policy. In order to allow time for others to speak, please limit observations to one minute. (Participants may, but need not, respond orally at this time.)

FEDERAL EXECUTIVE ORGANIZATION

Attached is a copy of the Interagency Territorial Policy Task Force Report and GovGuam's response that were developed in 1979. (Task Force #5 addressed the question of Federal Executive Organization). These documents provide some guidelines that could be used in discussion, as follows:

1. The organization should ensure that the stature of the territories be elevated
2. The organization should ensure that territorial needs and problems should be given direct and immediate attention
3. The organization should minimize bureaucratic snag.



Territory of Guam

OFFICE OF THE GOVERNOR

AGANA, GUAM 96910

U.S.A.

JL M. CALVO
GOVERNOR

Nov 8, 1979

Honorable James A. Joseph
Under Secretary
Department of the Interior
Office of the Under Secretary
Washington, D.C. 20240

Dear Mr. Joseph:

We are submitting herewith for your review our reaction to the revised papers prepared by the Interagency Territorial Policy Task Force and delivered personally to us by Mr. Jeffrey Farrow of the White House staff. To begin, we would like to take this opportunity to thank the President for initiating this long-overdue evaluation of the relationship existing between the territories and the federal government, while concurrently examining the social and economic health of these island communities. Additionally, we commend the individuals whose time and energy went into the preparation of these studies. However, on behalf of the people of Guam, we believe it is critically important to our future that we be permitted to present, in our own fashion and in our own words, our response to the six questions presented by the President to the Interagency Task Force. Indeed, from the moment we became aware that several federal departments and agencies were being organized to serve on the Task Force, we have sought a role in the preparation of the report.

As you know, in May we met with members of the Task Force. At that time, we provided the delegation with our initial response to the six questions. We assumed, in good faith, that our comments would be included in the report. We were surprised when we finally received a copy of the draft report late in September. For the most part, the report being prepared for the President's review did not accurately present our stance on the issues being addressed.

We need not elaborate for you in detail the significant interest of our community in the work of the Task Force. Suffice it to say that our island's political leadership joined together in coordinating a unified community reaction to the draft report. As we did then, we are once again forwarding the results of that effort to your office. We are doing so because our responses to the six questions are the same today as they were in October when we reviewed the earlier draft of the Task Force report. We do not believe that you personally will have the time to review the enclosed studies. However, we would like to highlight for you and the President our position on the most important issues raised in the policy review.

Two resolutions prepared jointly by the Legislature and the Executive Branch list the following essential elements of the community's response to the work of the Task Force addressing the question of what the U.S. Government should be seeking to achieve in or for the territories.

1. A reaffirmation of the people of Guam's right to self-determination of their form of government;
2. The necessity for the creation of a joint Guam-U.S. Commission to review the impact of all federal laws and international treaties or agreements on the island and to prevent further application of federal laws and international treaties or agreements to Guam without her consent;
3. The removal of federal constraints on the economic, political and social development of the island; and
4. Most importantly, the need for immediate action toward commencing political status talks between representatives of the people of Guam and the United States of America.

We are optimistic that policy decisions the President will be making will reflect his support for our stance on these issues.

Regarding the work of the Task Force addressing the question of how the U.S. Government could encourage economic development in the territories, we have noted that the paper has been revised dramatically and that, in substance, it has incorporated an outline of the approach we recommended in October. Specifically restating our position, we recommend the following actions:

1. Federal restrictions and controls over Guam's most valuable economic assets should be removed by:
 - a. Annulling or exempting Guam from federal laws which constrain her economic development;
 - b. Returning natural resources to the people of Guam; and
 - c. Providing capital (grants or loans) needed to construct an infrastructure which facilitates trade and commerce.
2. The federal government should assist Guam in implementing a ten-year economic development plan which will result in a healthy utilization of the island's natural resources and the generation of sufficient local revenues to continue development of the island's infrastructure.

3. The federal government should act immediately to permit the full development of the island's commercial port and adjacent properties into an international shipping center, to assist in the development of the region's fisheries resources, and to create joint Guam-U.S. subcommittees to review areas of mutual concern. The enclosed report details our recommendations as to the most effective manner in which the federal government can assist us towards eventual economic self-sufficiency.

Concerning the Task Force's study as to the most desirable system of providing federal financial aid, we support the creation of a development bank as long as the bank provides additional capital and is not in lieu of current federal financial assistance. We continue to favor a block grant system in lieu of federal categorical grants-in-aid if the allocation is based on our eligibility to participate in programs and if ad-hoc grants are continued. As must be perfectly clear by now, we oppose any federal encroachment into the administration or enforcement of our tax laws, and we are seeking the authority to modify the Internal Revenue Code as it applies to Guam.

As we did in October, we still oppose the recommendations of your Task Force regarding the creation of a federal "Coordinating Office" to oversee the granting of federal grant programs to Guam. We believe we are in a much better position than any federal bureaucrats to determine the value of such programs to Guam. Furthermore, we have the ability to improve and make more effective programs now being implemented. A "Coordinating Office" is not necessary.

Concerning any organizational adjustment of the federal administration of the territories, we continue to support the creation of an Interagency Office within the White House. At a minimum, if the Department of Interior is to retain a role in administering Guam's relationship to the federal bureaucracy, we demand that the stature of the territories be elevated to at least the sub-cabinet level directed by an Under Secretary.

