BRIEFING PACKAGE

'92 PBDC Winter Meeting

February 5, 1992
Washington, D.C.

Prepared By: Bureau of Planning

P B D C

"National Park, Ocean and Trade Issues"

Washington, D.C
February 5, 1992

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Agenda

Agenda

Sunday, February 2, 1992

7:30 A.M. — **TECHNICAL ADVISORY COMMITTEE (TAC) MEETING**
By Invitation Only - Place: JW Marriott Hotel, Capitol Ball Room Salon 2

Tuesday, February 4, 1992

5:30 P.M. — **PBDC RECEPTION**
By Invitation Only - Place: U.S. Botanic Garden, 245 First Street, SW

Wednesday, February 5, 1992

7:30 A.M. — **GOVERNORS' BREAKFAST**
By Invitation Only (Place: J.W. Marriott, State Room)

- U.S. Congressman George Miller, Chairman Committee on Interior & Insular Affairs

9:00 A.M. — **CALL TO ORDER**
Place: JW Marriott Hotel, Capitol Ball Room Salon D

- Governor Joseph F. Ada

APPROVAL OF PRELIMINARY AGENDA

APPROVAL OF 1991 ANNUAL MEETING MINUTES

INTRODUCTION OF GUESTS AND WELCOMING REMARKS

- Governor Joseph F. Ada

1991 ANNUAL MEETING UPDATE

- Jerry B. Norris

9:30 A.M.	OCEAN ISSUES

- Section 309 CZMA Grants
  - Mr. David Slade, Coastal States Organization
  - Ms. Sarah Taylor, Coastal States Organization (CSO)
  - Mr. Robert Knecht
- 200-Mile EEZ Management, Jurisdiction, and Enforcement Issue(s)
  - Mr. William Paty, State of Hawaii, WPRFMC
  - Ms. Kitty Simonds, WPRFMC
  - Mr. Morris M. Pallozi, U.S. Department of Commerce
  - Cdr. Vince O'Shea, USCG U.S. Department of Transportation

11:15 A.M.	PRESIDENT'S RURAL DEVELOPMENT INITIATIVE: RURAL DEVELOPMENT COUNCILS

- Governor Lorenzo I. DeLeon Guerrero
- Deputy Under Secretary Walter E. Hill, U.S. Department of Agriculture
- Mr. Bob Loran, U.S. Department of Agriculture

12:00 NOON	GOVERNORS' LUNCHEON By Invitation Only - Place: J.W. Marriott, State Room

NATIONAL PARKS FUNDING

- Special Assistants for 50th WWII Anniversary
  - Assistant Secretary Mike Hayden, U.S. Department of the Interior
  - Assistant Secretary Stella Guerra, U.S. Department of the Interior
  - Col. Ken Smith, U.S. Department of Defense
  - Mr. Mylio Kraja, U.S. Department of Veterans Affairs
  - U.S. Congress (Members or Staff)

1:15 P.M. MEETING RECONVENES - Place: J.W. Marriott, Capitol Ball Room, Salon D

OPIC MISSION

- Ambassador Fred M. Zeder, Overseas Private Investment Corporation
- Mr. James D. Berg, Overseas Private Investment Corporation

SOUTH PACIFIC REGIONAL ENVIRONMENTAL PROGRAM (SPREP)

- Governor Lorenzo I. DeLeon Guerrero

INSPECTOR GENERAL AUDITS

- Governor Lorenzo I. DeLeon Guerrero

	JOINT COMMERCIAL COMMISSION (JCC)/PACIFIC ISLANDS DEVELOPMENT PROGRAM (PIDP) REPORTS
	■ Governor Peter Tali Coleman
2:15 P.M.	**TRADE ISSUES**
	■ U.S. Department of the Interior ■ U.S. Trade Representative
	THE PACIFIC ISLANDS AND THE NEW WORLD ORDER: EMERGING ECONOMIC INDEPENDENCE
	■ Governor Peter Tali Coleman
3:15 P.M.	**STATE DEPARTMENT BRIEFING**
	■ Deputy Assistant Secretary Richard D. English, U.S. Department of State
5:00 P.M.	**PBDC STAFF REPORTS:**
	■ Oil Spill Management Project ■ Waste Management Project ■ Comparative Risk Assessment Pilot Project
	BUSINESS SESSION
	FINANCIAL AND AUDIT REPORTS
	• Jerry Norris
	TIME AND PLACE OF 1992 ANNUAL MEETING
	OTHER BUSINESS
	CLOSING REMARKS
5:30 P.M.	**ADJOURNMENT**

DEPARTMENT OF
REVENUE & TAXATION
GOVERNMENT OF GUAM

JOSEPH F. ADA
Governor

FRANK F BLAS
Lieutenant Governor

JOAQUIN G. BLAZ, Director • V.M. CONCEPCION, Deputy Director

JAN 31 1992

MEMORANDUM

TO: Chief of Staff, Governor's Office

FROM: Director, Department of Revenue and Taxation

SUBJECT: Proposal by the National Association of Insurance Commissioners of Language to be included in the Statement of Policy at the National Governors' Association

Attached herewith is a statement of insurance issues that each Insurance Commissioner of every State or Territory has been asked to have his Governor to endorse at the National Governors' Association Conference in early February 1992.

Please review this proposal and if you agree with the contents therein, it is recommended, therefore, that the Governor support it when this matter comes up for adoption at the NGA Conference.

JOAQUIN G. BLAZ

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NAIC

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National
Association
of Insurance
Commissioners

MEMORANDUM

TO: ALL NAIC MEMBERS

FROM: BILL McCARTNEY

DATE: JANUARY 29, 1992

RE: NGA PROPOSAL

On Sunday the Economic Development Committee of the NGA will consider the attached language for recommendation to the full NGA membership and inclusion in its statement of policy. The NGA draft language includes an endorsement of state regulation and the NAIC's Accreditation Program. The language also includes reference to an endorsement of making insurance fraud a federal crime. Several NAIC members were consulted in the preparation of this language. I have recommended to my governor that he endorse the language without change and I urge you to do the same.

G:\KTC\MEMO\NGA.Mem

Please Deliver Immediately to your Commissioner
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E-12. THE REGULATION OF INSURANCE

12.1 PREFACE

THE NATION'S GOVERNORS REAFFIRM EXISTING POLICY STATING OPPOSITION TO FEDERAL PREEMPTION OF STATE REGULATION OF THE INSURANCE INDUSTRY. THE GOVERNORS ALSO REAFFIRM THEIR COMMITMENT TO AN EFFECTIVE SYSTEM OF STATE INSURANCE REGULATION AIMED AT THE PROTECTION OF POLICYHOLDERS AND CLAIMANTS THROUGH THE SAFETY AND SOUNDNESS OF INSURANCE COMPANIES. TODAY'S RAPIDLY CHANGING FINANCIAL MARKETS AND GLOBAL COMPETITION ARGUE FOR INCREASED STATE EFFORTS TO MONITOR THE FISCAL HEALTH OF INSURANCE COMPANIES, TO PROVIDE ADEQUATE CONSUMER SAFEGUARDS, AND TO EFFECTIVELY AND EFFICIENTLY REGULATE THIS KEY INDUSTRY. REFORM OF HEALTH INSURANCE SHOULD BE PURSUED ACCORDING TO THE GOVERNORS' POLICY ON HEALTH CARE REFORM.

12.2 FINANCIAL STANDARDS AND STATE ACCREDITATION

THE ESTABLISHMENT OF MINIMUM FINANCIAL REGULATION STANDARDS BY THE NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS (NAIC) IN 1989 AND THE CREATION OF THE STATE CERTIFICATION PROGRAM IN 1990 TO ENCOURAGE STATE ADOPTION OF THESE STANDARDS ARE IMPORTANT STEPS TOWARD IMPROVED REGULATION. THE ENCOURAGING RESPONSE BY THE STATES TO NAIC'S MINIMUM REGULATORY STANDARDS DEMONSTRATES THAT STATES ARE PREPARED TO MEET THE CHALLENGES POSED BY A RAPIDLY CHANGING INDUSTRY, AND THAT STATES ARE COMMITTED TO AN EFFECTIVE AND EFFICIENT SYSTEM OF COOPERATIVE REGULATION. THE NATION'S GOVERNORS SUPPORT NAIC'S FINANCIAL REGULATION STANDARDS AND ACCREDITATION PROGRAM AS AN IMPORTANT STEP TOWARD REGULATORY CONSISTENCY IN THIS AREA AND A MEANS OF ENHANCING THE EFFECTIVENESS OF STATE REGULATION WHILE PRESERVING THE STRENGTHS OF THE STATE INSURANCE REGULATION SYSTEM.

12.3 ISSUES FOR CONTINUING STUDY AND REFORM

IMPORTANT ISSUES REMAIN IN REGULATING THE INSURANCE INDUSTRY TODAY. THESE INCLUDE ESTABLISHING ADEQUATE CAPITAL AND SURPLUS REQUIREMENTS THROUGH SUCH DEVICES AS RISK-BASED CAPITAL; ENSURING THE ADEQUACY OF THE CURRENT GUARANTY FUND SYSTEM; IMPROVING EFFICIENCY IN THE INSURANCE RECEIVERSHIP PROCESS; STRENGTHENING INTERSTATE COOPERATION BY EXAMINING SUCH MECHANISMS AS INTERSTATE COMPACTS; REGULATING HOLDING COMPANIES AND AFFILIATE COMPANIES;

AND MONITORING SURPLUS LINES AND REINSURANCE, ESPECIALLY NON-U.S. INSURANCE FIRMS.

THE GOVERNORS CALL ON STATE INSURANCE OFFICIALS TO CONTINUE THEIR EFFORTS TO DEVELOP, MONITOR, AND IMPROVE MODEL LAWS AND REGULATORY PROCEDURES AS NEEDED TO RESPOND TO THESE ISSUES AND TO STRENGTHEN STATE INSURANCE REGULATION.

CONCERN ALSO HAS BEEN EXPRESSED OVER THE ANTI-TRUST EXEMPTION FOUND IN THE MCCARRAN-FERGUSON ACT. THE GOVERNORS ARE INTERESTED IN THE ABILITY OF THE INSURANCE INDUSTRY TO OFFER A WIDE ARRAY OF SAFE AND RESPONSIVE CHOICES FOR CONSUMERS. CURRENTLY THERE ARE CONFLICTING VIEWS ON THE IMPACT OF THE ANTI-TRUST EXEMPTION ON COMPETITION IN THE INDUSTRY. AS THIS ISSUE IS STUDIED FURTHER, THE GOVERNORS WANT AN ASSURANCE THAT ANY PROPOSED CHANGES CONTINUE TO PROMOTE COMPETITION AND DO NOT THREATEN THE VIABILITY OF SMALLER INSURANCE COMPANIES.

12.4 FINANCIAL RESOURCES

TODAY'S ECONOMIC CONDITIONS AND THE FISCAL SITUATION IN MOST STATES MAKE ISSUES OF RESOURCE ALLOCATION CRITICAL. HOWEVER, THE NECESSARILY COOPERATIVE NATURE OF STATE REGULATION OF INSURANCE COMPANIES THAT OFTEN OPERATE IN MORE THAN ONE STATE REQUIRES THAT ADEQUATE RESOURCES BE PROVIDED FOR REGULATION IN EACH STATE. STATES SHOULD SERIOUSLY CONSIDER ALL AVAILABLE OPTIONS TO ENSURE ADEQUATE FUNDING OF INSURANCE REGULATION.

