

BRIEFING PAPERS

PACIFIC BASIN DEVELOPMENT
COUNCIL

FEBRUARY 1990

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PACIFIC BASIN DEVELOPMENT COUNCIL
FEBRUARY, 1990

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STATE DEPT. BRIEFING

- State Dept. has jurisdictional responsibilities over FSM and Marshalls. The dept. could be requested to ensure that appropriate federal agencies assist in identifying and resolving impacts resulting from passage of the Compacts of Free Association. For example, State Dept. could encourage Immigration and Naturalization Service, Dept. of Justice to institute immigrant identification system. State Dept. could work with DOI to ensure that economic opportunities are made available and enhanced in FSM and Marshalls to deter emigration. State Dept. could evaluate "training camp" or "survival camp" concepts for applicability to immigrant groups. State Dept. could entice federal efforts to define and operationalize Compact Impact costs and reimbursements eligible for repayment by the federal government.

- Guam's political status apparently prevents our direct participation in programs sponsored by regional organizations (SPC, CCOP/SOPAC, ESCAP) but funded by the U.S. Government (USAID). At PBDC, State Dept. representatives could be queried about the reasons for this situation. Our inability to participate directly reduces our role in the region and is inconsistent with the manner in which other major powers such as France treat its territories. The regional image of the United States is also adversely impacted.

STATE DEPARTMENT

The State Department has authority over foreign policy issues. Ordinarily Guam does not deal with the State Department, but in this case, immigration from the FSM is foreign policy. If we wanted, and made a formal request, the State Department could conceivably assess the Compact's impact on foreign relations (Department of State has an FSM Affairs Office, formally headed by Mr. John Berg).

The State Department could be requested to intervene in resolving problems involving federal agencies. For instance, State Department could request INS to provide needed information to DOI for the impact report. Department of State could also recommend to INS that it issue an ID card to FSM citizens, with finger prints. Despite what INS says, State Department claims INS has tremendous latitude regarding the type of identification required for entry. In addition, the State Department has been providing INS with a list of names of known FSM criminals for exclusion from entry into the United States. There seems to be no formal agreement between State and INS for doing this.

In the FSM, the State Department has authority over all federal government executive employees in the FSM, even temporary ones who drop in to visit (there has apparently been a power struggle with DOI over this).

The above information was obtained from Mr. Ed Michaels, Office of the U.S. Representative (now Embassy, I believe), Kolonia. Mr. Michaels is scheduled to leave the Pohnpei office some time in the near future.

NOTE: WE COULD NOT
FIND A SIGNED
COPY OF THIS
LETTER

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,

JOSEPH F. ADA
Governor of Guam

FJRCABRERA:fjrc

cc: Bureau of Planning



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

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INTERGOVERNMENTAL POLICY ADVISORY COMMITTEE

- Headnote 3a provisions are regulatory rather than statutory and can be changed arbitrarily (even capriciously) at any time by the U.S. Customs Service. Guam should seek to have its preferences with the United States made statutory which would make the preferences much more stable and reliable, providing for the long-term establishment of manufacturing concerns on the island.

DEPARTMENT OF COMMERCE
BRIEFING SERIES
February 13, 1990

PROJECT: Improving the Trade Treatment of Products of Guam by the United States, with
Regard to Duties, Tariffs and Quotas

BACKGROUND: Guam is a beneficiary of U.S. Territorial trade preferences under General Headnote 3(a) (Hn3a) of the Tariff Schedules of the United States (TSUS). This regulatory provision allows duty-free entry of all items manufactured, grown or produced in Guam having not more than seventy percent (70%) foreign content (fifty percent for some items, to be discussed later). This trade preference is subject to two eligibility criteria: the products must meet the "value-added" requirement, in that they must have more than thirty percent (30%) of their "Free-on-Board" (FOB), Guam, value created on Guam (more than fifty percent (50%) for some items), and they must meet the "substantial transformation" requirement, meaning that any foreign inputs to the production process must be transformed into different items of commerce, as evidenced by their having a different commercial name, use or character, thus meeting "Country of Origin" standards applied in international trade by the United States.

As Guam initially developed manufacturing enterprises in the late 1960s and early 1970s, predominantly based upon Asian investment in an attempt to take advantage of Hn3a and to de-limit quota restrictions, garments and watches from the island were subjected only to the value-added requirement upon entry into the Customs Territory of the United States (CTUS). At the time, there was a uniform fifty percent (50%) value-added requirement on all items. Then, about early 1972, watches were omitted from Hn3a altogether and placed under a quota scheme in Headnote 6 of Subpart E of Part 2 in Schedule 7 of the TSUS; this was in response to the discovery that both Guam and the Virgin Islands were incorporating Soviet-made watch movements into their exports to the U.S., contrary to the spirit of the "cold war." (Incidentally, buttons are also excluded from eligibility under Hn3a, probably because of the advantage that the island

Territories have in the manufacture of "Mother-of-Pearl" buttons, popular years ago.) Because annual quotas were often not allocated among the Territories until as late as August, manufacturers were unable to effectively and efficiently plan their manufacturing output, and the formidable risks that they faced forced all of them on Guam out of business.

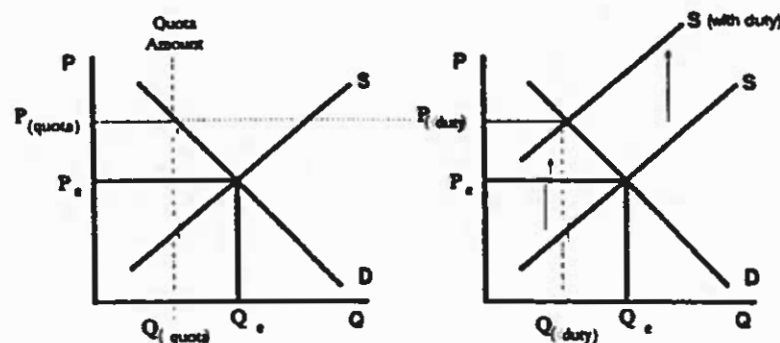
Later in or about 1972, the U.S. Customs Service started rigorously applying "Country of Origin" (substantial transformation) requirements to the exports of Guam. These requirements are somewhat arbitrary (see reference to the 1985 incident, below), and can be changed at any time via an alteration in regulations. Although garment manufacturers could obtain a binding determination regarding enterability of their goods into the CTUS, such determinations often took more than six months; by then, the goods were often out of style, and their value on the market would not cover manufacturing costs. Alternatively, the manufacturer could take the risk of shipping the garments without a binding determination of enterability, relying upon a favorable ruling at the port of entry; more often than not, however, U.S. Customs agents themselves were uncertain as to how to interpret the regulations, and the goods would sit in bonded warehouses (at the manufacturers' expense) indefinitely. Again, the risks faced by the manufacturers in this notoriously low-profit industry eventually forced each of them on Guam out of business.

The combination of these two actions effectively ruined Guam's competitive advantage in the main manufacturing industries it had been able to attract, and the destruction of economic feasibility quickly led to the demise of manufacturing on the island.

More recently, approximately ten years ago, one each watch and garment manufacturing firm were established on Guam. The former produces only a small quantity of fairly high-quality watches, and is virtually assured of coming in under Guam's quota regardless of the arbitrary levels that are set by the U.S. regulatory authorities; the latter nearly failed due to regulatory changes in the interpretation of "substantial transformation" in late 1985.

In the latter half of 1985, U.S. Customs changed the rules regarding Country of Origin requirements for textiles and textile products. Several necessary steps in the production process for garments were suddenly excluded from consideration in determining if substantial transformation had taken place; among these were: cutting panels from pre-marked bolts of cloth; sewing, looping, stitching and binding together of pre-cut fabric panels; pre-washing, washing and super-washing of fabrics and garments; waterproofing of fabrics and garments; labeling; packaging; ironing; and, quality control. Essentially, the minimum acceptable processing of foreign inputs to the garment manufacturing process had to start with the marking of previously unmarked bolt fabric.

Partly because of its nature as an existing firm and partly because of significant lobbying efforts in Washington, D.C., Guam's one remaining garment firm was able to continue in operation, with its goods entering the CTUS as products of Guam for duty and labeling purposes, but products of Hong Kong (at that time; now, products of Korea) for quota purposes; then, this firm was granted a "waiver of visa" against Hong Kong's quota for up to 160,000 dozen units per year. The "waiver of visa" allowed Guam's exports to not count against Hong Kong's quota within the specified limit; this created a de facto quota on Guam's exports of garments into the CTUS.