Regarding the need for continuing federal presence on Guam, we recommend that the Office of the Federal Comptroller be removed from Guam. If it is determined that the office is to be retained, then we strongly recommend that the comptrollers be limited to a strict audit function. Recent "management audit" activities of the Federal Comptroller's office approach federal interference in local affairs. This sort of activity must cease.

On behalf of the people of Guam, we seek your assistance in presenting our position on the issues to the President. We in fact welcome the study you have undertaken. Too many times we have traveled the long distance to Washington only to find the doors leading to the potential economic development of our territory either closed or requiring, literally, an act of Congress to open them. There have been successes but, as we must reluctantly admit, they have been overshadowed by too many efforts

Honorable James A. Joseph
Page 4

which have fallen short in meeting both our needs and the federal government's expectations.

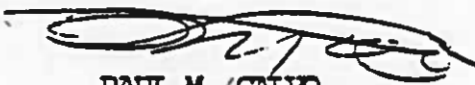
We differ with some analyses and conclusions prepared by the Interagency Task Force regarding our island and its development potential. We are sure you will find this to be true of virtually all the respondents to this study, including the respective legislative and executive leaders of the other territories and commonwealth.

We do not believe, and trust you agree, that a full dialogue concerning any of the six questions addressed here can occur simply in response to your request for reaction to this study. Obviously, the issues addressed here are of such a critical and complex nature that we can view this study only as one of a number of avenues available for discussion of these matters. We view other forums, which should be pursued following completion of this study, as more appropriate for full pursuit of final solutions to the political status and economic development questions. Indeed, given the limited time available to us to respond to this particular report, we must assume that is intended.

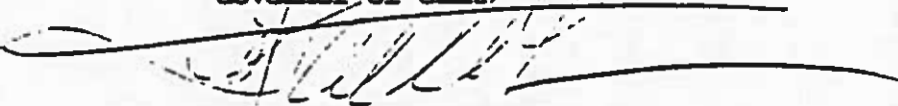
We thank you for your time in reviewing our final response to the work of your Task Force and we assume this letter will be presented, along with the Interagency Policy Review, to the President.

With warmest regards.

Sincerely yours,



PAUL M. CALVO
Governor of Guam.



THOMAS V. C. TANAKA
Speaker
Fifteenth Guam Legislature

Enclosure



OFFICE OF THE SPEAKER
Fifteenth Guam Legislature
POST OFFICE BOX 1174
TERRITORY OF GUAM
U. S. A. 96910

THOMAS V. C. TANAKA
Speaker

November 9, 1979

Honorable James A. Joseph
Undersecretary
U.S. Department of the Interior
Washington, D.C. 20240

Dear Mr. Joseph:

This letter is in addition to a communication, dated November 8, 1979, addressed to you from both the Governor and myself.

We, in the Fifteenth Guam Legislature, recognize the efforts of the Interagency Policy Review group to evaluate the role of the Federal government in the territories. We applaud the Task Force's on-the-spot visits to Guam.

The opportunity of the leaders and people of Guam to respond to the initial draft of the Task Force Report is commendable. In that response, I shared the enthusiasm, the excitement, the serious and countless hours of volunteer work exerted by the leadership and rank-and-file of Guam's citizenry.

As you know, Resolution No. 395 and 396, jointly approved by the Governor and the Legislature of Guam contained the highlights of our response which was supported with studies, positive statements, and high expectations for Guam's future relations with the United States.

Last week, the leaders of Guam received the revised draft of the Interagency Policy Review which contained your transmittal letter. After a careful consideration and review of the revised document, we cannot help but express our total dismay of a report which in essence was the same document as the initial draft. Granted, the revised draft is more concise, clearer, and more readable. But it failed to take into account the conscientious efforts of our people to participate in an exciting venture -- that of reshaping their own future destiny.

Unless the final report that goes to the President contains some of the expressed wishes of our people, the total effort would be a tragic attempt at "participatory democracy" in the territories. Unless Joint Resolution 395 and 396 receive their duly deserved attention from the President, in particular, the need to commence immediately political status talks, the

November 9, 1979

"human rights" aspirations of the President would be just plain rhetoric.

The entire process deserves your serious second look. You wanted to inspire confidence in the continuing U.S.-Guam relations. Instead, more doubt and uncertainty exist. You wanted to reform, to change for the better America's posture here in the Western Pacific. Instead, a climate of frustration and hopelessness prevails.

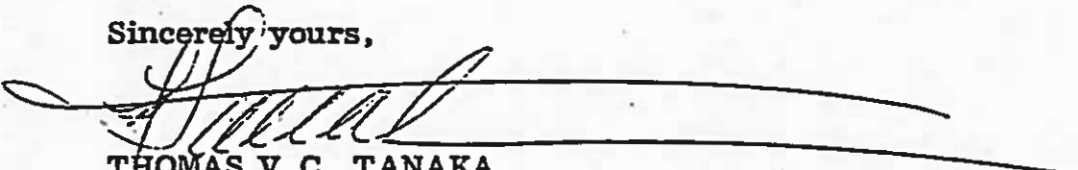
We, therefore, resubmit for your consideration Joint Resolutions 395 and 396 which contain our responses to the varied options outlined in the revised draft. Our views and positions have not changed, just as your revised draft remains basically and essentially the same as the initial draft report.

In response to your specific request, that is, for us to choose among the options provided in the revised draft, you will find enclosed our comments and views.