12.5 FEDERAL ROLE

12.5.1 INSURANCE FRAUD. PREVENTION, DETECTION, AND PUNISHMENT OF FRAUD COMMITTED AGAINST INSURANCE COMPANIES BY PERSONS WITHIN THE INDUSTRY HAVE LONG BEEN THE DUAL RESPONSIBILITY OF STATE AND FEDERAL GOVERNMENTS. AT BOTH LEVELS, CRIMINAL AND CIVIL REMEDIES EXIST. HOWEVER, THE GROWING INTERSTATE AND INTERNATIONAL NATURE OF INSURANCE FRAUD HAS OUTSTRIPPED THE ABILITY OF STATE AND FEDERAL LAW ENFORCEMENT OFFICIALS TO PROTECT CONSUMERS FROM CRIMINAL ELEMENTS IN THE INDUSTRY. STATE LAW ENFORCEMENT EFFORTS DO NOT EASILY CROSS STATE LINES, AND EXISTING FEDERAL STATUTES DO NOT ADDRESS SEVERAL IMPORTANT FORMS OF INSURANCE FRAUD.

IN THE SPRING OF 1991, NAIC PROPOSED TO CONGRESS A BILL TO MAKE INSURANCE FRAUD A FEDERAL CRIMINAL OFFENSE, SUBJECTING OFFENDERS TO STIFF PENALTIES. IN RESPONSE TO THE NAIC PROPOSAL, BOTH THE SENATE AND THE HOUSE OF REPRESENTATIVES HAVE APPROVED MEASURES THAT INCORPORATE KEY ELEMENTS OF THE NAIC PROPOSAL INTO FEDERAL CRIMINAL STATUTES.

THE NATION'S GOVERNORS SUPPORT THE EFFORTS OF CONGRESS TO CLOSE THE EXISTING LOOPHOLES IN FEDERAL LAW AND ENSURE THAT INSURANCE CONSUMERS HAVE FULL PROTECTION AGAINST CRIMINAL ACTIVITIES IN CONNECTION WITH THE BUSINESS OF INSURANCE.

12.5.2 STATE-FEDERAL DIALOGUE. STATE REGULATION OF SUCH A KEY NATIONAL AND INTERNATIONAL INDUSTRY AS INSURANCE CAN BENEFIT FROM AN OPEN DIALOGUE WITH THE FEDERAL GOVERNMENT. UNFORTUNATELY, THAT HAS NOT BEEN THE NATURE OF A NUMBER OF STATE-FEDERAL DISCUSSIONS ON INSURANCE REGULATION, ALTHOUGH SOME GOOD HAS COME EVEN FROM THESE CONFRONTATIONAL DISPUTES. THE CURRENT SYSTEM OF STATE GUARANTY FUNDS BEGUN IN 1968 GREW RAPIDLY, IN PART DUE TO CONGRESSIONAL HEARINGS ON THAT TOPIC. CURRENT STATE EFFORTS TO ADOPT MORE EFFECTIVE FINANCIAL STANDARDS HAVE BEEN FURTHERED BY CONGRESSIONAL HEARINGS ON THE ISSUE. STATE AGENCIES AND NAIC CONSISTENTLY HAVE BEEN SUPPORTIVE OF FEDERAL REQUESTS FOR INFORMATION ON INSURANCE REGULATION AND IN MANY INSTANCES HAVE DEVELOPED AN EFFECTIVE PARTNERSHIP. YET THE TONE OF SOME OF THESE REQUESTS ALSO HAS BEEN CONFRONTATIONAL. THE NATION'S GOVERNORS SEEK A SUPPORTIVE AND CONTINUING DIALOGUE WITH THE FEDERAL GOVERNMENT AIMED AT IMPROVING STATE REGULATION OF THE INSURANCE INDUSTRY.

SUCCESSFUL STATE EFFORTS TO RESPOND TO RECENT INSOLVENCIES AND TROUBLED COMPANIES DEMONSTRATE THE EFFECTIVENESS OF STATE REGULATION OF THE INSURANCE INDUSTRY. IN ADDITION, A LONG HISTORY OF POLICYHOLDER PROTECTION SUPPORTS STATE CLAIMS OF COMPETENT, PROFESSIONAL REGULATION. RECOMMENDATIONS AND SUGGESTIONS TO STATES FROM THE FEDERAL GOVERNMENT TO IMPROVE THE REGULATORY SYSTEM ARE WELCOME. HOWEVER, FEDERAL ACTIONS TO PREEMPT STATE AUTHORITY AND TO IMPOSE A STRONGER FEDERAL ROLE IN INSURANCE REGULATION ARE UNWARRANTED. FURTHER, THE FEDERAL GOVERNMENT SHOULD TAKE NO ACTION THAT WOULD DIRECTLY OR INDIRECTLY AFFECT THE ABILITY OF STATES TO RAISE REVENUE THROUGH ASSESSMENTS, TAXES, OR FEES LEVIED AGAINST INSURANCE OPERATIONS WITHIN THEIR BORDERS.

1.2.6 STATE ROLE

STATE RESPONSIBILITIES INCLUDE ESTABLISHING AND ENFORCING ADEQUATE FINANCIAL STANDARDS AND CONSUMER PROTECTIONS, UPGRADING AND IMPROVING REGULATORY SYSTEMS, CONTINUING STUDY AND REFORM, PROVIDING ADEQUATE FINANCIAL RESOURCES FOR EFFECTIVE REGULATION, AND PROVIDING ADEQUATE CRIMINAL SANCTIONS. THE GOVERNORS, IN CONSULTATION WITH THEIR STATE INSURANCE OFFICIALS, SHOULD REGULARLY REVIEW THE EFFECTIVENESS OF STATE REGULATORY SYSTEMS FOR THE PROTECTION OF STATE POLICYHOLDERS AND STATE TAXPAYERS.

THE GOVERNORS CALL ON STATES TO SUPPORT THE STATUTORY AMENDMENTS AND REGULATORY ENHANCEMENTS NECESSARY TO ENSURE STATE ACCREDITATION UNDER THE NAIC PROGRAM. THE GOVERNORS FURTHER AFFIRM THAT INCREASED COMMUNICATION AND COOPERATION AMONG STATES WILL PROMOTE A HEALTHY AND SOUND STATE REGULATORY SYSTEM THAT PROTECTS POLICYHOLDERS AND CLAIMANTS THROUGH A SOUND AND COMPETITIVE INSURANCE INDUSTRY.

Annual Meeting Minutes

AMERIKA SAMOA — HAWAII — ISLAS DE LAS MARIANAS

Pacific Basin Development Council

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December 9, 1991

RECEIVED

ACTION MEMORANDUM #63-91

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

From: Jerry B. Norris

SUBJECT: ANNUAL MEETING ISSUES

The following issues (both general and specific) were raised during the recent Annual Meeting in Saipan. Where appropriate, I have noted activities that staff are currently undertaking (or will be shortly) - Action is underlined and bold faced:

JCC:

OTIA involvement - letters have been sent to President Bush and Assistant Stella Guerra - **PBDC staff to follow-up**.

Senator Inouye wrote to President Bush reminding him of his obligations to fund the JCC - **Norris/Hamnett to follow up**.

TRADE:

Board showed interest in possible participation in Australia Pacific Economic Initiative (APEC) and South Pacific Regional Trade and Economic Trade Agreement (SPARTA) and South Pacific Trade Commission (SPTC) - **Norris/Hamnett and Mufi Hannemann to follow up with Australia Consulate General Robert J. Tyson**.

FISH/TUNA:

Board has suggested that an information collection and driftnet workshop be called in Hawaii - Norris and Kitty Simonds to work with State of Hawaii Office of International Relations and Department of Land and Natural Resources.

Mandatory Vessel Tracking System - Governors want Pacific plan (including costs no later than the February Winter Meeting - Governor Waihee wants costs so they can be placed in DLNR - Kitty Simonds/WESPAC to follow up.

Governor Waihee offered to explore options regarding air combat and rescue team (through Hawaii National Guard) and use of MH-60 Black Hawk aircraft in American Samoa, Guam and the CNMI - Norris and Mufi to follow up with Hawaii Adjutant General.

MITCHELL BILL: Letters sent regarding appointments - Norris to follow up University of Hawaii and SeaGrant.

REGIONAL NGO CONFERENCE ON OCEAN ISSUES: Board approved NGO Conference in Hawaii - Norris/Hamnett to follow up with Mufi.

TOURISM:

Governor Ada interested in visa issue with Republic of China. Problems with issuance of Australia visa (must go through Consul General office in Honolulu) - Norris to follow up with Tyson. CNMI interested in obtaining access to Korean language program for CNMI citizens.

Board directed that policy position on air service/tourism be reviewed by staff and that staff report back at the Winter Meeting - Imamura to review and report to Board.

EDUCATIONAL CONFERENCE:

Board approved a regional educational conference - Norris to follow-up with Dr. Kofel of the Pacific Regional Educational Lab.

AGRICULTURE:

Governor Guerrero (and others) interested in technical assistance of melon fly problem - Norris to follow up on this continual problem. Coordinate with Governor Guerrero.

COASTAL ZONE MANAGEMENT:

Letter was written to Administration and Congressional leaders regarding 309 program - Norris/Hamnett to continue to work with CZM Managers from American Flag Pacific Islands and with Coastal States Organization (CSO) on issue(s).

ENVIRONMENT:

Issue relates to full membership of AFPI governments in the South Pacific Regional Environment Program (SPREP) - Norris/Van Dyke/Hamnett to work with Governors and explore with Congressional staff possible Compact resolution and report back at Winter Meeting.

TRADE:

Board requested meeting with U.S. Trade Representative at Winter Meeting - Norris to work with Governor Ada and staff on Winter Meeting Agenda. Board directed informal discussions with OTIA regarding possible additional funding for trade and foreign investment issues - Norris to follow up.

DRUGS:

Issue relates to need to obtain full funding from American Samoa and CNMI under the Drug Control and System Improvement Act of 1986 - Norris/Chinn to continue work with AS and CNMI Drug Czars and appropriate Congressional staff.

INSPECTOR GENERAL:

Issue relates to authority of IG to audit local funds in CNMI and Guam - PBDC staff to continue to work with Governors Ada and Guerrero on issue and well as Hawaii Congressional Delegation.

WINTER MEETING:

Set agenda - Norris and PBDC staff to work with Governor Ada and staff to set draft agenda.

JBN3A/jk
PRIORITIESAM.126

cc: Mr. Eloy Inos, CNMI
Mr. Frank Rosario, CNMI
Mr. Tim Bruce, CNMI

cc's continued:

Ms. Lou Pangelinan, GU
Mr. Peter Leon Guerrero, GU
Mr. Mufi Hannemann, HI
Mr. Chuck Freedman, HI
Mr. Fred Radewagen, AS, D.C.
Mr. William "Dyke" Coleman, AS
Ms. Carolyn Imamura, PBDC
Dr. Mike Hamnett, PBDC
Ms. Kitty Simonds, WESPAC

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DEC 18 1991

1991 ANNUAL MEETING
Hyatt Regency Hotel - Saipan
Saipan, N. Mariana Islands
November 3-6, 1991

[NOTE: For the three days prior to the opening of the Annual Meeting of the Board of Directors, the CNMI was hit with Typhoon Seth with winds of 125 mph with gusts up to 150 mph.]

TUESDAY, NOVEMBER 5, 1991

CALL TO ORDER

The meeting was called to order at 9:25 a.m. in Gilligans at the Hyatt Regency Hotel.

WELCOME AND INTRODUCTION OF GUESTS

Mr. Jerry B. Norris, Executive Director of the Pacific Basin Development Council (PBDC) welcomed visiting dignitaries, guests and program participants to the 12th Annual Meeting of the Board of Directors (SEE ATTACHMENT A).

Governor Lorenzo I. DeLeon Guerrero, President of the Board of Directors of PBDC presented welcoming remarks. He noted his pleasure in hosting the 12th Annual Meeting of the Board and extended his thanks to the number of individuals who had assisted in this effort. He spoke of the successes of PBDC and the need to continue to work together on issues of mutual interest and concern.

Regarding this specific meeting, Governor Guerrero noted that while our islands are part of the American political family, we want to play the role of a bridge in political, social and economic issues between the U.S. mainland, Asia and our Pacific Island neighbors. He spoke to the need for sharing information and working toward mutual goals and resolutions for regional problems.