From an economic perspective, the same trade restrictions can be created using either duties (tariffs) or quotas. In terms of a standard supply and demand graph, a quota restricts the quantity of a good imported by setting a vertical line at the quota quantity; where this vertical line intersects the demand curve, we find the price-quantity "equilibrium" for the imported item. Again in graphical terms, a duty increases the cost of delivering any given quantity of the good, thus shifting the supply curve upward (or, to the left); the intersection of the supply-

and demand curves, then, occurs at a lower quantity and a higher price, the same as if a quota had been imposed. While Hn3a grants duty-free entry of the products of Guam into the CTUS, it does not prohibit quotas; thus, we are granted half of an effective trade benefit, which in many ways provides no benefit at all.

Although the issue has never been tested, there is some question as to whether the Constitution allows quotas to be applied by the U.S. against the import of products of the Territories. Nevertheless, in the two most important instances wherein Guam has been able to successfully develop manufacturing, quotas (or their equivalent) have been quickly applied and have led to either the demise or the curtailed activity of manufacturing enterprises on the island. By all appearances, it is the objective of the U.S. to hold out the promise of diversified economic development to its possessions, then to withdraw that promise once such development begins.

PROBLEM: The provisions of General Headnote 3(a) are regulatory rather than statutory, and can be changed arbitrarily (even capriciously) at any time by the U.S. Customs Service. Whether or not economic subterfuge is truly the objective of the U.S. when these changes are made, the effects are the same: Guam attracts investment and creates new, lucrative jobs, spurring a burst of economic development; standards of living rise and a number of the workers in the factories take on substantial debt in line with their new-found prosperity; the industries collapse in the wake of regulatory change, forcing the workers out of their jobs and often into default on their loans, leaving them worse-off than if the industries had never developed; Guam gains the reputation of being a disastrous place for outside investment, stalling further economic development for a period of several years. Then the scenario is repeated.

RECOMMENDATIONS: Guam, through all channels available to it, should seek to have its preferences with the United States made statutory rather than regulatory; this would make the preferences much more stable and reliable, providing for the long-term establishment of manufacturing concerns on the island. The central value of this is that it would allow for the diversification and, thus, overall stabilization of the local economy; this is the basis of effective economic

development. Article 5 of the proposed Guam Commonwealth Act would accomplish this end, but its anticipation should not forestall other efforts in the same direction.

NOTE: In the wake of the 1983 passage and 1984 amendment of the Caribbean Basin Economic Recovery Act (CBER Act; P.L. 98-67, Title II, 97 Stat. 387, August 5, 1983, and P.L. 99-573, Title II, 98 Stat. 2992, October 30, 1984, as found in Title 19, Chapter 15, U.S.C.), the Territories protested that the United States was according foreign nations in the Caribbean more favorable trade treatment than its own possessions around the world. (It seems that Congress again forgot that the U.S. still holds overseas territories.) In response, Hn3a was modified to reduce the value-added requirement from fifty to thirty percent, except for those items excluded from duty-free entry into the CTUS under 213 and 235 of the respective Public Laws; those items remained under the fifty percent requirement, and are:

- 1) Textile and apparel articles subject to textile agreements;
- 2) Footwear, handbags, luggage, flatgoods, work gloves, and leather wearing apparel not designated at the time of the effective date of the CBER Act as eligible articles for the purpose of the U.S. Generalized System of Preferences;
- 3) Tuna, prepared or preserved in any manner, in airtight containers;
- 4) Petroleum or any product derived from petroleum, provided for in Part 10, Schedule 4, TSUS; and,
- 5) Watches and watch parts (including cases, bracelets and straps), of whatever type including, but not limited to, mechanical, quartz digital or quartz analog, if such watches or watch parts contain any material which is the product of any country with respect to which TSUS Column 2 rates of duty apply [these are generally communist countries, as well as other countries identified in U.S. foreign policy as adverse to U.S. international interests, such as Libya and South Africa].

The reduction in the value-added requirement under Hn3a does not appear to have had any substantial impact on the formation of manufacturing concerns in Guam. This is quite likely because of the arbitrary nature of the second eligibility criterion, that of "substantial transformation."

SUPPORTING DOCUMENT:

The text of General Headnote 3(a) from the Tariff Schedules of the United States.

PACIFIC HEALTH RELATED ISSUES

Pacific Health Initiative:

There is presently a Senate Bill 1606 (because it contains 44 pages, a copy of it is not being provided) which is proposing to provide \$20 million to the Pacific . The Pacific Island Health Officers Association which is comprised of the principal health official from the Commonwealth of the Northern Mariana Islands, Guam, American Samoa, Federated States of Micronesia, Republic of Palau and the Republic of the Marshall Islands is currently tracking it. Because it is of great concern to the Association, the Bill is to be discussed at their meeting next month. Basically, they are in support of it and they welcome its intent. However, the Association is extremely concerned with the composition of the Council which the Bill creates and which will oversee the use of the funds. As proposed, the membership of the Council is overly represented by the State of Hawaii to the point that Hawaii is in the majority. The Association fears that Hawaii will vote as a block and the funds will go primarily, if not totally, to the University of Hawaii. The Association believes that a portion of the funds can be directed to support training programs in other schools and institutions in the other political jurisdictions, even though a significant portion of the funds would still go to the University of Hawaii. The University of Guam, for example, is capable of providing some manpower training programs,

but under the proposed Council composition, it is unlikely that it would ever receive the funding necessary to establish or enhance programs.

There appears to have been some effort made to have the funding placed under the U.S. Department of Interior, rather than the U.S. Department of Health and Human Services, to ensure that the program meets the needs of the other political jurisdictions. However, according to the Department of Public Health and Social Services there is an October 1989 letter to Senator Kennedy from Senator Inouye, in which Senator Inouye expressed his grave concerns and in which he pointed out that in doing so the Bill would then have to be placed under the cognizance of another Committee and that the Bill would be a lower priority. He also expressed his concern over the possibility that in doing so the Pacific Health Initiative could be eliminated in its entirety.

Recommendation:

Support of Senate Bill 1606 should be given, however, Guam must advocate for a significant change in the Composition of the Council to ensure it does not favor any single political jurisdiction.

OTIA WELCOME AND UPDATE

A major issue that could be discussed with Asst. Sec. Guerra is the impact of the Compacts of Free Association. GovGuam needs OTIA's assistance in defining what costs incurred by the Territory will be supported for Congressional reimbursement by OTIA. OTIA's assistance is immediately needed to establish programs that ease the transition of FAS citizens to Guam as many immigrants do not understand the different facets of life on Guam. In addition, OTIA's efforts are needed to bolster the economies of the FSM and Marshall Islands as many talented FAS citizens are leaving their home islands for the opportunities currently available on Guam.

EDA EFFORTS IN THE PACIFIC

- The Dept. of Commerce is recommending that the EDA 301b Planning Grant Assistance Program funds be increased from \$40,000 per year for Guam to at least \$61,500 per year.
- Upon completion of the Public Market A&E, GovGuam will be pursuing funding for construction. However, no Public Works funds under EDA has been given to Guam since 1979. EDA representatives should be requested to look at possible fund sources for construction of the new Public Market.
- The Senate Committee on Environment and Public Works is scheduled to consider reauthorization of EDA early in 1990. GovGuam should support reauthorization. The House Committee on Public Works and Transportation has already approved a three-year measure that authorizes \$250 Million for EDA programs and planning, including grants for construction and improvement of public facilities.

EDA Efforts in the Pacific

Pacific Business Center:

Correspondence (follows) has been received from the University of Hawaii at Manoa soliciting suggestions on how the Pacific Business Center can receive more input to ensure that its activities continue to be meaningful and relevant. In particular it requested information on the creation of a regional Advisory Board for the Center.

Initially, the Center served only Hawaii but has now been expanded to serve the entire Pacific Basin. If an Advisory Board which contains members representing each of the political jurisdictions is created, the Center does not have the funds to pay for the representatives travel and other costs to the Advisory Board meetings. The Center has requested Guam's input by March 1, 1990.

Recommendation:

In order to assist in the development of the response to the Pacific Business Center, it would be helpful if additional information is obtained on the Center.