We, in the Fifteenth Guam Legislature, look forward to a copy of the Inter-agency's final report to the President. Again, we express our appreciation for the opportunity to be heard and look toward your able leadership to assist Guam grow and develop as a responsible part of the American community here in the Western Pacific.

With highest personal regards and best wishes, I am,

Sincerely yours,



THOMAS V.C. TANAKA
Speaker

SUMMARY OF GUAM'S CHOICE OF OPTIONS
INTERAGENCY TASK FORCE ON TERRITORIES

Political Status (Question 1)

Guam's Legislature believes that the U.S. must address the matter of status in an expeditious manner. Specific options the Legislature favors include the following:

Option 1: Express a willingness to discuss with Guam, the Virgin Islands, and American Samoa, political status matters and their relationships with the Federal government, in "status talks", including federal ownership of lands and the application of federal laws which may have an adverse impact on the territories.

Guam's response: This is a very basic and important goal of the people of Guam. Our leaders understand and emphasize the feelings of Guamanians in this regard. Political status talks should begin and the proper mechanism created.

Option 2: Consistent with the United States' historic position of according to its dependent people the status that they have aspired to, state that the people of the current territories should also be able to view whatever political status they desire, including statehood and independence, as choices that are open to them.

Guam's response: This is so fundamental a right of the territories, that to limit Guam's options will certainly evoke a serious outcry. This very issue is perceived as the reason for the failure of Guam's constitution to pass in the recent referendum vote. The right of the people of Guam to self-determination must be reaffirmed.

Economic Development (Question 2)

Guam concurs with the task force's recommendation that the federal government work closely with the territorial government in analyzing the constraints on economic development that have existed and currently limit Guam reaching its potential. We further agree that economic development will not be a short term project, but that persistent efforts will be required by both the federal and territorial governments.

Federal Assistance (Question 3)

Alternatives to the present system of direct federal assistance.

Option 1: Match the amount of taxes collected under tax laws imposed by each of the territories.

Guam's response: This option is heartily endorsed and acceptable as one avenue to provide secure and additional revenues to Guam. However, as indicated in our earlier report, this option does not represent viable means of achieving a more fiscally self-reliant territorial treasury.

Option 2: Establish a territorial development bank

Guam's response: The Federal government should be encouraged to initiate efforts to create a Territorial Development Bank as an additional source of funding available to the territories as long as it is not in lieu of current federal financial assistance.

Option 3: Provide a single block grant to each territory, based on a territory's funding level in 1979 from Federal Grants-in-Aid.

Guam's response: Guam accepts the block grant proposal in lieu of Federal Grants-in-Aid if the allocation is based on eligibility of the territory to participate in programs. In the absence of this, the potential loss to the territory over the long-term is too great to accept any alternative to formula grants.

Option 4: Increase federal oversight over territorial finances.

Guam's response: Guam does not support this option. It is opposed to further encroachment of its local autonomy.

Alternatives to the present tax systems in the territories

Option 1: Apply the Federal Internal Revenues Code directly to the territories and have the IRS administer the law.

Guam's response: Guam opposes federal tax collection of local taxes and seeks authority to modify the Internal Revenue Code as it applies to Guam.

Option 2: Fix up the technical flaws in the "Mirror" systems and provide federal assistance in tax administration.

Guam's response: Guam supports this option but sees no major change in it. Guam recognizes the federal initiative in improving the financial management system of the territory.

Option 3: Grant the territories complete autonomy over their income tax systems.

Guam's response: Same as Option 1 above.

Federal Grant Programs (Question 4)

Option 1: Issue a presidential memorandum or an Executive Order to accomplish seven (7) items listed.

Guam's response: We welcome assistance in efforts to thread through the various ways that lead to federal grants. Guam rejects the creation of a Federal "Coordinating Office" to oversee the granting of federal funds to Guam. Guam also favors adoption of block-grants of federal funds.

Option 2: Formalize joint federal-territorial planning over a multi-year period and incentives to encourage it.

Guam's response: This is most welcomed. The creation of Joint Guam-US working committees are recommended to implement this option.

Federal Organization (Question 5)

Option 1: Interior retain responsibility

Guam's response: We object to this because the Interior Department has inconsistently treated Guam in the past, sometimes even ignoring her needs.

Option 2: Interagency Office for the territories.

Guam's response: This is acceptable provided the Interagency Office be placed under the Executive Office of the President. The reason for this is that it would minimize bureaucratic snags and Guam should be as close to the President as possible to insure that her hopes and aspirations, needs and problems are given direct and immediate attention by the President's Office.

Option 3: Designate no lead agency.

Guam's response: We reject this because it is inconsistent with Option No. 2. The other options do not concern Guam. They pertain to the Freely Associated States.

Federal Presence (Question 6)

Option 1: Continuation of the existence of Federal Comptroller's Office

Guam's response: Abolish the Office of the Federal Comptroller and the functions of said office are to be merged with the Office of the Guam Territorial Auditor. If retained, the Federal Comptroller should be restricted to audit functions.

Federal Organization

Task Force 5

QUESTION: Should any change be made in the organizational arrangement that places the focus for Federal assistance and liaison for the territories in the Interior Department? Attention should be given to post-Trusteeship Micronesia, Puerto Rico, and the Northern Mariana Islands.

BACKGROUND: U.S. policy toward the territories and the Trust Territory of the Pacific Islands has encouraged political, economic and social development. The territories and Federal administering agencies with activities in the territories are shown in Attachment 1.