Jerry B. Norris
Executive Director

In introducing Governor Coleman of American Samoa, Governor Guerrero referred to him as the Senior Statesman of the Pacific and the link between our islands and those in the South Pacific. In introducing Governor Waihee, the first Polynesian elected as Governor of the State of Hawaii, Governor Guerrero noted that the State serves as a rainbow link that joins the East and West. It was also noted that the Hawaii Congressional delegation was of major importance to the region. Governor Guerrero recognized Governor Ada and congratulated him as being the first Governor of Guam to be elected to two consecutive terms.

Each of the members of the Board presented informal remarks and thanked Governor Guerrero and the people of the CNMI for their hospitality.

APPROVAL OF PRELIMINARY AGENDA

Staff recommended several minor changes to the proposed agenda.

ACTION: Governor Waihee moved (Governor Coleman seconded) that the preliminary agenda, as amended, be approved (Approved).

APPROVAL OF 1991 WINTER MEETING MINUTES

Copies of the minutes of the 1991 Winter Meeting held on February 6, 1991, in Washington, D.C. were previously circulated.

ACTION: Governor Waihee moved (Governor Ada seconded) the approval of the minutes of the 1991 Winter Meeting (Approved).

REMARKS ASSISTANT SECRETARY STELLA GUERRA, DOI/OTIA

Governor Guerrero called upon Assistant Secretary Stella Guerra for remarks. She discussed issues to include education, the EEZ, trade, aviation, the OTIA O&M program, the brown tree snake, anti-substance abuse efforts and the FY 1992 Federal Budget (SEE ATTACHMENT B).

TUNA UPDATE

Governor Guerrero called upon Mr. William Paty of WESPAC to open the discussions on tuna. Mr. Paty introduced Ms. Kitty Simonds, Executive Director of WESPAC and Mr. Charles Fullerton, Regional Director of the Southwest Region of DOC/NMFS.

Mr. Paty reviewed the history of tuna being brought under the Magnuson Act as of January 1, 1992, and the interface between the WESPAC program and the ROCEMP (Regional Ocean, Coastal Zone and Exclusive Economic Zone Management Program) of PBDC. He also reviewed the international implications that will face the Board in future years and discussed the implications of area closures and native fishing rights. Mr. Paty complimented the Board on the stand they have taken on the drift net issue. He reviewed the status of the several tuna stocks in the Pacific and discussed the current and future research plans (which will include efforts from the Universities of Hawaii and Guam, the community colleges within the region, and other interested parties) for WesPac to include vessel tracking systems, data collection and enforcement (SEE ATTACHMENT C).

Governor Ada thanked WesPac for being the "eyes and ears" for PBDC in the area of fisheries management, and especially in the area of tuna management. He voiced strong concern regarding the depletion of certain fish stocks and strongly recommended that a mandatory vessel tracking system, for both foreign and domestic fishing boats be implemented as soon as possible. Governor Waihee asked for clarification as to the technical ability for such a program and if WESPAC had the authority to implement such a program. He also discussed the budget implications to Hawaii and other islands.

Mr. Fullerton responded that the technical capabilities existed and were available and that WESPAC did have the authority. Costs are about $5,000 per vessel. Regarding the costs of a tracking system on the land side, Mr. Fullerton responded that it was not expensive and basically consisted of a computer. Governor Waihee asked that a specific Pacific plan be drawn up by the February meeting of the Board, if not before. Governor Waihee asked for budget data for the land side costs so that they could be included in his budget for next year.

Governor Coleman extended his thanks to WESPAC for their efforts, especially in the area of management of tuna which is of major importance to the American Samoa economy. Governor Coleman also noted that he was becoming more involved in the management of the EEZ, not necessarily from the sovereignty issue, but from a custody and trust relationship in the management of the resources. Governor Coleman commended Governor Waihee and the Congressional delegation for the passage of the tuna amendment.

Governor Waihee advised the Board members that the U.S. Department of Defense (DOD) had asked Hawaii to develop a combat search and rescue team using the National Guard. DOD will provide Hawaii with six MH-60 Black Hawk aircraft which might be used, as a back up mission, for enforcement efforts in the AFPI EEZs. Governor Waihee has asked the Hawaii Adjutant General to work with PBDC staff on this issue of possible mutual use. Governor Waihee asked that PBDC and OIR staff follow-up on the issue of the sharing of this resource with the other AFPI.

TOURISM

Governor Guerrero introduced Mr. Isao Matsuhashi, President of the Japan Travel Bureau. Mr. Matsuhashi thanked the Board for the opportunity to discuss tourism in the Pacific. He spoke to the issues of trends in the Japanese overseas travel market, and recent vacation trends among Japanese which affect tourism to overseas islands (to include Hawaii, Guam, American Samoa and CNMI). Mr. Matsuhashi concluded his remarks with suggestions on how to increase Japanese tourism to our islands which might well be competing with seaside resorts in Japan and other Pacific countries. He commended the Governors of Hawaii, Guam and the CNMI for their recent visits to Japan to help increase tourism (SEE ATTACHMENT D).

Governor Guerrero thanked the speaker for his insight into the tourism trends in the American Flag Pacific Islands (AFPI). Governor Ada noted that there had been a major slow down in investment for hotels and golf courses and asked if Mr. Matsuhashi could indicate when the investment might return. Mr. Matsuhashi replied that investment should be returning shortly.

Governor Waihee thanked the speaker for his comments and called for the development of partnerships with travel businesses in Japan and Hawaii. He further noted that Hawaii's recovery in part, is because of the Japanese private sector involvement in investing in promotions.

REGIONAL MARINE RESEARCH PROGRAM - THE MITCHELL BILL

Mr. Norris provided background information on the history of the Mitchell Bill and the several problems that face the Governors.

Governor Waihee noted that there were two problem areas. The first is how four (4) Governors make six (6) appointments to the Insular Pacific Marine Research Board and the second issue relates to proposed screening of the appointments by the Administrator of DOC/NOAA.

After further discussion the following recommendations were made by Governor Waihee:

*Each Governor would appoint one (1) member to the Board;
*Governor Ada of Guam would have one (1) additional appointment from the University of Guam;
*PBDC's Executive Director would fill the sixth position.

ACTION: Governor Waihee moved (Governor Ada seconded) that the Board directed the afore listed actions be taken and instructed PBDC staff to draft a letter for signature by the Board. It was noted that each

Governor would make their own individual appointment by letter to the Administrator of DOC/NOAA (Approved).

PBDC REGIONAL NGO CONFERENCE

Governor Waihee noted that there were a number of policy positions approved by the PBDC Board that addressed issues on ocean management, tuna management, drift netting, the dumping of nuclear waste, and other ocean related issues. Governor Waihee suggested that the Board might wish to develop a Pacific voice in these related areas and to provide input into the United Nations Conference on the Environment. He proposed that a mini conference directed to ocean related issues be held in Hawaii in April to further these ends and to involve non governmental organizations (NGO) in the effort.

ACTION: Governor Waihee moved (Governor Coleman seconded) that a ocean related mini conference be held in Hawaii to develop a Pacific voice for input into the UN Conference in Brazil; that PBDC staff review current positions of the Board, in concert with staff from Hawaii's Office of International Relations (OIR) (Approved).

LUNCH

The Board recessed for lunch. During lunch President Ngiratkel Etpison of Palau, Congressman Eni F.H. Faleomavaega, American Samoa and Mr. Don Beck, President, The Pacific Group Development, addressed the members (SEE ATTACHMENT E).

The Board reconvened at 1:55 p.m.

EXCLUSIVE ECONOMIC ZONE

Governor Guerrero introduced Dr. Jon Van Dyke of Richardson Law School, University of Hawaii. Dr. Van Dyke discussed the historical issues surrounding expansion of the Territorial Sea by the United States by President and implications to the Magnuson Act, drift netting and other international issues. He also touched on the non-living resource issues to include potential resources (minerals) around the AFPI.

Dr. Van Dyke summarized several pieces of proposed federal legislation that currently were under consideration by the Congress. The most comprehensive bill has been introduced by Congressman Jones and would resolve ambiguities created in numerous federal statutes and would extend the U.S. contiguous Zone to twenty-four (24) nautical miles, but it would not affect boundaries of States, Territories or Commonwealths.

The issue of what special rights or considerations the U.S. AFPI might have was addressed as well as a comparison of how island EEZ issue(s) have been handled by Australia, France, New Zealand, the United Kingdom and the U.S. Freely Associated States.

Dr. Van Dyke noted that Governor Ada had recently outlined his desires with regards to the EEZ in a Pacific Daily News article and that Governor Guerrero's office had authored a paper entitled "David vs. Goliath" which details the CNMI position. He expanded his thoughts on the differences between States and Territories/Commonwealths to include historical and cultural relationships, their lack of full representation in Congress and the inability of U.S. citizens from these areas to vote for President.

Regarding the relationship of the AFPI with the South Pacific Regional Environmental Programme (SPREP), Dr. Van Dyke noted that Guam, American Samoa and the CNMI are currently members of SPREP but there has been a question as to what their relationship will be with the newly formed SPREP organization. Dr. Van Dyke also suggested that the Governors review Article I, Section 10 of the U.S. Constitution regarding the use of the Compact clause in participating with their fellow SPREP members.

Governor Ada commended the speaker for his presentation and reemphasized the importance of the EEZs to the islands. He agreed that our islands cannot be compared to U.S. States and called for working together on this issue of jurisdiction and raised the concern of having private companies setting up long-term leases with the U.S. Federal Government if local control is not obtained. Governor Ada noted he was concerned over both the living and non-living resources and that we needed to continue the work to face this issue together.

Governor Waihee asked for further discussion on the Constitutional issue involving with Compact issue. Dr. Van Dyke noted that Compacts have been around for a long period of time and is a proven approach to solving mutual problems. He stated that once a Compact is approved by the U.S. Congress, it supersedes State law. Mr. Norris supplied additional information on the issues of Compacts to include Compacts between the U.S. and foreign powers to include Canada.

Governor Guerrero emphasized the importance of the EEZs to the islands and called for further exploration for joint actions. He noted while the CNMI has certain jurisdictional rights, the CNMI would be exploring the possibility of joint partnerships. (DR. VAN DYKE'S PRESENTATION MATERIALS ARE ON FILE WITH PBDC).

JOINT COMMERCIAL COMMISSION AND TRADE RELATED ISSUES

Mr. Norris provided background on this issue, noting that the Board of Directors had designated Governor Coleman as the liaison with the Bush Administration on the issue of the Joint Commercial Commission (JCC).

Governor Coleman made opening remarks on the JCC issue and reviewed the effort from the point of President Bushes' suggestion for the establishment of the JCC through current actions of the Forum which met in FSM earlier this year. Governor Coleman noted the importance of AFPI membership in the JCC. He further noted that the Governors of the AFPI are heavily involved in a new global order and that we too have a right to develop our own economies. Governor Coleman stated that PBDC should expand its functions to operate as its own JCC. At some point in time, others will recognize the importance of our islands and we can then look at a joint effort. He called upon Dr. Sitiveni Halapua, Executive Director of the Pacific Islands Development Program at the East-West Center for additional comments.

Dr. Halapua stated that the membership issue of the AFPI is a concern voiced by the United States. An alternative approach might be to have the AFPI members serve as part of the U.S. delegation. Dr. Halapua also stated that it appears that most island leaders are not clear on the exact functions of the JCC. He reviewed several meetings that Prime Minister Henry (Cook Islands) had participated in and advised that there would be several key meetings in Honolulu in January that might well focus the issues. Dr. Halapua also discussed the problem of lack of funding for the President Bush initiative.