**DEPARTMENT OF COMMERCE
BRIEFING SERIES**

FEBRUARY 1990

PROJECT:

Economic Development Administration, U.S. Department of Commerce

SUMMARY/BACKGROUND:

Guam benefits through four programs of the Economic Development Administration. These are administered or coordinated with the Guam Department of Commerce. The programs include the following:

301(b) Planning Grant Assistance Program

Sudden and Severe Economic Dislocation Program - Grant for the new Public Market Conceptual Plan and A&E

Pacific Business Center, University of Hawaii

Revolving Loan Fund Program, Guam Growth Council

CURRENT STATUS:

The 301(b) Planning Grant Assistance Program provides \$40,000 for studies and planning projects under the Overall Economic Development Plan (1989-1993) for Guam.

Under the Sudden and Severe Economic Dislocation Program, EDA has granted the Guam Department of Commerce \$100,000 (\$75,000 EDA, and \$25,000 local) for the Public Market Conceptual Plan and Architectural Engineering Design. This project is currently being prepared for the GSA bid process.

The Pacific Business Center Program is a management and technical assistance program based at the University of Hawaii serving business and industry in Hawaii and the American Flag Pacific Islands. The PBCP was formed to promote the growth of job opportunities and stimulate economic growth. Periodic visits are made by PBCP representative to assist client businesses on Guam. Management assistance has been provided to recipients of a loan through the Guam Growth Council.

Revolving Loan Fund (RLF) program was established in 1980. A total of \$300,000 was granted from EDA to the Guam Growth Council. There are currently 5 loans outstanding, with a balance of \$75,000 available in the revolving fund which is expected to increase to \$250,000 by the end of the year. Administrative costs are charged against the revenue generated by the fund. Annual operational costs are approximately \$30,000. This program is no longer funded by EDA and will expire when the balance is expended. The emphasis of the loan

program is changing to one of seed capital in which the RLF would not exceed 20% of the total loan package. A joint venture project was proposed by the Growth Council with GEDA to develop a Small Business Investment Center which would assist an entrepreneur in loan packaging and management.

Reauthorization of EDA was addressed in the House, but not in the Senate. The House Committee on Public Works and Transportation approved a three-year measure on November 17, 1989 authorizing \$250 million for EDA programs and planning. The EDA portion of the bill provides for Development Investment Assistance, including grants for construction and improvement of public facilities, and for establishing revolving loan funds. Planning funds remain for Economic Development Districts and others to carry out economic development and strategic planning.

The Senate Committee on Environment and Public Works is scheduled to consider reauthorization early in 1990. If the committee does so, it will be the first Senate action on this issue since 1980.

RECOMMENDATIONS/ACTIONS:

A request has been made to the regional office of EDA in Seattle for additional funding to the 301(b) Planning Grant Assistance Program. The annual limit of \$40,000 has limited the capability of the program. An increase in the budget to \$61,500 would allow for personnel to carry out the program.

Upon completion of the Public Market conceptual plan and A&E, we wish to pursue funding for the construction of the new Public Market. It should be emphasized to EDA that no Public Works (construction) projects have been provided to Guam since 1979. This project on the Public Market will help support some of the underdeveloped sectors of our economy including agriculture, aquaculture, fisheries, and manufacturing. This project has been encouraged by EDA representatives.

Support the reauthorization of EDA which is pending approval in the Senate.



University of Hawaii at Manoa

Pacific Business Center Program
College of Business Administration
2404 Maile Way • Honolulu, Hawaii 96822
Telephone: (808) 948-8286



January 24, 1990

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

Dear Governor Ada:

I write to solicit your suggestions about how the Pacific Business Center can receive more input from its service areas to ensure that its activities will continue to be meaningful and relevant. Specifically, I would like your feelings on a proposal to establish a regional Advisory Board for the Center.

By way of brief background, when the Center was initially formed in 1984 it served only the State of Hawaii, and an Advisory Board was formed with representation only from Hawaii. Subsequently, The Territories of American Samoa and Guam, the Commonwealth of the Northern Mariana Islands, the Federated States of Micronesia (Chuuk, Pohnpei, Yap, and Kosrae), the Republic of the Marshall Islands, and the Republic of Palau have been added to the Center's service area. Thereafter, about a year ago, the Advisory Board was disbanded, with the intention of establishing another mechanism which would provide for participation from the expanded service area.

Ideally, an Advisory Board for the Center would be composed of representatives from each region and the University of Hawaii. However, the reality of the situation, specifically the great distances between the regions and the resultant transportation and scheduling problems, may preclude the effective functioning of such a Board. Frankly speaking, the Center does not even have the funds to provide transportation for a representative from each region to attend one advisory board meeting per year. Still, I think it is of the utmost importance that each region participate in directing the activities of the Center.

The Honorable Joseph F. Ada
January 24, 1990
Page 2

Whatever mechanism is ultimately chosen to establish Center policy, the Center's U.S. federal grant requires us to focus a certain amount of attention on assisting women in business. As such, I think it would be appropriate to involve women in the policy-making activities of the Center.

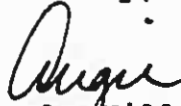
Therefore, I would like to pose the following questions to you:

- (1) Do you think that an Advisory Board for the Pacific Business Center should be formed, with representation from each region it serves and the University of Hawaii?
- (2) If so, would the Territory of Guam be willing to provide for transportation and other costs for a representative to attend Advisory Board meetings?
- (3) If the establishment of an Advisory Board is not recommended, then what do you suggest as an alternative for increasing participation from the regions in directing Center activities?
- (4) In any case, how can representation by women in the policy-making activities of the Center be assured?

I am requesting responses to these questions from the highest elected official in each region. A final decision on the matter will be based upon the composite of these responses. Since this is a matter of importance impacting on how the Center serves each region, I am requesting a response by March 1, 1990.

Thank you for your attention to this important matter.

Sincerely,


Angela Williams
Director

ALW:JJK:sms

MUNICIPAL SOLID WASTE: ISLAND OPTIONS

- According to Chuck Crisostomo, USEPA has published draft regulations regarding waste combustors that mandate 25% recycling. This mandate is crucial to Guam because we would not be able to reach this threshold due to relatively low waste volumes. Ten percent is more reasonable. Moreover, the low volume currently generated makes it uneconomical to ship recyclibles to distant processing centers. We should however, support the concept for recycling wastes since islands have little landfill space and the capital costs for incineration are expensive for islands to afford.
- The USEPA draft regulations also address Clean Air Act requirements that may require "scrubbers" on all existing and new power plants. Costs for meeting this requirement are exorbitant. Currently, GPA has a waiver from the scrubber requirement which was obtained under the old Clean Air Act. It is unclear whether GPA would be successful in extending this waiver under new Act requirements or whether GPA could get a waiver for its expansion of the Cabras Power Plant.
- The deadline for comments on the draft regulations is March 1, 1990.

PACIFIC OCEAN AND EEZ ISSUES

- In 1988, President Reagan proclamation created a "domestic" 12 mile zone for U.S. waters. While Reagan took the view that this was a "federal" extension, the States and Territories have consistently taken the view that the proclamation had the effect of extending State (Territorial) authority for all but national defense and international issues.
- Federal Consistency provisions (Section 307) of the Coastal Zone Management Act gives Guam the authority to review federal projects (federally funded, permitted or developed), and to condition such projects or to, in fact, deny those projects. Guam has transmitted testimony to House Merchant Marine and Fishery Committee (re: reauthorization of Coastal Zone Management Act) recommending extension of federal consistency provisions [under authority of most geographically logical state or territory] throughout the U.S. EEZ. (attached)
- Guam testified before the House Merchant Marine and Fisheries Committee in Honolulu in January 1990. Our testimony covered a wide variety of ocean issues; including, Guam's EEZ claim, the 12 mile issue, fisheries, port issues, and others. Copy of testimony attached.