For the past century the Department of the Interior has been charged with varying degrees of responsibility for the territories. By Executive Order in 1934, President Roosevelt created within Interior the Division of Territories and Island Possessions, and transferred to it responsibility for Puerto Rico, until then held by the Bureau of Insular Affairs in the War Department. The new Division also inherited Interior's long-standing responsibilities for Alaska and Hawaii, as well as the Virgin Islands, which President Hoover had transferred from the Navy to Interior in 1931. Subsequently, the Division assumed responsibility for Howland, Baker, and Jarvis (1936); Canton and Enderbury (1938); and briefly, the Philippines (from 1939 until independence in 1946). Interior was assigned responsibility for Guam in 1950, and for American Samoa and the Trust Territory in 1951. Parts of the Trust Territory were returned to Navy administration after the Korean War. However, responsibility for administering all of the Trust Territory was restored to Interior in 1962. Palmyra and Wake were added in 1961 and 1962, respectively.

In July 1950, the Division was converted into the Office of Territories, with bureau status. This arrangement lasted until 1971, when the Office of Territories was abolished and its functions transferred to an unnamed unit in the Office of the Assistant Secretary for Public Land Management, overseen by a Deputy Assistant Secretary. In 1973 the Office of Territorial Affairs was created, without bureau status, as part of the Office of the Secretary of the Interior.

THE OFFICE OF TERRITORIAL AFFAIRS:

The Office of Territorial Affairs is currently responsible to the Secretary for various functions, including to:

Develop, recommend, and carry out policy to discharge the responsibilities of the Secretary of the Interior related to territorial affairs.

Study the economic, social, and political problems of the territories and propose policies, programs, legislation and other actions for resolution.

Advise the Secretary of the Interior on proposed legislation and other important matters affecting the territories.

Render or arrange for technical assistance to achieve approved goals and objectives.

Act as principal liaison with the Congress and other Federal agencies.

Provide program planning and oversee performance.

Provide a central coordinating service for Federal programs and services in the territories.

Perform financial management oversight for all financial matters as they relate to the territories.

Supervise the Government Comptrollers for the territories of Guam, Trust Territory of the Pacific Islands, Northern Marianas, the Virgin Islands, and American Samoa.

ASSISTANCE TO TERRITORIES

Proposed Federal funding for territorial government operations, capital improvement projects, and economic development amounts to about \$335 million in fiscal year 1980. This funding will account for between 40 and 80 percent of total public sector expenditures in the various territories and the Trust Territory, and between \$650 and \$1500 on a per capita basis. In comparison, proposed 1980 Federal assistance to States and local governments will average about 25 percent of State and local expenditures nationwide, and \$375 on a per capita basis.

This level of funding for the territories results from certain relatively uncontrollable appropriations; from appropriations based on specific, direct requests from the territories; and from the territories' share in the general increase in Federal grants-in-aid to States and local governments over the last 15 years. The level of funding for the territories, combined with continuing problems in the territories, raises questions about the impact of Federal benefits on communities and economies as small, isolated, and fragile as those of the territories, and indicates a need for improved Federal coordination and oversight of territorial financing.

COORDINATION AT THE FEDERAL LEVEL:

Most territories and the Trust Territory receive funding by direct appropriation through the Department of the Interior. In addition, they are eligible to participate in numerous categorical grant programs. With the proliferation of grant programs over the past decade, the coordination of these programs has become more difficult. In some instances, the territories are ill equipped to perform proper planning to manage a series of programs with good results. The relatively uncoordinated planning and funding pattern brought on by "grantsmanship" has detracted from the fulfillment of some Federal objectives in the territories.

As the territories have matured politically and have sought participation in Federal programs, the need for sound coordination between agencies and programs at the Federal and territorial levels has increased. All of the territories (as distinguished from the Trust Territory) now have elected governors as well as elected legislators and therefore, conduct much of their own governmental administration. The Virgin Islands and Guam have non-voting representation in Congress. The Northern Marianas have a full-time representative in Washington who is not a member of Congress. American Samoa will elect a non-voting delegate to the Congress in 1980.

The only remaining Federally appointed official with direct administrative responsibilities is the High Commissioner of the Trust Territory of the Pacific Islands. Most of the functions of the High Commissioner are being transferred to locally elected governments.

Excluding the Defense Department, sixteen separate departments and agencies have personnel in one or more of the territories. The Secretary of the Interior appoints resident government comptrollers with responsibility in each territory. The comptrollers' responsibilities include audit activities to improve the efficiency and economy of programs and to insure that Federal funds are spent properly. The comptrollers are not accountable to the locally elected officials but are required to assist the local governments. The audits of local government operations have been viewed by some individuals in the territories as usurping local governmental authority and responsibility. On the other hand the Executive Branch and Congressional oversight committees regard the comptrollers as critically important in view of the substantial amount of funds made available to the territories.

In response to growing need for coordination of Federal programs and funds in the Territories the Secretary of the Interior created a Committee of Interagency Territorial Assistance in 1976. The Committee is composed of representatives from 19 separate departments or agencies and is designed to provide a means for coordinating Federal agency programs and services to the 375,000 people in the territories and the Trust Territory. There is no evidence that the Committee has achieved its objective nor is it equipped to do so.