Governor Waihee noted his continuing interest in the development of the JCC and the problems that State are having in attempting to use a bilateral model for the proposed multilateral organizational effort. He noted that from an administrative viewpoint, it makes more sense to develop a multilateral approach. Governor Waihee stated that he thought the momentum had been lost not because of a lack of interest, but a lack of understanding of those in Washington, D.C. He agreed with Governor Coleman that we cannot talk about trade in the Pacific without including the AFPI. Governor Waihee used the example of the U.S. talking to Western Samoa about trade issues without involving American Samoa. He also suggested that we continue to follow-up on expanding the PBDC trade efforts on our own.

Governor Waihee suggested that the funding issue might be resolved in the not too distant future and raised the issue of getting OTIA involved as an advocate for the Pacific Islands based on their successful efforts in dealing with the international aviation bilaterals. He also raised the issue of using the Van Dyke Compact approach to resolving the membership issue as well as the issue of creating an economic free trade zone in the Pacific.

Governor Ada noted his total agreement with Governor Waihee and suggested that a united approach was best. He noted that there is a reduction in Federal dollars to the AFPI and a shift of Federal dollars to other non U.S. islands. Governor Ada reviewed the trade problems Guam has had over the years with watches and other products. He voiced his continued support to have Governor Coleman work on the JCC issue.

Governor Waihee noted that we also need to be concerned about the NAFTA, the GATT and other negotiations currently being undertaken around the world. He called for an identification of the relationships between these efforts and the insular areas. Governor Waihee again called for involvement of DOI in the JCC issue. He also called for PBDC to broaden its area of involvement to include other trade issues like the GATT and Uruguay rounds and report back to the Board at their February meeting. Governor Waihee also called upon PBDC to continue to follow-up on AFPI and French Territorial membership in the JCC and regional trade relationships.

Governor Coleman stated that he agreed that we should move ahead in the AFPI membership issue but that we encourage the Forum countries to move ahead while we work on the membership issue. Governor Ada called upon the PBDC members to continue to work together.

ACTION: Governor Waihee moved (Governor Guerrero seconded) the following: 1) Request that DOI become involved with State and Commerce in the issue(s) relating to the JCC with special emphasis on membership; 2) that PBDC broaden their trade interests to include the GATT and other trade related activities and report to the Board at their February meeting; and 3) that Governor Coleman and PBDC continue to pursue the AFPI membership issue while encouraging the Forum members to move ahead with their efforts (Approved).

STANDARDIZED POLICE TRAINING PROGRAMS

Governor Guerrero spoke to the issue of standardizing police training for the AFPI region. He noted that the idea in part came from the Guam Chief of Police and that sharing information in the police area is important to the Governors.

Governor Waihee stated that he thought this was a very good idea and that there should be a follow-up meeting on the staff level with the Hawaii's Attorneys General and others. He also suggested this might be a good test to work out a Compact arrangement to test the system. Governor Ada agreed and suggested we might want to invite our neighbors from Micronesia to join with us. Governor Waihee spoke to the need of sharing training, information, setting standards, etc. Governor Guerrero agreed.

<u>ACTION</u>: Governor Waihee moved (Governor Guerrero seconded) that staff follow-up on this issue and report back to the Board in February (Approved).

<u>BROWN TREE SNAKE</u>

Governor Ada opened the discussion on the Brown Tree Snake and thanked Governor Waihee for all of his assistance. He reviewed the history of the snake problems in the region and noted that Guam was working very hard with DOI and Guam Congressman Blaz. Governor Ada reported on a possible breakthrough on eradication but stated that there was still a need for additional efforts to address the container problems and that dogs and other methods of trapping were being explored.

Governor Guerrero suggested that there might be a joint effort to address this issue and thanked both Governors Waihee and Ada for their assistance and voiced the need that this issue is clearly one that we all need to work together on.

Governor Waihee extended his thanks to Governor Ada and his staff for the joint efforts and encouraged that the Directors of the Agriculture Departments have a meeting and continue to work together. Governor Waihee also voiced concern about the need for more support from DOD in military efforts to contain the snake and prevent transport on military ships and aircraft. He also suggested that while Hawaii is receiving Federal funding, it might make more sense to transfer some of that funding to Guam to help the effort.

<u>PROPOSED REGIONAL EDUCATIONAL CONFERENCE</u>

Governor Guerrero called upon Ms. Elizabeth Rechebei to offer remarks on educational needs in the Pacific. Ms. Rechebei introduced Ms. Agnes McPhetres, President of NMI College and Mr. Juan Babauta, Acting Chairman of the Board of Education. She called for a change in the way education is managed in the Pacific. Ms. Rechebei discussed the national goals as identified by President Bush and the nation's Governors and raised the question as to whether those goals are applicable to the AFPI community and identified some of the unique needs of our educational systems to include year around operations. She strongly encouraged a regional effort to determine what might work the best in improving education in the Pacific. Also discussed was the need for skilled workers in the expanding economy of the CNMI and other areas in the Pacific. Alternative educational efforts need to be explored. Ms. Rechebei also raised the issue of a changing world order and several times pointed out that education was everyone's business, especially the business community. She suggested several possible changes in curriculum to include a report card issued by an independent body. Ms. Rechebei suggested that the issue of privatization of certain services should be explored and emphasized the need for flexibility in the teaching system.

With regards to PBDC, Ms. Rechebei suggested that regional education conference be scheduled and that PBDC might serve as a clearinghouse for this effort in a cooperative with PREL and the Pacific Post Secondary Education Council (PPSEC).

Ms. McPhetres responded to the previous presentation stating that the President's effort on the America 2000 concept was a step in the right direction. She suggested that a new concept be established which identifies students interested in becoming teachers at the 10th grade level and provides them with special opportunities. Ms. McPhetres also identified other aspects of a teacher educational academy which she had recently discussed with the President of the University of Guam. She called for increased financial support and reviewed other aspects of support necessary to improve the educational systems with a collaborative effort. Ms. McPhetres emphasized that with the single level school district in the Territories and Commonwealth, a better educational system should be more easily attainable then in the States where there is a multilevel of governments. She also called for an effort to not only teach teachers how to teach but to teach teachers what to teach. This effort would be structured under an effort that had recently been discussed with educational officials from Guam.

Ms. McPhetres identified PBDC as a macro organization as compared to micro organizations like PREL and the Pacific Post Secondary Education Council (PPSEC). She noted that many of the goals of these organizations are similar and that PBDC should assist in providing resources to assist in the educational efforts in the region.

Acting Chairman Babauta spoke to the need of excellence in education and reported on a recent national meeting with other educators from the States, Territories and Commonwealths and the Secretary of Education. He noted that some of the social and economic aspects of education in the Pacific. Chairman Babauta spoke to the issues of CIP efforts and the increase of aliens that has caused a major increase in population in the CNMI. He stated that this was an issue that must be addressed and encouraged the expansion of student exchange programs with the U.S. and Japan. Chairman Babauta noted that educational personnel have taken a leadership role in improving education.

He stated that teachers training will continue to be important to improving the educational efforts in the Pacific. Locally Chairman Baubata suggested that the CNMI Educational Act of 1988 needed to be reviewed by the Governor and legislature.

Governor Guerrero thanked the speakers for the presentations and stated that education will be priority number "one" for the CNMI in 1992.

In further discussion Governor Waihee inquired as to whether PREL would be able to assist in this effort. Dr. John Kofel of PREL stated that he would be more than willing to assist in exploring the issues raised in a conference or meeting of some sort.

ACTION: The Governors approved a joint effort between PBDC and PREL be undertaken. It was made clear that PBDC would support the effort but would not build an educational expertise. Dr. John Kofel agreed to assist. PBDC staff were instructed to work with PREL on this effort and report back to the Board at their February 1992 meeting (Approved).

There being no further business the Board recessed the meeting at 5:12 p.m.

WEDNESDAY, NOVEMBER 6, 1991

TRADE AND INVESTMENT ISSUES

Governor Guerrero introduced the topic of trade and investment and then called upon Mr. David Sablan to serve as moderator.

Mr. Sablan introduced the participants which included:

*The Honorable Yong Choi, Korea
*The Honorable Babou Kamichetty, France
*The Honorable David Tawei Lee, China
*The Honorable Julius D. Torres, Philippines
*The Honorable Robert J. Tyson, Australia
*The Honorable Hirozo Ushida, Japan

Moderators for the sessions were also introduced:

Session Moderator: Mr. Roger Severance, PBDC

Tourism Moderator: Ms. Bennet Seman, Marianas Visitors Bureau

Fisheries & Marine Resources: Mr. William Paty and Ms. Kitty Simonds, Western Pacific Regional Fishery Management Council (WESPAC)

Mr. Severance explained that this session was to allow the panelists to help us realize the very special trade and investment relationships between our Asian countries and the AFPI.

Mr. Severance noted that trade relationships were being redefined through efforts such as the GATT and the Uruguay rounds (which have been resurrected) as well as the North American Free Trade Agreement and other treaties that have been signed with other countries in the western hemisphere. Asia is also moving into trade agreements as are other parts of the world. The basic question is how do our islands fit into the new world order.

Mr. Severance noted that the AFPI encourage foreign investment with special conditions, exemptions and programs although he did note that we would like to have a more diversified investment effort.

Each of the participants made a presentation on their respective countries activities in the areas of over economic activity, tourism, fisheries and ocean resources and tourism.

A general discussion followed with the Governors and participants actively involved. A list of action items will be provided to the members of the Board. (PRESENTATION MATERIALS AND A VIDEO OF THE SESSION HAVE BEEN PROVIDED TO EACH GOVERNOR. A COPY IS ALSO ON FILE WITH PBDC).

<u>GENERAL BUSINESS SESSIONS</u>

Following the trade and investment forum, Governor Guerrero called upon Mr. Norris to report on the Business Session which was held earlier in the day.

The following items were discussed and approved at the session:

*Board letter to President Bush seeking support for implementation of the Joint Commercial Commission (JCC); suggesting involvement of DOI in implementation and calling for AFPI membership.

*Board letter to President Bush signed by the Governors of American Samoa, Guam and Hawaii concerning Typhoon Seth damage to the CNMI.

*Board letter to OTIA Assistant Secretary Guerra seeking her support in implementation discussions on the JCC.

*Board letters to Secretary of Commerce Mosbacher, Senator Hollings, Chairman, Committee on Commerce, Science and Transportation and Congressman Jones, Committee on Merchant

Marine and Fisheries regarding concern with Section 309 of the Coastal Zone Reauthorization Act of 1990.

*Board letter to Secretary of State Baker regarding membership in the South Pacific Regional Environment Program (SPREP).

*Board letter to NOAA Administrator Knauss regarding appointments to the Insular Pacific Regional Marine Research Board.

*Board letter to U.S. Trade Representative regarding trade meeting with the PBDC Board.

*Board Resolution on full State funding for American Samoa and the CNMI under the Drug Control and System Improvement Act of 1986.

*Board Resolution regarding the authority of the DOI Inspector General in Guam and the CNMI.

*Board Resolution of appreciation to Governor and Mrs. Guerrero for hosting the 1991 Annual Meeting (SEE ATTACHMENT F).

The Board directed that PBDC staff approach OTIA as to the possibility of providing additional funding for trade related activities and to report back findings to the Board as soon as possible.

The Board approved the retention of all current policy positions but directed that the position dealing with tourism and air service be reviewed by staff with recommendations to be reported back to the Board at the February 1992 Winter Meeting.

The Board received and accepted the independent audit on PBDC funds covering the period April 1, 1989, through September 30, 1990.

The Board scheduled their 1992 Winter Meeting for February 5, 1992, in Washington, D.C. and authorized the "Friends of the Pacific Reception" for Tuesday evening, February 4, 1992.

ELECTIONS

The Board approved the following positions for Program Year 1991-92:

President:	The Honorable Joseph F. Ada, Guam
Vice President:	The Honorable John Waihee, Hawaii
Secretary:	The Honorable Peter Tali Coleman, American Samoa
Treasurer:	The Honorable Lorenzo I. DeLeon Guerrero, CNMI

OTHER BUSINESS

Governor Coleman placed a statement before the Board entitled "The Pacific Islands and the New World Order: Emerging Economic Interdependence". Governor Coleman asked the Board members to review the document and to be prepared to discuss the theme at the Winter Meeting on February 5, 1992 (SEE ATTACHMENT G).