I am very pleased to appear before
 Haifa Adal, Aloha and good morning. [My name is Peter Leon Guerero, I am the Director of the Bureau of Planning for Guam.] With me is Mr. David Tydingco, General Manager of the Port Authority of Guam; Mr. Rufo Lujan, Chief of the Aquatics and Wildlife Division of Guam's Department of Agriculture; Mr. Michael Ham, Administrator of Guam's Coastal Management Program; and Mr. Bruce Aitken, Guam's counsel, a partner in the Dorsey and Whitney law firm. We are pleased to appear before this distinguished Committee... to present testimony on behalf of Governor Joseph F. Ada. Governor Ada extends a very warm greeting from the people of Guam... and offers his regrets for being unable to attend this hearing. As you know, the inauguration of the new administration of the Commonwealth of the Northern Marianas coincides with this hearing... and because of earlier commitments, was unable to change that schedule. Nonetheless, Governor Ada views this hearing to be of importance to the territory... so much that he has sent this delegation to address the issues brought before this Committee.

Mr. Chairman, members of this Committee, let me begin by thanking you for meeting us at slightly more than half-way between Washington, D.C. and the westernmost point in the American system. It was in this very hall that Governor Ada and various Guam representatives met with the House Interior Subcommittee last month... for the first

hearing on Guam's draft Commonwealth bill. Such meetings at this halfway point are positive signs of our willingness to consult with each other and meeting halfway, as it were, on issues of importance to both the nation and the Islands.

Ladies and gentlemen of this Committee, we have prepared and submitted lengthy testimony on a variety of ocean and coastal issues. In the time allocated to me this morning, I will summarize the major points of that testimony.

The decade just ahead of us, and the new century which will follow... will find the world focused on the Pacific as the economic center of the world... and the oceans as the resource bank of the world. That you are seriously addressing the concerns of this region... bodes well for all of us.

On the issue of the Exclusive Economic Zone, Guam's feelings and thoughts go far beyond the simple assertions made in our draft Commonwealth Act... they strike a chord in the fabric of our history. The ancient Chamorros, long forgotten as individuals in the pages of history books... but remembered in the genes of generations yet to be born... filled the ocean for the purposes of trade, fisheries and recreation. These extraordinary sailors understood that invisible lines... drawn halfway between neighboring island groups... marked the rights of exploitation without

permission. They understood that the resources were there for the benefit of the peoples closest to those resources. They understood that the resources of the seas could be best managed by those whose very lives depended upon good management.

They would not understand, however, a government nine thousand miles distant... first telling us that we could not claim our EEZ resources because there was no federal recognition of the EEZ... then telling us that there was a recognition of the EEZ... but not of our human rights. They would not understand that this claim of resources was not accomplished by an enemy... but rather by a government to which Guam is fiercely loyal... a government that purports at various times to be a friend, a big brother, or a doting parent. If this is parenthood... then we understand child abuse. They would not understand that it would be United States of America, of all nations... that would be guilty of paternalistic posturing in the last decade of the twentieth century.

The local, national and international concerns surrounding Guam's status... and our efforts to change that status ...have been well documented and debated in this and other forums... and are discussed in greater detail in our written testimony. I do wish to highlight a few points as regards to the issue of the Exclusive Economic Zone.

Section 1001(b) of Guam's Commonwealth Act asserts jurisdictional rights over the resources within... and below the waters which define our Exclusive Economic Zone. Our claim is just and right... by virtue of our ocean faring past... by declaration of United Nations "rights of colonies" policies... by local law which has remained uncontested by the federal government for ten years... and as a rational nexus to the "International law and rights" pronouncements... within former President Reagan's EEZ proclamation.

These are the legal supports for our claim, but legalities are cold and impersonal. America should understand the human connection... as America was formed in the minds of men who understood... that governments and the policies of governments ...must be created in order to serve the interests of humans... and of human aspirations. Yet the federal government claims the exclusive right to the resources and the benefits derived from the resources for itself... without consideration to the people whose very livelihood ... depends on those resources.

Ladies and gentlemen, Guam's abilities to be at least reasonably self-sufficient are limited. We do not have the luxury of vast land areas to be dug, drilled, pumped or scraped of valuable minerals. We do not have the luxury of

huge populations... to make possible great manufacturing industries. We do not have the political ability... to manipulate international treaties and agreements... in order to create economically lucrative trade industries.

We do have a young and growing tourism industry... but that was not allowed to exist in any form until 28 years ago... because of restrictions imposed on Guam by the federal government. We do have an economy waning in dependency... upon a Department of Defense presence... in a world that is quickly making such a presence seemingly archaic and repulsive. But even that presence has a high price... in that the federal government has acquired, under dubious circumstances, one third of our island.

That is the extent of our economic abilities at present. The federal government continues to decrease federal monies available to Guam... and chastises us for not being more self-sufficient... yet they attempt to usurp the only current prospect for increasing our economic stability and independence: the EEZ.

Some of these same arguments can be made for local control over the new claim of a 12 Mile Territorial Sea... but there are differences in that we support the claims of Hawaii, California and other States in their right to control that area as State waters. There are also unique

circumstances associated with the 12 Mile Territorial Sea claim for Guam.

In following the language of the 1950 Organic Act of Guam, it is clear that title to the submerged lands within the 3 Mile Territorial Sea... was transferred to the Government of Guam from the United States... through omission of retention.

In a 1976 legislation and Presidential Executive Order, the federal government... instead of releasing property to Guam as would appear... actually took some 100 square miles of submerged property... without due process or compensation. Some 15 years later, Guam is still burdened by actions for which the United States should feel shame.

With these concerns, and with the coastal states' view... that the domestication of the 12 mile boundary... makes jurisdiction a States' function and right... rather than a federal function or right. The conflicting federal claim is ripe for legal debate. More importantly, a redefinition of federal-state and federal-territorial relationships is in order.

The ocean issues already discussed, concern boundaries and jurisdictions. Of equal importance are the issues of resource management.

Nowhere is the confusion of U.S. policy, as opposed to international policy, more evident, than in the question of Tuna management... or the lack thereof. The Magnuson Fishery Conservation and Management Act was born out of a recognized need... and the Act is certainly an important watershed in ocean management. The Act, however, fell short in two major areas.

First; the Act was designed to protect an area that had a developed fisheries industry. This was important... but should have been more comprehensively designed... to encourage and protect those U.S. affiliated areas ... which had not yet developed a mature fishery industry. In other words, the Act should have been extended to developing an industry, in addition to managing and conserving resources... within already developed areas.

There is a need (within the U.S. flag islands outside Hawaii), to develop fishery-related infrastructure ... such as docks, piers, cold storage and freezing facilities; markets; support services; financing and insurance; and so on. Because the Act does not address these issues, the Islanders lack the wherewithal to gain direct economic benefit from the Magnuson Act. If the Act is to have any relevance for the U.S. flag Pacific Islands, then an exception will have to be made in the Act... so that fisheries development is a goal for the islands.

The other, major, short-coming in the Act was the exclusion of Tuna from management regimes. Because other migratory species were included, the only possible explanation for the lack of Tuna management ... had to revolve around the strength of a single, special interest group, the Tuna fishing association. As was mentioned by Gov. Walhee yesterday, the four U.S. flag Pacific Islands, are united in recommending immediate inclusion of Tuna... under Magnuson Act's regulatory, management, and conservation authority.

The ability to develop a viable fishery and fisheries related industry on Guam... is hampered by more than just the correctable shortcomings of the Magnuson Act. Two other laws which restrict our ability to compete are detailed in our submitted testimony... but I would like to just highlight them briefly here.

First; of course, is the Jones Act, or Merchant Marine Act of 1920. This act requires that any shipping between Guam and U.S. ports -- be conducted solely on U.S. flag vessels. Ladies and gentlemen, Guam is the only flag territory that is subject to this provision. It does not apply to the Virgin Islands, American Samoa, the CNMI, or the freely associated states in Micronesia.

Second, are the provisions under the vessel documentation laws and coastal fisheries. The requirement that vessels over 5 net tons... must be built in the U.S. in order to be documented as a U.S. flag vessel...and entitled to engage in the American Coastal fisheries within the 200 mile limit... is patently absurd for Guam... unfairly restrictive, and just one more example of how 120,000 American citizens... are written off as inconsequential... to be manipulated for the profit of small, special interest groups in the Mainland.

Would it be so damaging to the United States to exempt a small territory... nine thousand miles distant... from provisions of laws which make no sense? It is our view that the existence of these provisions are intended to, overly protect a special interest group. When we ask for our rights as Americans...we are told by Washington that we cannot be treated as full and equal citizens... because we reside on territorial soil. When we ask that we be treated as a territory... we are told that as U.S. citizens, we cannot be given consideration different than that given to States. Is it any wonder we sometimes get confused over our status...and relationship with the U.S. Government? Enough said on this; I leave these questions for you all to ponder.