PECIAL CASES:

Since 1952, Puerto Rico has been a Commonwealth in free association with the United States. Residents of Puerto Rico are American citizens. The Commonwealth is eligible to participate in most Federal programs in a manner similar to the States. A referendum on the Island's status has been set for 1981. There is sentiment in the Commonwealth for various political statuses including the current Commonwealth Status, a modified Commonwealth Status, statehood, and total independence. The Carter Administration and the Congress are on record supporting self-determination for Puerto Rico. The President in a proclamation indicated he will "support, and urge the Congress to support whatever decision the people of Puerto Rico reach" in 1981.

Prior to the establishment of the Commonwealth in 1952, Puerto Rico was an unincorporated territory of the United States within the administrative responsibility of the Department of the Interior. Among the consequences of the creation of the Commonwealth was the termination of Interior's responsibility with respect to Puerto Rico, plus a conscious decision not to place such responsibility in any other agency although President Kennedy by proclamation in 1961 stated that "any matters . . . involving the fundamentals of this arrangement (concerning the 'unique position of the Commonwealth') . . . should be referred to the Office of the President". The absence of a Federal agency designated as a focus for Puerto Rican concerns has proved somewhat inconvenient from the standpoint of the Executive Branch generally.

The Office of Territorial Affairs and its predecessors have been instrumental, working with Congress and territorial leaders, in encouraging the political development of the territories. With the installation of the first popularly elected chief executives in Guam (1971), the Virgin Islands (1971), American Samoa (1978), and the Northern Mariana Islands (1978), and with popularly elected legislatures in all territories, each now enjoys substantially complete local self-government.

Thus the Interior Department no longer is directly involved in the internal affairs of each of these territories. The role of the Office of Territorial Affairs has changed from one of administration to one of liaison, assistance, and advocacy—both from the territorial and Federal perspective.

The territorial governments have increasingly made use of Federal programs. As in some of the States, there is some evidence that the magnitude of Federal aid is beyond the capacity of the local governments to handle effectively. General Accounting Office reports on Guam and American Samoa, for example, listed such problems as:

- Lack of well conceived goals and objectives.
- Inadequate financial management systems.
- The level of federal funds provided exceeding the territory's ability to manage its programs.
- Lack of local funds and improper use of grant monies disrupting grant services.
- Inadequate budgeting processes.
- An over expansion of government operations.
- Shortages of middle managers.

2. The President's Personal Representative for Micronesian Status Negotiations supported by an interagency staff (the Office for Micronesian Status Negotiations) is negotiating with three commissions representing the inhabitants of the Trust Territory (other than the Northern Mariana Islands). The status under negotiation would involve a relationship of "free association" between the U.S. and three Micronesian governments, those of Palau, the Federated States of Micronesia and the Marshall Islands, to replace the current trusteeship relationship. Under the terms of a Compact of Free Association the Micronesian governments would manage their own internal affairs and foreign relations but the U.S. would have plenary authority in defense and security matters.

The Micronesian governments will probably prefer that their contacts with the U.S. Government (USG) under free association be with a single lead-agency or office to deal with the particular problems arising from this new relationship. It will be necessary for a particular federal executive department or office to include in each year's budget submission to the Congress a request for appropriation of the economic assistance amounts set forth in the negotiated Compact which, upon signature and ratification by the respective Micronesian peoples in plebiscite, must be approved by both houses of Congress and will therefore have the force of law. Representatives of the Freely Associated States (FAS) will work principally with this department or office in budget plan preparation, review, and justification.

The USG's formal authority over, and responsibility for the FAS will be far less extensive than its current responsibility for the Trust Territory, since programmatic responsibilities would be continued for a very few technical services. Nevertheless, there would be a complex relationship involving continued U.S. authority in defense matters, close consultation in foreign affairs, significant auditing functions, and extensive cooperation in economic development. The relationship will differ significantly from federal relationships with the U.S. territories; and this distinction will carry significant foreign affairs consequences. This may suggest that relations with the FAS be handled by an office which does not have concurrent responsibility with regard to United States territories.

3. No formal arrangements have yet been made concerning administrative responsibility within the Executive Branch over the Northern Mariana Islands. In the absence of such formal arrangements, the Office of Territorial Affairs (DOI) has undertaken to discharge this responsibility and serve as a focal point for these concerns at the Federal level. It would be desirable for the federal agency that is charged with territorial responsibilities to be formally vested with appropriate authority concerning the Northern Mariana Islands as well.

THE NEED FOR AN ORGANIZATION REVIEW:

With the maturation of political systems in the territories, the negotiations now underway with the Micronesians, and the present level of federal funding, there is a need to review the federal policy and administrative mechanisms to carry out U.S. objectives as they relate to territories and the post trusteeship relationships with the FAS.

An organizational review must consider whether the changes that have occurred in the last decade are sufficient to change the current pattern of Federal-Territorial relationships and, if so, whether in the direction of greater or lesser Federal oversight and coordination of Federal activities to aid in fulfillment of objectives set forth by the territorial governments.