Governor Guerrero, on behalf of the Board of Directors, presented a Resolution of Appreciation and a plaque honoring his term as President of PBDC.

CLOSING REMARKS

Governor Guerrero extended his thanks to staff for their efforts during the past year and during the meeting.

Governor Ada, as the new President of PBDC, extended his thanks to Governor Guerrero and his fellow Governors and pledged to continue the regional work of PBDC. He extended his thanks to everyone on staff and stated that he was looking forward to a productive year.

ADJOURNMENT

There being no further business, the meeting was adjourned at 12:38 p.m.

POST MEETING ACTIVITIES

Following adjournment Yap State Senator Robert Ruecho, President of the Association of Pacific Island Legislatures (APIL) addressed the Board on the issue of the Pacific Islands Development Bank (SEE ATTACHMENT H).

Respectfully submitted,

Jerry B. Norris

JERRY B. NORRIS
Executive Director

JBN3A/ca
ANNMEET.123
ATTACHMENTS

ATTACHMENT A

LIST OF ATTENDEES

AMERIKA SAMOA · HAWAII · ISLAS DE LAS MARIANAS · GUAHAN

Pacific Basin Development Council

Suite 325 ◦ 567 South King Street ◦ Honolulu, Hawaii 96813-3070
Telephone (808) 523-9325 Facsimile (808) 533-6336

LIST OF ATTENDEES

THE HONORABLE LORENZO I. DE LEON GUERRERO

THE HONORABLE JOSEPH F. ADA

THE HONORABLE JOHN WAIHEE

THE HONORABLE PETER TALI COLEMAN

Technical Advisory Committee

MR. ELOY S. INOS (N. Marianas)
Director, Department of Finance

MR. FRANK S. ROSARIO (N. Marianas)
Public Information Officer, Office of the Governor

MR. PETER LEON GUERRERO (Guam)
Director, Bureau of Planning

MR. MULIUFI HANNEMAN (Hawaii)
Director, Office of International Relations

MR. FRED RADEWAGEN (American Samoa)
Territory of American Samoa, Washington Office

The Honorable Juan N. Babauta
Representative to the United States
Commonwealth of the N. Mariana Islands

SAIPAN, N. MARIANA ISLANDS . . . . November 3-6, 1991

Ms. Simeamativa Aga
Director, Amerika Samoa Hawaii Office
Territory of American Samoa

Mr. Ned S. Arriola
Department of Public Health & Environmental Services
Commonwealth of the N. Mariana Islands

Mr. Juan L. Babauta
Board of Education, Commonwealth of the N. Mariana Islands

Ms. Elizabeth Salas-Balajadia
Director, Department of Public Works
Commonwealth of the N. Mariana Islands

Ms. Mildred C. Barcinas
Bureau of Planning, Territory of Guam

Mr. Roicho Billy
Office of Carolinian Affairs
Commonwealth of the N. Mariana Islands

Mr. Tim Bruce
Legal Counsel, Office of the Governor
Commonwealth of the N. Mariana Islands

Dr. Jose Chong
Director, Department of Public Health & Environmental Services
Commonwealth of the N. Mariana Islands

Ms. Ann DeBlasi
Office of the Governor, Washington Office
Territory of Guam

Mr. J.M. Guerrero
Aviation Task Force, Commonwealth of the N. Mariana Islands

Mr. Nicholas Leon Guerrero
Director, Department of Natural Resources
Commonwealth of the N. Mariana Islands

Mr. Stephen P. Lemieux
Planning Affairs & Budget Office, Commonwealth of the N. Mariana Islands

Mr. Francis Lum
Office of the Governor, State of Hawaii

Ms. Agnes McPhetres
President, Northern Marianas College
Commonwealth of the N. Mariana Islands

Mr. Jess Pangelinan
Department of Cultural & Community Affairs
Commonwealth of the N. Mariana Islands

Mr. William Paty
Chairman, Board of Land & Natural Resources, State of Hawaii;
Chairman, Western Pacific Fishery Management Council

Mr. David M. Sablan
Special Assistant for Planning and Budget Affairs
Commonwealth of the N. Mariana Islands

Mr. Norbert Sablan
Civil Service Commission, Commonwealth of the N. Mariana Islands

Mr. Carlos H. Salas
Commonwealth Ports Authority, Commonwealth of the N. Mariana Islands

Ms. Bennett Seman
Managing Director, Marianas Visitors Bureau
Commonwealth of the N. Mariana Islands

Mr. Bill Stewart
Planning Affairs & Budget Office, Commonwealth of the N. Mariana Islands

Mr. Phillip Swett
Northern Marianas College, Commonwealth of the N. Mariana Islands

Ms. Anicia Tomokane
Board of Education, Commonwealth of the N. Mariana Islands

Professor Jon Van Dyke
Richardson School of Law, University of Hawaii at Manoa

Mr. Joaquin Villagomez
Director, Office of Coastal Resources Management
Commonwealth of the N. Mariana Islands

GUESTS:

The Honorable Pedro P. Tenorio
Former Governor and PBDC Board Member, Commonwealth of the N. Mariana Islands

The Honorable Eni H. Faleomavaega, United States Congress

The Honorable Robert Ruecho, Yap State Legislature
& President, Association of Pacific Island Legislators

The Honorable Pedro A. Tenorio
Former Lt. Governor, Commonwealth of the N. Mariana Islands

The Honorable Stella G. Guerra
Assistant Secretary for Territorial & International Affairs
U.S. Department of the Interior

The Honorable Yong Choi, Consul General of Korea

The Honorable Julius DeTorres, Consul General of the Philippines

The Honorable Robert J. Tyson, Consul General of Australia

The Honorable Babou Kamichetty, Acting Consul General of France

The Honorable David Tawei Lee
Deputy Director of North American Affairs, Republic of China

The Reverend Dwight Chapman

Mr. Donald Beck
Chairman of the Board, Pacific Rim Development

Mr. Jerry Cornell
Deputy District Engineer, Pacific Ocean Division
U.S. Army Corps of Engineers, U.S. Department of Defense

Mr. William Cooper
Pacific Islands Development Bank
Association of Pacific Island Legislators

Mr. E. Charles Fullerton
Regional Director, Southwest Region, National Marine Fisheries Service
U.S. Department of Commerce

Mr. Roger D. Gray
American Airlines/AMR Services Corporation

Dr. Sitiveni Halapua
Director, Pacific Islands Development Program
East-West Center

Mr. David Heggestad
Office of Territorial & International Affairs
U.S. Department of the Interior

Lt.Cdr. Mark Langerman
Office of Territorial & International Affairs
U.S. Department of the Interior

Mr. Lohn R. Loew
AMR Services Corporation

Mr. Isao Matsuhashi
President, Japan Travel Bureau

Mr. Larry Morgan
Office of Territorial & International Affairs
U.S. Department of the Interior

Lt.Col. James Muratsuchi
District Engineer, Pacific Ocean Division
U.S. Army Corps of Engineers, U.S. Department of Defense

Ms. Sarah Thomas-Nededog
Association of Pacific Islands Legislators

Mr. Edward Pangelinan
Office of Ben Blaz, United States Congress

Mr. Jesus L. Perez
Alliance Air

Ms. Elizabeth Rechebei

Ms. Kitty Simonds
Executive Director, Western Pacific Regional Fishery Managment Council

Invited Observers:
Note: Additional guests may have participated in the meetings; however, these persons may not have signed the attendance list and are thus not reflected here.

Mr. Jose Ayuyu, Hakubotan & Saipan Chamber of Commerce
Mr. Tony Costanzo, Business and Government Strategies International
Mr. Herman Guerrero, Saipan Chamber of Commerce
Mr. Jimmy Ham, Western Equipment Inc.
Mr. Dino Jones, Saipan Chamber of Commerce
Mr. Manuel King, Western Equipment Inc.
Mr. Max Kretzers, Continental/Air Micronesia
Mr. Anthony Leon Guerrero, Bank of Guam
Mr. Yoichi Matsumura, PDI (Saipan)
Mr. Y. Miyagatso, Grand Hotel (Saipan)
Mr. Roy Morioka, Micronesian Telecommunications Corporation
Mr. Michael Naholowaa, Bank of Guam
Mr. Brian Nicholas, Sala & Manibusan
Mr. Thomas Picarro, Duty Free Shoppers
Mr. Hideo Sugiyama, Coral Ocean Point Hotel

PBDC Staff: Jerry B. Norris
Carolyn K. Imamura
Michael P. Hamnett
Roger Severance, Trade Project Consultant

PBDC/cki
Rev. 11/91

ATTACHMENT B

STATEMENT OF ASSISTANT SECRETARY STELLA GUERRA

U.S. DEPARTMENT OF THE INTERIOR

OFFICE OF TERRITORIAL AND INTERNATIONAL AFFAIRS

STATEMENT OF ASSISTANT SECRETARY
STELLA GUERRA
TO THE
PACIFIC BASIN DEVELOPMENT COUNCIL
November 5, 1991

GOVERNOR GUERRERO, GOVERNOR COLEMAN, GOVERNOR ADA, AND GOVERNOR WAIHEE, IT IS A PLEASURE TO ATTEND THIS TWELFTH ANNUAL MEETING OF THE PACIFIC BASIN DEVELOPMENT COUNCIL. THE ARRIVAL OF AN UNINVITED GUEST, SUPERTYPHOON SETH, SHOULD SERVE TO REMIND US ALL OF OUR INTERDEPENDENCE AND THE NEED TO WORK COOPERATIVELY TO OVERCOME ADVERSITY. I JOIN MY STAFF IN EXPRESSING OUR SINCERE ADMIRATION AND RESPECT FOR THE MANNER IN WHICH GOVERNOR GUERRERO AND THE PEOPLE OF THE COMMONWEALTH, TOGETHER WITH HYATT AND PACIFIC BASIN DEVELOPMENT COUNCIL STAFF HAVE WORKED TO CARRY ON A SUCCESSFUL CONFERENCE.

LET ME OFFER SOME THOUGHTS ON ISSUES I KNOW ARE OF INTEREST TO YOU. THESE INCLUDE EDUCATION, THE EXCLUSIVE ECONOMIC ZONE, TRADE, AVIATION, THE OPERATIONS AND MAINTENANCE IMPROVEMENT PROGRAM, THE BROWN TREE SNAKE PROGRAM, ANTI-SUBSTANCE ABUSE EFFORTS, AND THE FISCAL YEAR 1992 BUDGET.

EDUCATION

THE PRESIDENT'S EDUCATION INITIATIVE CHALLLENGES AMERICAN EDUCATION TO SET ASIDE THE STALE PRECONCEPTIONS AND DESIGN NEW AMERICAN SCHOOLS--AND THE PRESIDENT HAS EMPHASIZED THE WORD "NEW"--FOR THE YEAR 2000 AND BEYOND.

AMERICA 2000 CHALLENGES ALL OF US TO MAKE AMERICA BETTER THROUGH BETTER EDUCATION. THE PRESIDENT HAS SET OUT FOUR KEY OBJECTIVES TO MEET THAT CHALLENGE:

(1) TO BUILD BETTER AND MORE ACCOUNTABLE SCHOOLS FOR TODAY,
(2) TO CREATE A NEW GENERATION OF AMERICAN SCHOOLS FOR TOMORROW,

(3) TO BUILD A CONSENSUS THAT EDUCATION DOESN'T END WHEN OUR HIGH SCHOOLS ARE OVER, AND
(4) TO FOCUS BEYOND THE FOUR WALLS OF THE CLASSROOM AND CULTIVATE COMMUNITIES WHERE LEARNING CAN HAPPEN.

NO ONE WILL CONDUCT OUR EDUCATION REVOLUTION FOR US. WE HAVE GOT TO DO IT OURSELVES. NONE OF US SHOULD TAKE NO FOR AN ANSWER. WE CAN MAKE AMERICA 2000 A REALITY AND MEET CHALLLENGES OF THE FUTURE.