Allow me to discuss the Coastal Zone Management Reauthorization. Of all the management tools employed by

federal, state and island governments, the Coastal Zone Management Act of 1972 is one of the best. Through the reauthorization process, there has only been one, significant attack on the rights of states and territories... to comprehensively protect, manage, conserve and develop our near shore waters ... and near water shores.

1990 is another reauthorization year, in this recurring five year process, and Guam certainly supports the reauthorization... without hesitation. America's coasts are very much a national concern. Therefore, the framework and funding for management efforts remain a national obligation. Our only hesitation would be with amendments which are being proposed. Some of those concerns, which are based on additions offered in the Kerry Bill, or Senate Bill 1189, are the following.

First; while we appreciate the motivation behind recommending that states ^{redefine} their coastal zones... such an effort would spell doom to Guam's program, as well as those of other territories, which already encompass entire islands. This is also true for state programs which cannot extend their boundaries, ^{because} the funding allocation formula includes population within the coastal zone as a determining factor. For Guam, 100% of our population is within the coastal zone. If some states expand their boundaries... the subsequent increased funding they

would receive , would have to be subtracted from the other states and territories. The idea is noble, but should be avoided at all costs ...unless substantial new monies are to be allocated for the entire program.

Second; we have concerns with the addition of clean water provisions that include planning requirements... which could not be accomplished in the time frames called for. Guam does not have the technical, academic, and equipment resources readily available, which many of the states currently have at their disposal. The penalty for Guam's and other territories' inability to match the efforts of California and other states... is withdrawal of funding from our CZM programs, which are already funded at minimum levels.

Finally, the provisions for inclusion of sea level rise planning ... when the scientific community has not yet reached consensus on the problem, is overburdensome. We believe national efforts in achieving consensus, in arriving at comprehensive conclusions, and in advancing area-specific recommendations, is essential. Until that is accomplished, the CZMA should not be strangled with untenable requirements.

With respect to shipping, we came before this Committee in June of 1989... to discuss the Intermodal Act

currently under consideration. Guam believes that it has been disadvantaged with respect to the shipping rates it pay...by both the Jones Act and the Intercoastal Act. For 29 years, under the Guam Rate Agreement, Guam was kept in the dark. Now, Guam has filed a complaint with the FMC challenging those rates. But Guam feels that more fundamental reform is needed... since we believe that the U.S. carriers have subsidized their participation... In the highly competitive international trade... at the expense of Guam. We thank you for your leadership, Mr. Chairman and members of this Committee, in hearing this issue. We eagerly look forward to working with you on legislative reforms.

Specifically, Guam seeks an end to FMC/ICC forum shopping by the carriers. Also, we hope for a "Remote Localities Exemption" from the Jones Act. With respect to rates, we hope for a reform that would require rate increase justification... or at the minimum, the adoption of Hawaii's proposal... for a local Attorney's General right to trigger FMC rate review. We ask that the Committee pay particular attention to this portion of our full testimony, where our concerns are discussed in more detail.

Finally, I must address the issues of deliberate ocean dumping, and the potential for accidental spills.

We, as Islanders living on very small pieces of land in a very large ocean, are constantly aware of the health of that ocean ... because it immediately affects the health of our islands. The proposals by the federal government for the incineration of chemical warfare weapons... and the subsequent disposal of the residue within our ocean ... is insupportable from any standpoint. At the time when the United States so easily discusses such a proposal... they entertain a request from Japan to dump low-level nuclear waste. They admit to low-level nuclear waste dumping by U.S. submarines. They entertain proposals for nuclear waste storage within the Pacific Islands... And they do nothing to help bring about an end to what is viewed as a crime against humanity ... in the nuclear testing conducted by a foreign and distant power.

The United States cannot continue to pretend concern for the environment, and show no concern for the humans within the Pacific. They cannot continue to pretend concern for the environment, and conduct activities which can only endanger that environment. They cannot pretend concern for the environment, and do nothing, or, at best very little, to provide the technical and financial support necessary for the proper conservation... and management of the oceans.

The issues this Committee has heard, and will be hearing, now and in the future... are more than just personal

opinions or points for philosophical discussion. These issues affect millions of lives... How America responds to the environment, to the aspirations of people in the Pacific, and to the activities of other nations in the Pacific, will determine if our children have a future.

In closing, let me extend an invitation from Governor Ada for you to continue your westward journey so that you can see and hear first hand, the faces and voices of the peoples over whose lives and destinies you have total control. We, as always, look forward to showing off our Island hospitality.

Finally, I wish to express our thanks to the people of Hawaii, and in particular, Congresswoman Selki, for inviting and hosting this hearing. I would also like to extend our gratitude to the members and staff of the Western Pacific Regional Fisheries Council... for graciously hosting... and offering their assistance to this Committee and its hearing attendees.

Mr. Chairman and distinguished members of this Committee, I once again thank you for affording us this opportunity to meet with you, and to present testimony on behalf of the people of Guam. My delegation and I are

prepared to discuss the testimony I have just presented. Dangkuu na si Yu'os ma'ase, mahalo, and thank you.

MAGNUSON ACT AND RELATED ISSUES

- U.S. House of Representatives voted to approve Magnuson reauthorization (396 to 21), with provisions to include Tuna within the regulatory regime. [Feb. 1990]
- Magnuson Act should be further amended to provide a mechanism for assistance in the development of fishery infrastructure (rather than just improvement of existing infrastructure). This would increase benefits of the Act to Guam and CNMI.
- Guam testified on Magnuson Act and related issues before the House Merchant Marine and Fishery Committee in Honolulu in January 1990. Copy of the testimony can be found under heading "Pacific Ocean and EEZ Issues"

DEPARTMENT OF COMMERCE
BRIEFING SERIES 1990

FEBRUARY 1990

PROJECT:

Magnuson Fishery Conservation and Management Act

SUMMARY/BACKGROUND:

The Magnuson Fishery Conservation and Management Act (MFCMA), Section 102, "Exclusion of Highly Migratory Species", has been a matter of controversy since its debate and passage.

The regional Councils, including the Western Pacific Regional Fisheries Management Council which Guam is a member, are mandated by the MFCMA to conserve and manage the marlins, swordfish, and sharks among other far ranging pelagics. These species are harvested as a bycatch in the course of harvesting tuna. As a consequence of the exclusion of tuna from the species managed, it is extremely difficult, if not impossible, to adequately satisfy the mandate to manage the fishery resources.

Problems emanating from the current exclusion of tuna through Section 102, reflect the need for an amendment due to a number of areas including:

Conservation and management concerns,
Economic hardship considerations,
Political considerations, and
International relations.

In order to afford the Councils the opportunity to effectively conserve and manage our pelagic resources, the Councils propose that the "highly migratory" exclusion be stricken from the section; that the definition of highly migratory species be brought into conformity with the definition found in Annex 1 to the LOS; that these species be included in the extended jurisdiction of the United States and subject to the conservation and management responsibility of the Councils; that continued participation in the International Commission for the Conservation of Atlantic Tunas (ICCAT) and the Inter-American Commission for the Conservation of Tropical Tunas (IATTC) be reaffirmed; that the Atlantic Tuna Convention Act (16 U.S.C. 971(a)) be amended to provide the concerned Councils with formal representation on the ICCAT Commission and its Advisory Panel, and; that such other parts of the Convention Act be amended to clarify the responsibilities for conservation and management to avoid conflicts in that process.

CURRENT STATUS:

The Regional Fisheries Management Councils had a meeting in January 28-29, 1989 to discuss amendments to the MFCMA. An Inter-

Council Congressional Position Paper, Proposed Amendments to Section 102 of the MFCMA was presented.

Seven of the eight regional fisheries councils have tuna within their jurisdiction. Of these seven councils, five fully support the amendment to Section 102 to allow for the inclusion of tuna under management programs and plans.

A joint position was taken by all four Governors of the Pacific Basin Development Council supporting the amendment of MFCMA to include tuna.

A letter (May 1, 1989) from August Felando, President of the American Tunaboat Association, addressed to the Governor expressed their position which supports of the current U.S. policy concerning the exclusion of tuna. A response maintaining our position and that of the Governor's of Hawaii, American Samoa and CNMI was prepared for the Governor's signature.