Coordination at the Federal level regarding categorical grant funding must be improved. The Department of Interior through various Executive Orders currently has responsibility for providing "a central coordinating service for federal programs and services in the territories". Interior's charge to coordinate, however, has not been well understood or clearly stated in these orders leaving the Department to its own devices to carry out its coordinating role. Regardless of which organization option is selected, there is a need for the Administration to state an objective for territorial economic development and formulate a policy for the utilization of these programs within the scope of that objective and to establish a set administrative guidelines which will implement the policy. An Executive Order is the proper medium for the President to direct that coordination take place within the framework of a planning process designed to discover needs, alternatives, capacity of local territorial governments to manage programs, and the social and cultural ramifications of certain programs. The Executive Order should also discourage unilateral "grantsmanship" on behalf of individual departments and agencies and specify the federal official the President holds accountable for coordinating federal activities. The planning and coordination process is being conceptualized by other Task Forces. The negotiations now underway with the Micronesians, which are intended to result in the establishment in 1981 of a status of Free Association with three Micronesian states, must be considered in deciding on organizational arrangements at the Federal level. The success of these difficult and protracted negotiations cannot be regarded as a foregone conclusion, but any discussion of Federal organizational arrangements would be defective if it failed to take account either of the Micronesians' unique prospective political status or of the possibility that the parties to the negotiations will prove unable to reach full and prompt agreement.

As stated earlier in this paper, the relationship of the USG to the three FAS will focus basically on defense, foreign relations, and financial audit and assistance. Therefore, if management of the relationship is to reside in a single office, it will require an office with functions and capabilities differing significantly from those exhibited by an office responsible for territorial affairs alone. Accordingly, this paper will consider alternatives with and without a Micronesian states agreement establishing a relationship of free association.

If the current Micronesian status negotiations do not result in a free association agreement with the Micronesian states, U.S. relations with these states will probably be of a character for which adequate organizational arrangements now exist. In that event, some of the options set forth below might become more or less attractive than would be the case if the free association negotiations proved successful, and these factors have been set forth in the comments under each option.

Therefore, we provide for an initial decision as to whether the organizational arrangement chosen should or should not be designed to accommodate the yet unborn, freely associated state of Micronesia. If a decision is made to postpone the decision on responsibility for the FAS, then the existing Trust Territory can be administered for the early future by the same organization as is charged with responsibility for the U.S. Territories.

The choices, in summary, are as follows:

**Initial Decision: (Choice A) DECIDE NOW UPON ORGANIZATIONAL ARRANGEMENT
TO ACCOMMODATE THE FREELY ASSOCIATED STATES OF MICRONESIA**

**(Choice B) POSTPONE THE DECISION ON ORGANIZATIONAL ARRANGEMENTS
FOR THE FAS UNTIL THEIR EXISTENCE AND FORM ARE MORE CERTAIN**

**OPTION I: ASSIGN RESPONSIBILITY FOR TERRITORIES AND FREELY ASSOCIATED
STATES TO ONE CABINET DEPARTMENT**

**Interior (Applicable to either Choice A or Choice B); State (Applicable only
to Choice A); Commerce (Applicable to either Choice A or Choice B)**

**Suboption IA: ASSIGN RESPONSIBILITY FOR TERRITORIES AND THE FAS TO AN
ASSISTANT SECRETARY FOR INTERNATIONAL AND TERRITORIAL AFFAIRS
IN INTERIOR (Applicable to either Choice A or Choice B)**

**Option II: ASSIGN RESPONSIBILITY FOR TERRITORIES AND THE FAS TO A SINGLE
INTERAGENCY OFFICE (Applicable to either Choice A or Choice B)**

**Option III: ASSIGN RESPONSIBILITY FOR TERRITORIES TO ONE OFFICE WITH A SEPARATE
OFFICE HANDLING THE FAS (Applicable only to Choice A)**

**Option IV: ASSIGN PRIMARY RESPONSIBILITY TO NO EXECUTIVE BRANCH, DEPARTMENT
OR OFFICE (Applicable to either Choice A or Choice B)**

**Initial Decision: (Choice A) DECIDING NOW UPON ORGANIZATIONAL ARRANGEMENTS
TO ACCOMMODATE THE FREELY ASSOCIATED STATES OF MICRONESIA**

Advantages

- This decision would reemphasize the Administration's determination to achieve agreement on free association with the Micronesians.
- The decision is a logical concomitant to the negotiations and to the Administration policy they seek to implement.
- Deferring a decision suggests an unwillingness or inability to come to terms with a thorny organizational issue.

Disadvantages

- Deciding now upon future arrangements for governmental units not yet in existence could be premature if the agreement ultimately reached differs significantly from that which is anticipated.

Alternatively: (Choice B) POSTPONE THE DECISION ON ORGANIZATIONAL ARRANGEMENTS FOR THE FAS UNTIL THEIR EXISTENCE AND FORM ARE MORE CERTAIN AND ASSIGN RESPONSIBILITY FOR THE TRUST TERRITORY AND THE TERRITORIES TO THE SAME ORGANIZATION, AT LEAST FOR THE SHORT TERM

Advantages

- Proceeding on this basis would defer a difficult decision as to how to accommodate relations with the FAS within the Executive Branch.
- A decision now as to organizational relationships for post trusteeship Micronesians might require subsequent change.
- Since 1951 the agency charged with responsibility for the territories has also had responsibility for the Trust Territory and that should in any event, continue for at least two more years, until the trusteeship is ended.

Disadvantages

—Deferral of a decision as to organizational responsibility for the FAS might imply Presidential uncertainty about the attainment of his 1981 objective.

—Deferral of a decision would seem inconsistent with the otherwise fully evolved Administration plan for free association and could retard transition into free association if agreement with the Micronesians is obtained in the near future.

In the discussion of options that follow, the consideration of the options that relate solely to a decision to accommodate the FAS now (i.e., a decision to choose A above), are introduced by the words "Under Choice A".