AMERICAN SAMOA HAS ALREADY SET THE CHALLENGE IN MOTION. IT HAS LED THE WAY BY GATHERING AND ANALYZING DATA TO DETERMINE THEIR EDUCATION NEEDS AND HAVE ORGANIZED A TASK FORCE TO DIAGNOSE THE PROBLEMS WITHIN THE CURRENT SYSTEM WHILE ESTABLISHING STRATEGIES TO ACHIEVE NEW EDUCATION GOALS.

FOR OUR PART, THE DEPARTMENT OF THE INTERIOR IS COMMITTED TO IMPROVING EDUCATION IN THE INSULAR AREAS. RECENTLY WE CONVENED A CONFERENCE IN LOS ANGELES OF PRESIDENTS OF INSULAR COLLEGES AND UNIVERSITIES. TWO STUDENTS FROM EACH INSULAR AREA WERE ALSO INVITED TO PARTICIPATE. EDUCATIONAL PROBLEMS AND ISSUES WERE DISCUSSED. IT WAS EXTREMELY ENLIGHTENING FOR ALL INVOLVED.

WE ARE ALSO CREATING AN INTERNSHIP PROGRAM FOR STUDENTS FROM THE INSULAR AREAS. WE HOPE TO START IT NEXT YEAR WITH ONE STUDENT FROM THE COMMONWEALTH AND EACH TERRITORY. THE INTERNS SELECTED WOULD BE MATCHED TO SPECIAL FUNCTIONS PERFORMED IN THE DEPARTMENT'S BUREAUS AND OFFICES, SUCH AS GEOLOGY, ENGINEERING, FISH AND WILDLIFE STUDIES, LEGAL STUDIES AND ADMINISTRATIVE SKILLS.

IN 1991, WE ALSO INTRODUCED THE JUNIOR STATESMAN PROGRAM TO THE INSULAR AREAS. EIGHT STUDENTS FROM AMERICAN SAMOA AND TWO FROM THE VIRGIN ISLANDS ATTENDED SUMMER SCHOOL SESSIONS IN ONE OF FOUR PRESTIGIOUS AMERICAN UNIVERSITIES.

MS. KAREN PROSSER RECENTLY VISITED EACH OF YOUR GOVERNMENTS TO RECRUIT STUDENTS FOR THE 1992 PROGRAM. THE TWO STUDENTS ACCEPTED TO PARTICIPATE IN THE PROGRAM FROM EACH AREA WILL RECEIVE SCHOLARSHIP FUNDS FROM THE DEPARTMENT FOR TRANSPORTATION COSTS AND TUITION.

OF COURSE, WE CONTINUE TO SUPPORT THE CLOSEUP PROGRAM, WHICH HAS BEEN AN IMPORTANT LIFE EXPERIENCE FOR MANY INSULAR HIGH SCHOOL STUDENTS.

WE SEEK YOUR CREATIVE INPUT AND IDEAS FOR OTHER EDUCATION INITIATIVES TO HELP MAKE AMERICA 2000 A REALITY.

EXCLUSIVE ECONOMIC ZONE

THE FEDERAL INTERAGENCY TASK FORCE ON GUAM COMMONWEALTH IS EXPLORING WAYS TO MEET THE INSULAR GOVERNMENTS DESIRES TO HAVE GREATER PARTICIPATION IN THE BENEFITS DERIVED FROM THE EXCLUSIVE ECONOMIC ZONE. ONE POSSIBILITY IS THAT GUAM RECEIVES, THROUGH AN EXTENSION OF THE FEDERAL TAX TRANSFER POLICY, THE FEDERAL FISHERY FEES GENERATED IN THE U.S. EXCLUSIVE ECONOMIC ZONE AROUND GUAM.

THE MANAGEMENT, CONSERVATION, AND DEVELOPMENT OF FISHERY RESOURCES IN THE U.S. EEZ SURROUNDING GUAM WOULD BE CONSISTENT WITH FEDERAL LAW AND REMAIN A MATTER OF FEDERAL JURISDICTION, BUT WOULD BE UNDER A FEDERAL-INSULAR AREAS PARTNERSHIP. SUCH A PARTNERSHIP, IF SUCCESSFUL, COULD SERVE AS THE BASIS FOR WORKING OUT SIMILAR PARTNERSHIPS IN POLLUTION CONTROL, ENVIRONMENTAL PROTECTION, AND OTHER EEZ DEVELOPMENT ACTIVITIES.

I BELIEVE THAT IF THIS LIMITED APPROACH SHOULD GO FORWARD AND PROVE TO BE SUCCESSFUL, IT COULD ACT AS A PRECEDENT AND MODEL FOR EXPANDING THE CONCEPT TO OTHER AREAS OF ZONE MANAGEMENT AND DEVELOPMENT.

UNDER THE MAGNUSON FISHERY CONSERVATION AND MANAGEMENT REAUTHORIZATION ACT, A MANAGEMENT AND CONSERVATION SYSTEM FOR THE U.S. EEZ SURROUNDING THE PACIFIC INSULAR AREAS IS ESTABLISHED UNDER THE AUSPICES OF THE WESTERN PACIFIC REGIONAL FISHERY MANAGEMENT COUNCIL STRUCTURE. THIS COUNCIL IS A MOST EFFECTIVE MECHANISM TO MANAGE, CONSERVE, AND DEVELOP THE U.S. EEZ. TO FULLY PARTICIPATE, THE INSULAR AREAS WOULD BE REQUIRED TO JOIN THE COUNCIL.

TRADE

THE U.S. IS NOW NEGOTIATING WITH CANADA AND MEXICO TO ELIMINATE ALL TRADE BARRIERS AMONG THE COUNTRIES. ALL PRODUCTS WILL BE INCLUDED IN THE NORTH AMERICAN FREE TRADE AREA AGREEMENT. THE

U.S. TRADE REPRESENTATIVE HAS STATED THAT INSULAR AREA INTERESTS WILL BE TAKEN INTO ACCOUNT. THE COMMONWEALTH HAS TESTIFIED AT HEARINGS IN SAN DIEGO, EXPRESSING CONCERN FOR ITS EXPORT INDUSTRIES.

MEXICO, THROUGH THE NORTH AMERICAN FREE TRADE AREA (NAFTA), IS UNLIKELY TO POSE A THREAT TO THE CNMI GARMENT INDUSTRY. THE REASON IS THAT THE NAFTA RULES OF ORIGIN WILL NOT PERMIT GARMENT ASSEMBLY ON THE SAME BASIS AS THE COMMONWEALTH IS PERMITTED UNDER GENERAL HEADNOTE 3(A).

AS WE DISCUSSED THIS MORNING, I AM WILLING TO TRY TO INCLUDE INSULAR AREAS IN THE SCOPE OF NAFTA AND WILL MAKE CONTACT WITH THE U.S. TRADE REPRESENTATIVE TO EXPRESS YOUR INTERESTS.

AVIATION

THE U.S. HAS MADE A SERIOUS EFFORT TO ENGAGE EACH OF OUR PACIFIC AVIATION PARTNERS IN A MORE DRAMATIC OPENING OF THE AVIATION MARKETPLACE. THESE PAST FEW MONTHS, IMPORTANT DISCUSSIONS WERE CONDUCTED WITH REPRESENTATIVES FROM HONG KONG, MACAU, KOREA AND THAILAND.

IN THESE DISCUSSIONS, THE U.S. HAS INDICATED WILLINGNESS TO GRANT THESE COUNTRY CARRIERS THE OPPORTUNITY TO SERVE THE COMMONWEALTH AND GUAM IF THESE COUNTRIES WOULD LET OUR CARRIERS DO THE SAME. THESE NEGOTIATIONS HAVE OFFERED A VISION WHICH SUPPORTS AN INCREASE IN BOTH QUALITY AND AVAILABILITY OF AIRLINE SERVICE IN THE PACIFIC.

ONE OF THE U.S. STRATEGIES HAS BEEN TO ESTABLISH THE COMMONWEALTH AND GUAM AS FREE DESTINATION POINTS, NOT PART OF ANY BILATERAL BARGAIN. ANOTHER STRATEGY WAS THE CO-TERMINALIZATION OF GUAM AND THE COMMONWEALTH, TWO DESTINATIONS FUSED TOGETHER FOR PURPOSES OF A ROUTE DESCRIPTION. THESE STRATEGIES HAVE BEEN VERY SUCCESSFUL.

KOREA NOW HAS A PERMANENT GUAM/CNMI ROUTE DESCRIPTION. THE U.S. HAS LOCKED IN A GUAM/CNMI ROUTE DESCRIPTION FOR HONG KONG'S POST-1997 REGIME. TWENTY-TWO MONTHS AGO, THE U.S. AND JAPAN AGREED ON TWO NEW AIR ROUTES BETWEEN JAPAN AND THE COMMONWEALTH AND GUAM. THE U.S., WITH AIR MICRONESIA, CHOSE SENDAI AND SAPPORO FOR ITS NEW ROUTE DESTINATIONS. JAPAN STILL GETS TO CHOOSE ITS ROUTES TO

GUAM AND THE COMMONWEALTH. THE POSSIBILITIES ARE EXCITING.

ALTHOUGH WE PRESENTLY HAVE NO BILATERAL AGREEMENT WITH THAILAND, WE PLAN TO NAIL DOWN SERVICE BETWEEN BANGKOK AND GUAM AND THE COMMONWEALTH.

ALL OF THIS ACTIVITY ON THE PACIFIC AVIATION FRONT HOLDS GREAT PROMISE FOR THE CONTINUED EXPANSION OF OUR INSULAR ECONOMIES AND TOURISM INDUSTRIES.

OPERATIONS AND MAINTENANCE IMPROVEMENT PROGRAM

THE BACKLOG OF APPROVED GRANT APPLICATIONS HAS BEEN ELIMINATED AND GRANTS AWARDED. WE ARE NOW INVITING THE INSULAR GOVERNMENTS TO BEGIN SUBMITTING APPLICATIONS FOR FY 1992 FUNDS. IN DOING SO, WE URGE ALL OF YOU TO ADDRESS THE HIGH PRIORITY ITEMS FROM THE PLANS OF ACTION. A THREE-YEAR FOLLOW-UP REVIEW WILL BE CONDUCTED NEXT SPRING, FOLLOWED BY A CONFERENCE. ONE OF MY STAFF WILL BE IN THE PACIFIC IN THE NEXT FEW WEEKS, ACCOMPANIED BY A REPRESENTATIVE FROM THE CORPS OF ENGINEERS, TO CONSULT WITH YOUR O&M PROJECT SUPERVISORS.

BROWN TREE SNAKE PROGRAM

WE ARE NOW ENTERING THE THIRD YEAR OF THE BROWN TREE SNAKE ERADICATION AND CONTROL PROGRAM. THE COLLECTION OF DATA, RESEARCH, AND THE TESTING OF TRAPS, BAITS, AND TOXICANTS HAS BEEN PROGRESSING ON SCHEDULE.

THERE ARE NO IMMEDIATE PRACTICAL MEANS TO ERADICATE THE BROWN TREE SNAKE FROM GUAM OR ANY OTHER LARGE AREAS WHERE THEY ARE FOUND. LACK OF GOOD DETECTION EQUIPMENT AND AN EFFECTIVE FUMIGANT CONTINUE TO HAMPER CONTAINMENT ACTIVITIES AND EFFORTS TO IMMEDIATELY REDUCE POPULATION LEVELS.