On February 6, 1990, a proposal by Hawaii Congresswoman Patricia Sakai to amend the Magnuson Act to include tuna passed the House of Representatives with a vote of 396 to 21. In addition to protecting tuna, the bill seeks to regulate foreign fishing in U.S. waters, strengthens habitat protection and enforcement of fishery conservation laws, and provided a sound balance between the development of U.S. fisheries for economic benefit and long-range conservation and management of marine resources. The action is also seen as a positive move toward securing an international ban on the use of driftnets in the large scale fisheries. No schedule has been announced to date for the measure's consideration before the Senate.

RECOMMENDATIONS/ACTION:

Continue to strongly support the amendment of Section 102 of the MFCMA to include tuna at the Senate level. This will be consistent with our efforts to pursue the rights to manage and develop the resources within Guam's EEZ.

THE NATURE CONSERVANCY'S PACIFIC EFFORTS

- While no information is currently available on this group, we understand that it desires to expand its efforts in the Pacific. To be able to comment on this group, GovGuam officials may want to determine what its objectives are, its composition, its past efforts especially in Hawaii, and how it can benefit the islands. It may also be important to ascertain whether or not they are seeking any financial assistance either from the islands directly or from PBDC.

REGIONAL FLY ERADICATION PROJECT

- Guam is infested with melon flies that lay their eggs in 150 different fruits and vegetables including cucumbers, watermelons, etc. The eggs hatch maggots that feed on these produce and ruin them. In Rota, USDA applied the chemical, Cue-Lure, on areas frequented by the flies. Upon contact, the flies would die. We are unsure of the outcome of this project although we have heard that it has not been successful for reasons unknown to us. Hawaii's eradication project involves the release of sterile melon flies. In that this approach was used on Guam in the 1960's to eradicate the oriental fruit fly, it is believed that the approach would be successful in eliminating the melon fly. USDA should be requested to extend this approach to Guam. UOG-CALS estimates that between \$2-3 million over a two year period would be required to eliminate the melon fly from Guam.

MELON FLY ERADICATION ON GUAM

Melon fly (*Bactrocera cucurbitae*) is a serious pest of fruits and vegetables on Guam. It is known to attack over 150 different fruits and vegetables. Because of its quarantine importance, no vegetables and fruits are permitted to be exported to Japan, a nearby affluent country which imports a lot of fruits and vegetables from other countries.

The Agricultural Research Service (ARS) of the U.S. Department of Agriculture (USDA) has assisted us in eradicating the Oriental fruit fly in 1962 on Guam. Melon fly was eradicated from the Northern Mariana Islands in the early 1960's. However, it has reinfested the island of Rota over half a dozen times since the first eradication. Each new infestation was eradicated by USDA using sterile male flies from Hawaii.

For the last infestation of the melon fly on Rota, no immediate steps were taken to eradicate and as a result, it has now reinfested Tinian and Saipan.

Recently, USDA conducted an eradication program in Rota. We are unsure of the outcome of this program although we have heard that it has not been effective for reasons currently unknown to us.

Melon fly has been causing over \$1,000,000 per year loss to our agricultural industry on Guam. Further, its presence forbids us from exporting our produce to Japan, which in turn reduces the initiative for expansion of agricultural production on Guam.

For the development of a self-sustained agricultural economy on Guam, it is essential that melon fly be eradicated. Between \$2-3 Million over a two year period is needed to eradicate the melon fly.

Sterile male technique and male annihilation method should be combined incorporating recent research developments in this program. Presence of melon fly on Guam is also a hinderance for exportation of agricultural produce from Micronesia as most shipments have to pass through Guam.

Melon fly eradication on Guam and Northern Marianas would (1) reduce crop loss due to its direct damage, (2) reduce insecticide usage for control of this fly in the fields, (3) increase crop production, (4) allow export of agricultural commodities, and (5) establish a sound agriculture based economy in Micronesia.

Pacific Basin Development Council

Suite 620 • 547 South King Street • Honolulu, Hawaii 96813

Telephone (808) 523-9325 • Telex 743-0668

FLY ERADICATION PROGRAM IN THE PACIFIC BASIN

Be it resolved by the Pacific Basin Development Council:

WHEREAS, the islands of Guam and Rota (Commonwealth of the Northern Mariana Islands) are infested with the melon fly (Dacus cucurbitae); and

WHEREAS, in 1963 the melon fly was eradicated from the Northern Mariana Islands but not from Guam, causing the infestation to reappear on Rota, which is about 40 miles north of Guam, and to threaten the other Mariana Islands; and

WHEREAS, as long as the infestations exist, the agricultural industry is crippled as exportation of certain fruits and vegetables outside the Marianas is prohibited; and

WHEREAS, representatives of the Territory of Guam and the Commonwealth of the Northern Mariana Islands have met to discuss methods of approach to eradicate the melon fly from Guam and Rota; and

WHEREAS, the Governments of Guam and the Commonwealth of the Northern Mariana joined to request the assistance of the U.S. Department of Agriculture in eradicating the melon fly from Guam and Rota; and

WHEREAS, the United States Department of Agriculture has sent a team of experts to review the melon fly infestations on Guam and Rota; and

WHEREAS, the team of experts has submitted its report and recommendations to both Guam and the Commonwealth of the Northern Mariana Islands Governments; and

WHEREAS, the local governments recognize the limitation on resources available to them to eradicate the melon fly; and

WHEREAS, eradication of the melon fly from Rota and Guam requires the joint efforts of the Governments of the Commonwealth of the Northern Mariana Islands, Guam and the United States; and

WHEREAS, the Pacific Basin Development Council is concerned about economic development and the well being of peoples in the Pacific Basin; and

WHEREAS, the Pacific Basin Development Council recognizes the limitations of resources in Guam and the Commonwealth of the Northern Mariana Islands; and

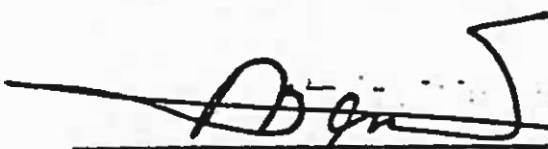
WHEREAS, the State of Hawaii has similar problems and has entered into an agreement with the United States Department of Agriculture and the University of Hawaii tropical agriculture program which may benefit a regional approach of the eradication problem;

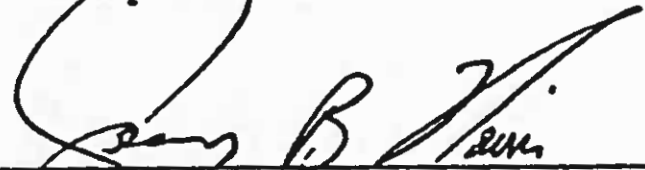
NOW THEREFORE, BE IT RESOLVED, that the Pacific Basin Development Council supports the efforts and concept to eradicate the melon fly from Guam and Rota; and

BE IT FURTHER RESOLVED, that exploration of a unified approach, with participation of all the island governments, to include Hawaii, be launched immediately; and

BE IT FURTHER RESOLVED, that the Pacific Basin Development Council stands ready to provide assistance and ongoing support for the eradication program; and

BE IT FURTHER RESOLVED, that the President and Executive Director of the Pacific Basin Development Council attest to the adoption hereof and that copies of the same be thereafter transmitted to appropriate officials in the Islands and Federal Governments.



PEDRO P. TENORIO, Governor
Commonwealth of the Northern Mariana Islands
and President of the Pacific Basin
Development Council

JERRY B. NORRILS, Executive Director
Pacific Basin Development Council

Approved on November 4, 1983, in Saipan, CNMI by:

Governor Pedro P. Tenorio, Commonwealth of the Northern Mariana Islands;
Governor Ricardo J. Bordallo, Territory of Guam;
Governor Peter Tali Coleman, Territory of American Samoa
Governor George R. Ariyoshi, State of Hawaii

during the Annual Meeting of The Pacific Basin Development Council.

OIL SPILL LIABILITY AND CLEANUP

In 1982, the U.S. Coast Guard's Marine Safety Office in Guam discontinued marine oil spill control activities due to federal budgetary reductions. As a consequence, Guam EPA assumed these oil spill control activities which entailed collecting evidence and building enforcement cases against alledged violators. These cases were forwarded to the U.S. Coast Guard, District 14 office in Hawaii for initiation of enforcement actions. In 1983, the Territory of Guam and U.S. Coast Guard, District 14 office formally consumated the establishment of these activities through a memorandum of agreement.