Options for reorganization include:

Option 1: ASSIGN RESPONSIBILITY FOR TERRITORIES AND FREELY ASSOCIATED STATES TO ONE CABINET DEPARTMENT

This option could represent the status quo but also suggests that there may be departments other than Interior that could fulfill lead agency responsibilities. Management would be in a single office for U.S. relations with both the territories and the Trust Territory. Apart from the obvious convenience of consolidating the management of relations with these entities, which do not easily fit into any existing bureaucratic structure, this approach has the advantage of maintaining relations with the Trust Territory in the same office that will also exercise responsibility for the closely related U.S. Pacific territories of Guam and the Northern Mariana Islands.

INTERIOR

Interior, through various Executive Orders, currently has lead-agency responsibility for providing "a central coordinating service for Federal programs and services in the territories" and the Trust Territory of the Pacific Islands.

Advantages

- The Department of the Interior has a long-term relationship with the territories and the Trust Territory and its budget, management and information systems are in place.
- It has well-established relationships with Congressional appropriations and oversight committees.
- Interior does not have a "single issue" program orientation that might skew policies toward territories.

Disadvantages

- Interior may, over the years, have acquired a fixed institutional approach to the territories and territorial issues.
- Interior does not have expertise in foreign affairs and defense issues, concerns of particular importance to the Trust Territory.

Under Choice A, the advantages of Interior remain as stated above. To the disadvantages should be added:

- Continued assignment of responsibility for relations with the FAS to an Interior office with cognizance over the territories could be seen by the FAS as more offensive than joint responsibility in any other single U.S. executive department, for it would imply no change in status.

A disadvantage, applicable not only to Interior but to each of the other Departments discussed in this paper, is that no single Department has organic expertise to handle all of the issues which would arise in the very different relationships that the U.S. would expect to maintain with the territories, on the one hand, and the FAS, on the other. A U.S. decision to manage relations with the FAS and the territories in a single office could create foreign policy problems.

STATE

The State Department is a realistic alternative only if Choice A (which presumes the creation of freely associated states) is made. In that event, under Choice A,

Advantages

- AID, a State Department agency, currently provides economic development assistance to foreign countries at stages of economic development comparable to those of the territories and FAS. Assignment of joint territorial/FAS responsibility to State would probably be more acceptable to the FAS than would any other department.

Disadvantages

- Assignment to State may signal to the people of the territories that the USG no longer sees them as part of the United States.
- State lacks involvement with and expertise in domestic programs and policies that are important to the territories.
- State has not previously directly been involved in territorial matters and may be seen as fundamentally inappropriate for the management of relations with American citizens residing in the territories.
- Such a reassignment could be resisted by the Congressional appropriations and oversight committees having current jurisdiction.

—Assignment to State of an office which would deal with both the U.S. territories and the FAS could be viewed internationally and in the territories as a USG statement that the relationships are maintained primarily for strategic reasons. Furthermore, the relationship would probably be so viewed by State itself (the single issue problem).

COMMERCE

Advantages

- Such a reassignment could put a "fresh face" on territorial administration.
- Commerce has expertise and coordinating systems involving economic development programs.

Disadvantages

- Commerce has little expertise in or knowledge of territorial issues.
- Such an assignment may be viewed as encouraging economic development at the expense of political and social issues (the single-issue problem).
- Resistance from Congressional appropriations and oversight Committees can be expected.
- Some realignment of budget, management, and information systems would be required.

Under Choice A, the same advantages and disadvantages would apply.

Suboption 1A: ASSIGN RESPONSIBILITY FOR TERRITORIES AND THE FAS TO AN ASSISTANT SECRETARY FOR INTERNATIONAL AND TERRITORIAL AFFAIRS IN INTERIOR:

This suboption assumes that Interior is chosen under Option I, and Choice A (presuming upon the creation of the Freely Associated States) is also made, although the arrangement contemplated here would also have merit if the decision were that Interior should remain responsible for the territories and existing Trust Territory. This suboption would retain responsibility for territories within the Department of the Interior and would also place any budget justification and other economic responsibilities for the FAS resulting from the Micronesian Status Negotiations within Interior.

The status of the office would be elevated to an Assistant Secretary for International and Territorial Affairs. Such an office could also be seen as a single contact point within the Executive Branch for Puerto Rico should the Commonwealth of Puerto Rico so desire. For purposes of foreign affairs and defense matters, freely associated states would deal with the State Department and Defense Department, respectively.

There has been a lack of consistent top-level attention to Interior's responsibilities as guardian of the U.S. territories. At the same time, there is increasing worldwide attention to the territories and the Trust Territory. U.S. foreign policy stances on human rights and the concept of transfer of science and technology to fulfill basic human needs have led to tough scrutiny of U.S. treatment of special or isolated peoples under U.S. care. Moreover, Interior's technical expertise in natural resources management and environment, which already is being made available to foreign countries for foreign policy reasons, could and probably should be better managed to assist the people of the Territories and the FAS.

The Assistant Secretary for International and Territorial Affairs would also coordinate the Department of the Interior's international activities, which are extensive. In 1977 (the latest year for which figures are available) Interior's activities involved about 80 countries, required funding of about \$30 million (\$16 million of which was provided by other agencies or other nations), and resulted in about 460 person-years of effort. No one individual nor single adequate process now exists for coordination and focussing efforts to set policies, standards, and priorities for Interior's international work.