UNTIL LARGE SCALE ERADICATION TECHNIQUES ARE DEVELOPED, INTERIM MEASURES WILL INCLUDE:

(1) EMPHASIS ON CONTROL EFFORTS AT AIR AND SEA PORTS
(2) IMPROVED MONITORING AT SITES LIKELY TO RECEIVE SNAKES IN AIR OR SEA CARGO,
(3) LOCAL CONTROL EFFORTS TO ERADICATE SNAKES IN POPULATED AREAS, FARMS, PORTS AND RECREATION AREAS,
(4) IMMEDIATE APPLICATION OF ANY ENVIRONMENTALLY SOUND MEANS FOUND IN THE RESEARCH AND TESTING PROGRAM TO CONTROL SNAKE POPULATIONS.

PACIFIC REGIONAL ANTI-SUBSTANCE ABUSE EFFORTS

LAST YEAR WE SUCCESSFULLY INITIATED A REGIONAL ANTI-SUBSTANCE ABUSE PROGRAM. THIS PROGRAM SHOWS HOW COOPERATIVE PROGRAMS CAN BE SUCCESSFULLY DEVELOPED USING SHARED EXPERTISE, LOCAL INPUT, AND JOINT DECISIONS ON PROJECTS. IT BEGINS WITH CONFERENCES CONDUCTED IN EACH INSULAR AREA. INFORMATION AND IDEAS FROM THESE LOCAL CONFERENCES ARE DISCUSSED AT A REGIONAL CONFERENCE WHERE THE REGIONAL PROGRAM IS DEVELOPED. ALL ACTIVITIES, AS WELL AS YOUR PLANS, ARE BEING COORDINATED WITH THE OFFICE OF NATIONAL DRUG CONTROL POLICY, AND FEDERAL AGENCIES RESPONSIBLE FOR LAW ENFORCEMENT AND DRUG EDUCATION AND TREATMENT PROGRAMS.

FY 1992 BUDGET

RECENT ACTION BY THE U.S. CONGRESS WILL PROVIDE $92.7 MILLION IN 1992 FOR PROGRAMS IN THE COMMONWEALTH AND U.S. TERRITORIES. THIS IS A DECREASE OF $13.1 MILLION OR 12% FROM 1991 APPROPRIATIONS. WE HAVE BEEN TOLD BY DIRECTOR DARMAN AT OMB TO EXPECT FURTHER REDUCTIONS OF AT LEAST 10% IN 1993.

THESE REDUCTIONS IN FEDERAL FUNDS ARE BEING DRIVEN BY MANDATORY SPENDING TARGETS, MUTUALLY AGREED UPON BY CONGRESS AND THE ADMINISTRATION AND INCORPORATED IN THE BUDGET ENFORCEMENT ACT OF 1990. WHILE MANY OF YOUR GOVERNMENTS RECEIVED IMPORTANT NEW ASSISTANCE IN 1992, SUCH AS FUNDING FOR THE AIRPORT CONTROL TOWER IN SAIPAN AND INCREASED OPERATIONAL ASSISTANCE FOR AMERICAN SAMOA, IMPORTANT PROGRAMS SUCH AS BROWN TREE SNAKE CONTROL AND THE REGIONAL DRUG INITIATIVE WERE IMPACTED BY THE BUDGET REDUCTIONS. ANTICIPATED SUPPORT FOR IMPACT OF COMPACT ASSISTANCE DID NOT MATERIALIZE TO THE EXTENT PROPOSED BY THE AFFECTED GOVERNMENTS IN THE NORTHERN MARIANAS AND GUAM.

REDUCTIONS IN THE FEDERAL BUDGET ARE PLACING GREATER AND GREATER PRESSURE FOR THE ACHIEVEMENT OF FINANCIAL SELF-SUFFICIENCY IN THE U.S. INSULAR AREAS. GUAM HAS A RUNNING START IN THE RACE FOR SELF-SUFFICIENCY. THIS IS IMPORTANT BECAUSE THERE IS LITTLE ROOM IN THE FEDERAL BUDGET TO ACCOMMODATE A STUMBLE BY GUAM. THE COMMONWEALTH AND AMERICAN SAMOA ARE BEING CHALLENGED TO JOIN THE THE RACE IN EARNEST. INSULAR ADMINISTRATIONS AND LEGISLATURES

MUST LOOK FOR NEW SOURCES OF REVENUES TO MEET GOVERNMENT NEEDS, INCLUDING NEW ECONOMIC DEVELOPMENT, IMPACT FEES, FULL COST RECOVERY RATE STRUCTURES FOR UTILITIES AND COMMERCIAL ENTERPRISES AND TAX RESTRUCTURING.

GOVERNMENTS MUST ALSO LOOK FOR EFFICIENCIES IN OPERATIONS AND OTHER WAYS TO PLACE GREATER CONTROLS ON EXPENDITURES. THIS BRINGS ME TO THE IMPORTANT TOPIC OF MANAGEMENT CONTROLS, WHICH I EMPHASIZED AT LAST YEAR'S PACIFIC BASIN DEVELOPMENT COUNCIL MEETING IN AMERICAN SAMOA. THERE HAS BEEN MUCH TALK RECENTLY ABOUT RESTRICTING THE AUTHORITY OF THE INSPECTOR GENERAL THROUGH FEDERAL LEGISLATION. WHILE I AM SYMPATHETIC TO YOUR CONCERNS, I BELIEVE SUCH PROPOSALS HAVE LITTLE CHANCE FOR SUCCESS UNTIL THE INSULAR GOVERNMENTS CAN PROVE TO THE U.S. CONGRESS THAT THEY HAVE THEIR OWN EFFECTIVE INTERNAL AUDIT CAPABILITIES AND OTHER FINANCIAL MANAGEMENT CONTROLS ARE IN PLACE.

THE ISSUE OF ACHIEVING ADEQUATE FINANCIAL MANAGEMENT CONTROLS IN THE INSULAR GOVERNMENTS HAS BECOME A HIGH PRIORITY IN THE ADMINISTRATION. THE INSPECTOR GENERAL HAS PAINTED A DIRE PICTURE OF CONTROL BREAKDOWNS THROUGH THEIR AUDIT FINDINGS AND A GROWING LIST OF UNRESOLVED AUDIT RECOMMENDATIONS.

I AM NOW WORKING CLOSELY WITH OMB TO FIND SOLUTIONS TO THIS PROBLEM. I HOPE WE CAN WORK TOGETHER WITH THE INSULAR GOVERNMENTS TO DEVELOP A MORE POSITIVE APPROACH TO ACHIEVING GREATER CONTROL OVER THE MANAGEMENT OF FUNDS, FEDERAL AND LOCAL. OUR RECENT TRAINING INITIATIVE, ENTERED INTO COOPERATIVELY WITH THE U.S. DEPARTMENT OF AGRICULTURE GRADUATE SCHOOL AND YOUR GOVERNMENTS, IS AN EXAMPLE OF THE KIND OF SUPPORT WE WOULD LIKE TO PROVIDE YOU.

<u>CONCLUSION</u>

THE COUNCIL'S AGENDA FOR THIS YEAR IS COMPREHENSIVE. I HOPE I HAVE BEEN ABLE TO PROVIDE A FEDERAL PERSPECTIVE ON MANY OF THE ISSUES YOU WILL BE DISCUSSING OVER THE NEXT TWO DAYS. DESPITE THE LIMITATIONS IN THE BUDGET, I AM CONFIDENT THAT TOGETHER, WE CAN MEET THE CHALLENGES THESE ISSUES PRESENT. I SINCERELY APPRECIATE THE OPPORTUNITY TO SPEAK TODAY AND LOOK FORWARD TO FURTHER DISCUSSIONS WITH YOU.

ATTACHMENT C

STATEMENT OF MR. WILLIAM PATY

WESTERN PACIFIC REGIONAL FISHERY MANAGEMENT COUNCIL

Remarks by Mr. William Paty
Pacific Basin Development Council
Board of Directors 1991 ANNUAL MEETING
Saipan, Northern Mariana Islands
November 3-6, 1991

Commencing January 1, 1992, the responsibility for regional management of tuna, our most important living marine resource, is finally recognized by U.S. law. The 1990 amendments to the Magnuson Fishery Conservation and Management Act provided that the Western Pacific Fishery Management Council (WESPAC) begin exercising management authority over tuna species in the EEZ in the western Pacific.

The inclusion of tuna under the Magnuson Act clears the way for the American Flag Pacific Island (AFPI) governments and WESPAC to develop regional management regimes for the fisheries within the U.S. EEZ surrounding the AFPI and to work with other organizations such as the FFA and SPC to develop cooperative agreements for catch and effort data collection and analysis which will benefit efforts to conserve and manage tuna stocks throughout their range.

These objectives have been incorporated into the Regional Ocean, CZM, and EEZ Management Program (ROCEMP) which was adopted by PBDC at the 1991 winter meeting held in Washington D.C. They are also reflected in the objectives of WESPAC's Pelagic Fishery Management Plan which is currently being amended to include tuna. The top priority objectives of the Pelagic FMP are

1. Manage tuna, billfish and other pelagic species in the U.S. Exclusive Economic Zone while international agreements are developed to manage these species throughout their range; and

2. Improve statistical and scientific information bases (for management).

Addressing these objectives presents WESPAC with the greatest challenge of our 15 years of existence. Clearly, laying the groundwork for international approaches to tuna management on a stock-wide basis and implementing management regimes within the EEZ surrounding the AFPI must proceed simultaneously.

I would like now to describe the general status of Pacific-wide stocks and the fisheries on those stocks. Indications are that some stocks may be at greater risk of overfishing than others. Next I will discuss local conflicts related to competition for locally available stocks which have arisen in the waters of AFPI and on-going management response to these conflicts. Finally, I would like to update you on current and future research and cooperative management efforts spearheaded by the Council which have implications for international tuna management.

Current Pacific-wide trends for major tuna species

The current status of western Pacific tuna fisheries is summarized in Table 1. Certain stocks are at greater risk of overfishing than others. It is important that we identify and agree on specific problem areas which should be given high priority as we work toward both improved regional and international management.

Skipjack Tuna: Skipjack tuna has a relatively short life span and a high natural turnover rate. According to some estimates, the present catch level could increase several fold without causing stock depletion. It is possible that rapid expansion of the purse seine fishery in the western Pacific will change this assessment, but recent trends in catch rates give no indication that the stock is nearing a fully or overexploited condition.

Yellowfin Tuna: Yellowfin tuna are believed to be more susceptible to overfishing than skipjack. The annual harvest of yellowfin in the western Pacific has doubled since 1980, with the largest proportion of the catch made by the purse seine fishery. Improvements in purse seine technology have made it possible for seiners to target on free swimming schools of yellowfin with much greater success than previously. American seiners are now equipped with lighter, faster sinking nets capable of reaching depths of 750 feet; larger capacity brailing systems; advanced sonar capable of distinguishing schools of yellowfin and allowing "targeting" of tuna by size, species, and density of schools; and sophisticated radar units that can detect schools of birds, indicating possible concentrations of surface tuna, at distances of up to 25 miles from the boat. Recently, U.S. purse seiners have fished with great success in the general area bounded by Kiribati, the Line Islands, and Tuvalu. It is not uncommon for these vessels to capture 300-400 ton of tuna (90% skipjack) in one set. The 1991 harvest by just 12 seiners of the U.S. fleet operating in the western Pacific is expected to exceed 100,000 ton of tuna.

By comparison, a tuna longline vessel may catch only one ton of yellowfin per set and 300 tons per year under optimal fishing conditions. Although much of the current interest in the American Pacific islands is focused on management of the longline fishery, longlining has very little impact on yellowfin tuna stocks compared to purse seining.

South Pacific albacore stocks: The recent reduction effort and catch in the South Pacific drift gillnet fishery and the expressed willingness of Japan and Taiwan to abide by the terms of a United Nations General Assembly resolution to suspend large-scale, pelagic drift gillnetting in the South Pacific by July 1991 have considerably reduced fears of long-term damage to the South Pacific albacore stock. One study had concluded that a continuation of surface fishing, especially gillnetting, at the high level of 1989 might have led to a total collapse of the albacore population and the longline fishery within five years. The strong stand taken by the PBDC Governors and their South Pacific neighbors against the so-called "wall of death" was critical in generating world pressure to end the driftnet fishery.