In 1988, the Marine Safety Office reestablished itself on Guam. As a consequence, the Coast Guard again assumed all responsibilities over oil spills on marine waters. The Coast Guard has continued to implement these activities up to the present time. However, the memorandum of agreement established in 1983 still remains in effect.

The Guam EPA's present role in oil spills affecting marine waters is as follows:

1. If the source of the oil spill is from a vessel, the Coast Guard will be primarily responsible for enforcement actions against the violator. The GEPA will assist the Coast Guard's efforts by providing assessments of environmental damage caused by the spill.

2. If the source of the spill is a land-based source, the GEPA will be primarily responsible for enforcement actions against the violator and assessment of environmental damage. The Coast Guard may provide technical assistance in the cleanup of the spill.

WASHINGTON IV AVIATION SEMINAR PRIORITY ISSUES

- Both Peter P. Leon Guerrero and Duane Siguenza along with representatives from Hawaii, American Samoa and CNMI attended the annual aviation seminar. This seminar is designed to provide island and federal aviation officials the opportunity to interact on aviation issues. As a result of this seminar, PBDC staff developed a list of priority aviation issues for PBDC approval. Guam representatives suggested that certain amendments be made to the priority listing, most of which were incorporated by PBDC staff.



GOVERNMENT OF GUAM
AGANA GUAM 96910

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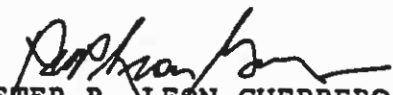
Memorandum

To: Director, Planning & Programs,
Pacific Basin Development Council

From: Director, Bureau of Planning

Subject: W4 Issues

Thank you for your January 30th facsimile. With the changes as proposed, the Guam Airport Authority and the Bureau of Planning suggest that you prepare the final version for signatures.


PETER P. LEON GUERRERO

COMMONWEALTH NOW!



Pacific Basin Development Council

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Governor Peter Tali Coleman
American Samoa
President

February 7, 1990

Governor Pedro P. Tenorio
Commonwealth of the
Northern Mariana Islands
Vice President

To: Participants
Washington IV Aviation Seminar

From: Carolyn K. Imamura

Governor Joseph F. Ada
Guam
Secretary

SUBJECT: FINAL W4 PRIORITY ISSUES SUMMARY

Governor John Waihee
Hawaii
Treasurer

Enclosed please find the final copy of the Washington IV Aviation Seminar priority issues summary prepared for the PBDC Board at its D.C. Winter Meeting (on February 28th). In response to comments from Guam, some changes have been made; included is a summary sheet which identify the modifications.

Because of the logistical hurdles involved in preparation of the final document, may I ask that you assist us by signing the signature page and returning it to us IMMEDIATELY as final agenda books must be completed by about February 16th.

Again, our thanks for your cooperation and continued support.

CKI
ENCLOSURE

cc: Mr. William Coleman, AS
Ms. Lourdes Pangelinan, G
Mr. Michael J. Reidy, G
Ms. Ilima A. Piianaia, HI
Mr. Charles Freeman, HI

Info
copy: Mr. Tim Bruce, CNMI/Gov.



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Governor Peter Tali Coleman
American Samoa
resident

February 27, 1990

Governor Pedro P. Tenorio
Commonwealth of the
Northern Mariana Islands
vice President

To: The Honorable Peter Tali Coleman
The Honorable Joseph F. Ada
The Honorable John Waihee
The Honorable Lorenzo I. DeLeon Guerrero

Governor Joseph F. Ada
Guam
secretary

From: WIV Aviation Seminar Participants

SUBJECT: CURRENT PRIORITY AVIATION ISSUES

Governor John Waihee
Ilewa'i
treasurer

The following is a summary (in alphabetical order) of the 1989-90 priority aviation issues identified in discussions held during our Washington IV Aviation Seminar (October 30 - November 3, 1989 in Washington, D.C.).

1. AVIATION SECURITY POLICIES.

The need to enhance airport security is undeniable in the wake of serious acts of terrorism against civil aviation. There is considerable public and community support for enhanced security measures.

- o The Federal Aviation Administration (FAA) should review its enhanced security policies and programs to be sensitive to Island circumstances and Pacific realities.
- o The FAA should recognize the insular limitations on screening equipment availability, affordability, and efficiency and should develop alternative methods and/or equipment including cross-utilization of current airport manpower can be utilized to achieve stated security objectives.

2. BILATERAL NEGOTIATIONS.

The unique needs of the Pacific Islands (vs. U.S. mainland or Rim countries) differs substantially and warrant special consideration in international aviation bilateral negotiations.

February 27, 1990

standard for visitor processing, instead of the currently used point-by-point standards.

- o Head taxes (user fees) collected by Customs and Immigration, as applicable, should be fully utilized to provide improved airport inspection services.
- o Cooperative inspection arrangements by and among Federal agencies would expedite international arrivals handling as well as provide cost-beneficial increases in coverage. With increasing needs and the likelihood that fiscal resources will not grow at the same rate, the Federal government should re-evaluate its traditional attitudes towards single purpose staffing and other program resources.

6. NATIONAL TRANSPORTATION POLICY.

The final regional (nearer term) priority is the national transportation policy currently being developed by the U.S. Department of Transportation.

- o This policy should recognize and accommodate the special needs of the Pacific Islands. It must be emphasized, again, that air and ocean transport systems and services are our only links beyond our shores. These networks are our economic and social lifelines.

Additional details or background information can be provided by us or PBDC Director of Planning and Programs Carolyn Imamura.

Respectfully submitted,

PETER LEON GUERRERO, Guam
Bureau of Planning

OWEN MIYAMOTO, Hawaii
Department of Transportation

AMATA C. RADEWAGEN, Am. Samoa
Office of the Governor - D.C.

DUANE M. SIGUENZA, Guam
Guam Airport Authority

ROMAN TUDELA, N. Mariana Isls.
Commonwealth Ports Authority

PBDC/cki

The following are changes in response to 1/24/90 comments from Guam on the Washington IV summary. [Note: changes are underscored for quick reference.]

2. BILATERAL NEGOTIATIONS.

The unique needs of the Pacific Islands (vs. U.S. mainland or Rim countries) differs substantially and warrant special consideration in international aviation bilateral negotiations.

- o The U.S. should be encouraged to continue its efforts to expand service in the Pacific Islands.
- o The U.S. should review the disincentives in the international aviation bilateral process for bypassing the Islands in order to reduce the number of U.S. points being negotiated and, thereby, increasing the potential for added service.

3. ESSENTIAL AIR SERVICE.

The EAS program is a critical tool for the U.S. Pacific Islands because of the direct impact of air service on the daily lives of its residents.

- o In view of the decreasing funding levels for the EAS program, the PEDC Governors should propose the development of a special EAS program for the Pacific, similar to the Alaska EAS program.
- o A Pacific EAS program should include:
 - 1. Revenue cargo in EAS determinations of frequency, aircraft type, and seasonal minima;
 - 2. Protection against abrupt reductions, suspensions, or terminations of service; and
 - 3. The authority for Island representatives to participate in U.S. Postal Service negotiations on mail contracts to EAS points with the air carriers.

5. PASSENGER USER FEES.

Airport passenger user fees are considered a viable airport development financing strategy. Cost recovery for certain airport services are most equitably assessed on the basis of a per passenger fee.

- o Federal restrictions on the passenger user fees to finance its own airport needs and cost recovery for certain airport services should be rescinded

OTHER BUSINESS

- Congress on Coastal and Marine Tourism - This is a conference organized by the University of Hawaii Sea Grant Program and the Environment and Policy Institute of the East-West Center scheduled for May 23-29, 1990 in Honolulu. (Copy of ideas, format and subjects presented in April, 1989 is attached.)
- Regional Drug Initiative - A copy of the Sept. 1989 PBDC briefing paper is attached. No major activity has occurred in this area as funds for the initiative have not been identified.
- PBDC Membership Issues - Governor Coleman and PBDC Staff apparently do not support inclusion of Alaska in PBDC. PBDC staff appear to support membership from FSM, Marshalls and Belau(?).