This option would facilitate the integration of international resource information with domestic resource decision-making, which is increasingly important in the energy and minerals areas. It would also facilitate integration of our domestic needs vis-a-vis energy and minerals with studies and technology assessment of international resource potential.

Under this organizational arrangement, there could be two Deputy Assistant Secretaries; for International Affairs (including the FAS) and for Territorial Affairs. This would clearly separate the FAS from the "territories", but would provide an efficient mechanism for financial assistance. The Comptroller would report either to the Department's Inspector General or to the Assistant Secretary.

Advantages

- Interior has a long-term relationship with the territories and the Trust Territory and its budget, management, and information systems are in place.
- Interior does not have a single issue program orientation that might skew policies toward the territories.
- Elevation of the status of territories within the Department will improve relations with the territories and give them more visibility in inter-agency affairs.
- Coordination of the Department's diverse international activities will be improved as will integration of science and technology with international and territorial responsibilities.

—It would not offend the FAS because, for the purposes of external affairs, they would still be dealing with the State Department.

—It could also provide a liaison point for Puerto Rico, should the people of Puerto Rico so desire.

—It could narrow the gap perceived by many people in the territories, between them and the Secretary and the President, a perception generated to a large extent by management of their affairs by an office which is outside the mainstream of Interior's interest.

—It will provide for coordination of economic programs to the FAS without the preceived disadvantage of being in the "Office of Territorial Affairs".

Disadvantages

—Interior may, over the years, have acquired a fixed institutional approach to territorial issues.

—Interior cannot speak to the foreign affairs and defense issues which are likely to dominate our realtions with the FAS.

—Requires coordination between Interior and State regarding issues involving FAS and international issues.

—Continued assignment of responsibility for relations with the FAS to Interior might be seen by the FAS as more offensive than joint responsibility in any other U.S. department, for it could imply no change in status.

OPTION II: ASSIGN RESPONSIBILITY FOR TERRITORIES AND THE FAS TO A SINGLE INTERAGENCY OFFICE

Although a single interagency office might have merit if it served the territories and the Trust Territory it would be particularly attractive as it would relate to arrangements for the FAS. Accordingly, under Choice A, this office, responsible for coordination of USG policies to both the territories and the FAS, could be staffed by professional core of people with territorial experience and additional specialists from State, Defense and other concerned agencies rotated to the interagency office on short-term assignments. The office would have direct control over Federal representatives in the territories and U.S. liaison offices in the FAS. Such an office could be assigned for administrative purposes to any cabinet department (though we would urge that only Interior, State and Commerce are logical candidates in this context, as in OPTION I, above) or to the EOP, with its own budget and a director who could be a presidential appointee. A precedent for such an office within a single cabinet department is found in the U.S. Coordinator for Refugee Affairs whose interagency office assigned to State, staffed by personnel from various agencies and charged with the responsibility and authority for coordination with other agencies.

Precedent for assignment to the EOP is found in the Office for Micronesian Status Negotiations.

Advantages

- A range of expertise (foreign relations, defense, domestic programs) could be pulled together resulting in improved policy development and coordination.
- The office could provide improved coordination of programs at Federal level.
- It would probably be viewed as desirable by both the territories and the FAS, especially if part of the EOP.

Disadvantages

- Policy disputes and other problems might gravitate toward the EOP for resolution more frequently, especially if the office head were insufficiently energetic or competent.
- The separate office may not receive enough attention by supervisory officials, permitting it to go its own way in policy deliberations.
- Many of the same objections that apply to the management of relationships with the territories and the FAS out of a single office organic to a department also apply to a single interagency office. However, such objections would be significantly diminished by the interagency character if the office, particularly if it were a part of the EOP.

OPTION III: ASSIGN RESPONSIBILITY FOR TERRITORIES TO ONE OFFICE WITH A SEPARATE OFFICE HANDLING THE FAS

This option applies only under Choice A. The option would assign responsibility for the FAS to an interagency office in a cabinet department or the EOP. Responsibilities for the territories would be assigned to a separate office organic to one of the departments. This option recognizes the differences in our political relationship with the future FAS and if two separate offices are to be established they need not be identical in structure.

The office dealing with the territories would be similar in composition to Interior's present Office of Territorial Affairs (OTA). The Office responsible for the FAS, essentially a successor to the the present OMSN (an interagency office within the EOP), could be staffed by personnel of interested agencies as indicated in Option II. The relevance of this option is dependent upon an agreement on free associate with the Micronesians.

Advantages

- It recognizes that the USG relationship with the FAS will differ from that with the territories.

—It eliminates the disadvantages of a single office dealing with both territories and FAS.

Disadvantages

—Creates two offices with separate resources to handle matters that are sometimes similar.

—Requires separate budgeting and management information systems.

—Would require two interagency committees to obtain coordination of governmental entities.

OPTION IV: ASSIGN PRIMARY RESPONSIBILITY TO NO EXECUTIVE BRANCH, DEPARTMENT OR OFFICE

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This would follow the Puerto Rican example.

— . . . —

Advantages

—Encourages the territories and the FAS to develop more sophisticated political and governmental systems.

—It would be viewed by some in the territories as a step toward more equal status within the U.S. framework, reducing "colonial" ties.

Disadvantages

—No central point for data collection, policy development and issue consideration outside the EOP.

—Some territories and FAS would prefer a central information and coordination point.

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