University of Hawaii at Manoa

A Sea Grant College
Sea Grant Extension Service
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April 4, 1989

Mike Ham
Coastal Program Manager
Bureau of Planning, Government of Guam
P.O. Box 2950
Agana, GU 96910



Dear Mike,

Activities based upon marine and coastal resources are a growing part of the tropical tourism industry. These activities, hereafter referred to as marine tourism, could take the form of coastal resorts, commercial recreation, marine park development and coastal and marine resource collections. The development of policy and the tools by which to implement policies and management strategies must consider both tourism and natural resource issues and limits. In the past year a number of people have expressed interest in a marine tourism conference and workshop which would help people develop uses compatible with the environment, to produce better policies and to improve implementation skills.

UH Sea Grant, along with the Environment and Policy Institute of the East-West Center, is organizing such a conference/workshop and has proposed a preliminary format and timetable for the project (enclosed). You have been identified as a person with an interest in marine tourism. We would appreciate your taking the time to review and comment on the enclosed information. We would appreciate a response by May 12, 1989 as we plan to distribute a formal call for papers and workshop proposals by June 10, 1989, starting with the 20th Annual Conference of the Travel and Tourism Research Association (Honolulu, Hawaii) and Coastal Zone '89 (Charleston, S. Carolina).

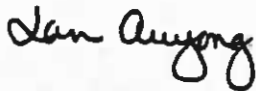
We had originally planned to hold a smaller workshop in November 1989. During the assessment trip in January/February of this year, it became apparent that the technical assistance needs ranged widely from policy strategies to resource management to industry standards and marketing strategies. Additionally, people we interviewed had widely different objectives such as site, business, industry and government development, as well as resource management, tourism marketing, site/attraction/event or industry development. It would be difficult to meet all of these needs in a small workshop, especially in the time left before November. Therefore, we are proposing the following compromise.

An international congress (with symposia/workshops) is proposed for late May 1990 but, if there is sufficient interest, i.e., ten or more attendees, an interim workshop dealing with policy aspects of marine tourism can be held November 1-3, 1989 at the East-West Center (see attached sheets for more details). Hawaii could be presented as a case study to define the process, however, participants would be encouraged to bring issues and questions related to their locale for workshop exercises. In addition, we would probably ask participants to screen those abstracts, topics and invited speakers proposed for the May congress. There would be no charge for the workshop itself, however, attendees would have to travel to Honolulu. We are enclosing a survey of sorts to get your feedback.

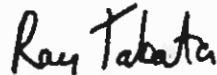
We anticipate that the May congress would consist of five thematic days (e.g., policy, developmental criteria, resource management, educational programs, etc.) with sessions designed to provide opportunities for discussion and skill development whether a participant was from a business, non-profit, governmental or educational entity. A conference fee would probably be charged to cover conference materials and meals. We are looking into travel packages.

We thank you for your assistance and look forward to your input in developing these programs.

Sincerely,



Jan Auyong
Ocean Recreation &
Tourism Specialist



Ray Tabata
Coastal Resources Specialist

encl.

Proposed Ideas for
MARINE TOURISM CONGRESS
May 23-29, 1990
Honolulu, Hawaii

PROPOSED OUTCOMES:

The proposed outcomes for the program would be to provide participants with the tools and techniques to develop policy and management strategies related to marine tourism. Each person should be able to leave the symposium with outlines of strategies or action plans, with pertinent case study examples, and sources of information and resource people.

PROPOSED CONGRESS TITLE:

(Please choose or submit a title)

- I) International Symposium and Workshop on Tropical Coastal Tourism: blending resources and economic development
- II) Tropical Coastal Tourism: where the tourist meets the sea
- III) The Fourth Wave: tourists on our shores
- IV) *(write in) Tourism: the effects of a permanent Transoceanic.*

PROPOSED CONGRESS THEME(S)A:

- A) Marine tourism: bridging economics and environments
 - 1) Skills for the natural environment manager
 - 2) Skills for the tourism businessman and coastal resort operator/developer
 - 3) Skills for economic development planners
- B) *(write in)*

(See attached sheets for possible session topics)

CONGRESS FORMAT:

Conference Subthemes and Participant "Tracks". Four to five topical subthemes (see attached) would be covered. Participants could decide to pursue one of two major end products: developmental plans for sites, services, and industry, or subject matter programs for resource management, marine tourism marketing, interpretation or education services.

Sessions. Participants would attend symposia, panels and workshops.

SYMPOSIA are major presentations (generally invited speakers) based on the themes, e.g., tourism trends and implications on policies, impacts of nature vs adventure vs mass tourism.

PANELS will provide forums for discussion about thematic issues, trends, new techniques and strategies.

WORKSHOPS will be designed to give hands-on experience to participant and allow one to devise plans or outlines pertinent to his/her particular situation with the assistance of resource people.

FIELD TRIPS are also being considered for the program (during weekend period).

Possible Congress Topics

PROPOSED SUBTHEMES (underlined) and SESSION topics:

(The following items reflect the concerns of those interviewed during a recent assessment trip. However, this list is by no means fixed in terms of content or organization. It is simply ideas gathered on a very quick visit to Micronesia. Please feel free to add to or to refine the list.)

- 1) Developing policies for the integration of tourism and the environment
 - Getting at the concepts of carrying capacity limits to acceptable change
 - How feasible is multiple-use and why have totally protected areas?
 - When does user conflict become a government problem?
 - The impact of infrastructure development on resources
 - Market identification and related impacts: which market is desired, feasible or destructive?
- 2) Decision-making criteria and tools for the development of marine tourism
 - Identifying appropriate tourism destination region/sites and developing guidelines for future expansion.
 - Economic evaluation of resources and uses
 - Models and frameworks for identifying site vulnerability, protection priorities and effective protection strategies
 - Using and improving degraded environments for tourism
- 3) Managing resources for economic development
 - Using marine park and protected area systems
 - Day use versus enclave development
 - Marine water quality management strategies and standards.
 - Developing quality water safety standards for improved tourism
 - Assessing and mitigating cumulative impacts from road development, litter and souvenir collection
 - Developing and using an inventory/monitoring program
 - Preparing for sea level rise and global climate change
 - Dealing with tour operators
 - Cultural and historic preservation as tourism tools
- 4) Bridging the gap between service standards and marketing
 - Developing and maintaining industry standards by profiling and knowing who are your most critical clients
 - Marketing through safety standards
 - Developing a training program
 - Understanding the relationship between marketing and resource impacts
 - Day use and destination area development
- 5) Creating new tourism and recreational opportunities through technology
 - Implementing a day-use mooring buoy system
 - SWATH ships as stable platforms and ferries
 - Offshore sand mining to enhance tourism areas
 - Artificial reefs as a tourism enhancement tool (habitats, surfing areas, erosion control)
 - Transplanting coral as a reef rehabilitation strategy
 - Using floating and underwater structures as tourism sites

WHO SHOULD ATTEND? i.e. target audiences:

tourism and resource management agencies

tourism promotion agencies

travel/tourism educational/research units

private industry

non-profits:

IUCN, SPREP, UNEP(Man & Biosphere), WTO, PATA, TTRA

OTHER COMMENTS:

REGIONAL DRUG INTERDICTION PROPOSAL

The Regional Drug Interdiction Proposal consists of four areas:

A. Drug Conference from which representatives from education, treatment and law enforcement would get together and develop an integrated regional strategy.

1. CNMI will take the lead and will submit a proposal on the conference to PBDC by October 31.
2. We will be collecting data & developing format.
3. Conference tentatively scheduled for next spring

B. Canine Drug Detection.

1. Want to train two dog handlers & dogs from each political jurisdiction.
2. Look into a "train the trainer" program for Guam and CNMI.
3. Hawaii and Guam to develop the proposal & submit to PBDC by October 31.

C. Intelligence Networking.

1. Intelligence Data Base. We want to focus upon our role as transshipment points. Seems Guam and the region is more of a transshipment point than we realized. There are intelligence networks we could link into.
2. AFIS. Cost of equipment to link into AFIS is unknown. CNMI thinks it will cost \$500,000 per jurisdiction in will give info it has on it to American Samoa.
3. Proposal due to PBDC by October 31.
4. American Samoa is looking at its SPICIN and Project Cook (Customs project on ship movement)

D. Technical Assistance.

1. No particular types have been identified so far.
2. Jerry Norris is to develop this by October 31.