To effectively address the issue of tuna stock conservation, a serious commitment to international fishery management efforts is needed through support and involvement in regional organizations such as WESPAC, the South Pacific Forum Fishery Agency and the South Pacific Commission. Fishing pressure will continue to increase in all gear types unless limited by management actions which are agreed to by the Pacific community of nations. Given stock-wide trends and important fisheries within AFPI EEZs, understanding the dynamics of yellowfin stocks and the interactions of both distant water and localized fishing on these stocks may be of particularly high priority.

Management Within the EEZ

While controlling effort on a stock-wide basis cannot be accomplished without the cooperation of our neighbors throughout the Pacific, unilateral action by WESPAC and the Governors may be effective in addressing certain issues related to localized overfishing and competition between user groups.

Hawaii

As we have discussed before, the longline fleet in Hawaii tripled between 1988 and 1990. WESPAC took the position that allowing continued rapid, uncontrolled expansion of tuna fisheries without firm knowledge of the ability of the resource to sustain increased fishing is not prudent and is inviting economic disruption of the industry, as well as possible localized overfishing of the resources. Therefore, an emergency action was implemented to halt the further expansion of the Hawaii longline fleet on April 23, 1991. Recently, the moratorium on new entry was extended for a period of 3 years by plan amendment.

The moratorium is an example of the pro-active management philosophy of the Council where a conservative approach was preferred in order to prevent overcapitalization. This approach differs from that which has been widely practiced in the continental U.S. and Alaska where managers wait until there is sufficient evidence to show that overfishing is occurring and then react with regulations to rebuild stocks after they have already been depleted. Although fish stocks may recover with the latter approach, the commercial fishing industry is often economically disrupted beyond repair.

The Council has also taken action to resolve gear conflicts which have arisen between pelagic longline and troll/handline fishermen in the Main Hawaiian Islands. There are two issues related to the interaction between these two user groups which harvest tuna and other pelagic stocks. One has been direct physical gear conflict which occurs when longline vessels set gear in areas heavily used by troll or handline fishermen or when troll fishermen deliberately destroy longline buoys and gear.

The second issue involves the local availability of tuna and associated species to respective user groups. Tuna availability fluctuates widely in island based fisheries. The limited range of domestic troller and longliners can result in poor catch rates that are not necessarily related to the condition of Pacific-wide tuna stocks. There may be sub-stocks of Pacific-wide tuna populations that reside in island waters or that emigrate and then return. Small-boat fishermen in Hawaii (and in Guam) believe that expanding longline fisheries have the potential to "intercept" fish before they reach the areas fished by the small-boat fleets. If fish are removed from a local area faster than they are replaced by immigration and recruitment, catch rates by inefficient trolling gear could be adversely affected well before there is any evidence of declining catch rates in more efficient fisheries. While the best scientific evidence available at the time could not document such effects, the Council decided to imposed emergency longline area closures to prevent physical confrontation among fishermen and to promote orderly fishery development.

On June 14, 1991, closures to longline fishing within 50 nm of Hawaii and Maui county and within 75 nm of Kauai county and Oahu went to effect. These closures were extended until December 17, 1991 and the Council has submitted a plan amendment to incorporate area closures into the Pelagic FMP.

The longline area closures have resulted in economic hardships for certain local longliners who have traditionally harvested most of their catch in the areas which are now closed to longline fishing. The Council has requested that exemptions be granted to longline fishermen who meet relatively stringent history of participation and dependence criteria. The intent is to mitigate some of the economic hardships resulting from the regulations while minimizing the risk of gear conflicts.

The plan amendment provides a framework mechanism to modify the criteria on which to base the exemptions as well as to modify the size of the area closures. More information will become available on the effectiveness of the area closures and the impacts on various user groups after the regulations have been in effective for awhile. Indications are that area closures may be negatively impacting the supply of tuna to the local Hawaii and export markets. The Council will be analyzing information available on these impacts at the December Council meeting.

Guam

If interception of fish by longline and purse seine fleets does have an impact on local troll and handline fishing, then the relative amount of effort occurring immediately outside of the 200 mile EEZ is even more significant in Guam. Because of these concerns, as well as the risk of gear conflicts should a domestic longline fishery develop in Guam, the Council has also requested that longline area closures be imposed within 50 nm of the 100 fathom contour surrounding Guam, its offshore banks and Fish Aggregating Devices (FADs).

In August, Kitty Simonds and I met with members of the Guam legislature, governmental agencies and fishermen to discuss concerns related to the foreign and domestic longline fisheries. The area closures contained in the plan amendment is one action which addressed two of the major concerns, gear conflicts and interception.

Another major concern is illegal fishing by foreign longliners and the lack of enforcement in Guam's EEZ. We talked about this problem with Admiral Donnell who has pledged to make a concerted effort to improve the level of enforcement and has requested additional resources to expand the enforcement capabilities. WESPAC has also requested that NMFS provide 2 additional NMFS enforcement for Guam. Senator Inouye plans to hold a hearing on law enforcement issues in the Pacific in Honolulu this January. Other possibilities for enhancing enforcement which are still being pursued is to require that specific sealanes be used to transit the EEZ and to require vessel tracking systems (VTS) for both domestic and foreign longline vessels.

The last major concern which was discussed was the impact of local sale of longline-caught fish on marketing opportunities and prices for trolling fleet catches. We have urged Guam managers to actively enforce existing Guam laws which could control the flow of product from foreign longliners transhipping in Guam. Enhancement of the marketing capabilities of the fishermen's cooperative may also be beneficial in increasing the quality and value of locally caught tuna.

Indigenous Rights

As we begin to manage the tuna resources in the EEZ surrounding the AFPI, it is important that the indigenous people of our islands benefit from these efforts. The Council is currently preparing an amendment to the Pelagic FMP which deals with native Hawaiian fishing rights and the trust relationship between the Hawaiian people and the U.S. government. WESPAC is committed to assuring that the preferential fishing rights of native Pacific islanders be recognized. We have also requested that NOAA General Counsel prepare a preliminary legal opinion on the issue of indigenous fishing rights in American Samoa and Guam. This legal opinion will examine case law, legislation dealing with the granting of peferential rights, or special privileges to

the indigenous peoples of American Samoa and Guam. Based on the material presented in these legal opinions amendments to the FMP addressing preferential rights in Guam and American Samoa will also be prepared.

Opportunities for International Cooperation

Critical to our management of Pacific tuna stocks is improved data collection and analysis. At your last meeting you approved the program elements of the 5 year plan for the pelagic fisheries of the central and western Pacific which was initially developed by WESPAC. Congress has concurred with the importance of this plan by appropriating first year funds (FY92) of $1.7 million. According to the language of the conference committee report:

> "This funding will be used to implement the 5-year plan developed by the Western Pacific Regional Fishery Management Council in conjunction with the Pacific Basin Development Council. The conferees agree that these funds go only to the Joint Institute for Marine and Atmospheric Research which was created under the terms of a Memorandum of Understanding between NOAA and the University of Hawaii, and that these funds are to supplement, not supplant, fiscal year 1992 funds already intended to support the Western Pacific Regional Fishery Management Council."

The steering committee will be meeting to discuss initial projects to be funded with the first year's $1.7 million at the end of November. The five-year plan includes projects which are intended to:

- Define the spatial and temporal dimension of the pelagic species to be managed.
- Understand the interdependence of different types of tuna fisheries as a basis for allocation decisions.
- Determine the optimum size of fleets and their composition which harvest pelagic species.
- Define the variability in year class strength and recruitment and how both impact fisheries.
- Understand the principal oceanographic factors which govern the ecology and dynamics of pelagic fishery stocks in the central and western Pacific.
- Enforce management measures in a cost-effective manner.

These proposals can only succeed through international cooperation. The Council is committed to doing everything in our power to facilitate the funding, scientific activities and coordination needed so that we can work together toward a goal of establishing a regional/international tuna and billfish management regime for the central and western Pacific Ocean.

Research Projects

Some specific examples of how we hope to contribute to tuna and billfish stock assessment, by both analysis of data from U.S. EEZ fisheries and cooperation with international bodies to share distant water information include:

<u>Year Class Strength Studies</u>:

By 1993, we hope to be in the position to provide size class data summaries covering the local fisheries and island-based distant water fisheries to the South Pacific Commission, and the Fisheries Agencies of Japan, Taiwan and South Korea in exchange for equivalent data sets.

<u>CPUE Analyses</u>:

If we can develop a cooperative data sharing mechanism to develop CPUE trend lines for distant water fisheries, these could then be compared with local CPUE trends. If similar, the local index may effectively measure the health of the overall stock(s) (by individual species). If the local and stock-wide (distant water) CPUE time trends do not converge, this may indicate catch competition effects, local overfishing, or may indicate that there are actually several stocks of the same species of tuna and billfish.

<u>Tagging Studies</u>:

SPC has done extensive tagging work on skipjack tuna south of the equator and is doing the same for stocks of yellowfin tuna; similar efforts are needed north of the equator. The Council and its associated entities hope to work together with other scientists from throughout the Pacific to accomplish this task.

Fisheries Enforcement

Central to the effectiveness of tuna management both within and outside of the EEZ is enforcement. The area within the EEZs under Council jurisdiction alone encompasses nearly 1.5 million square miles of ocean. Current methods of enforcing regulations can only go so far under such circumstances.

A technology which holds considerable promise for enhancing fisheries enforcement in the region involves vessel tracking systems. Automated vessel tracking has several potential uses as a fisheries management tool

> The transmission of vessel identity and position on a real time basis.
>
> Allowing one-way communications, in addition to reporting vessel position which could replace the current system of mandatory fishing logbooks by allowing the vessel operator or scientific observer to send catch and effort data directly to a shoreside computer.
>
> Permitting two-way communications allowing a vessel to receive confidential messages from, for example, the vessel's business manager or law enforcement officers. Two-way messaging also allows end users to contact the vessel regarding discrepancies in data received, or with special instructions to the operator or observer.

The Council, National Marine Fisheries Service and US Coast Guard (with the assistance of several private companies) recently investigated the feasibility of using automated, real-time systems for locating fishing vessels on a regular basis. The demonstration was designed to a) confirm that remote communication links are reliable in the region, b) present the vessel tracking technologies currently available for routine enforcement operations, c) assist the Council in deciding how vessel tracking can be used for enforcement and communication needs, and d) help the Council develop minimum performance criteria for the development of a fleet-wide tracking system including the possible mandatory use on all foreign vessels fishing in the US EEZ of our region.

All three systems tested demonstrated their ability to provide accurate and confidential information on fishing vessel identity and location in the area around Hawaii. The results of this demonstration are attached and I have brought copies of a full report on the three systems, their communication abilities, the relative costs and alternative ways for implementing a system for those of you who may be interested.

Several countries and regional agencies around the Pacific have been testing the applicability of this technology. Next month, WESPAC staff and other U.S. enforcement representatives will travel to Suva to meet with representatives of Australia, New Zealand and the South Pacific Forum Fisheries Agency to share information on testing in our respective areas. This consultation is designed to help the Council and other Pacific agencies decide how best to use this new and exciting technology for fisheries management.

Summary

This brings you up to date on current WESPAC tuna management activities. I believe that we have made a good beginning. I look forward to the many challenges and opportunities we face together as we work cooperatively with each other and our Pacific neighbors toward effective management and conservation of our tuna resources.

STATUS OF WESTERN PACIFIC TUNA FISHERIES

Species/Stock	Stock Condition	Annual Harvest	Major Fisheries	Trends in Fishing Pressure
North Pacific Albacore Tuna	Catches declining for longline Low level; producing at lower level than mid-1970s	Averaged 15,000mt for past 10 years	Gillnet Pole-and-line Troll Longline	Declining Declining Declining Declining
South Pacific Albacore Tuna	Longline, troll catch rates declining; adults full exploited Threatened by drift gillnet fishery	63,000 mt (1989) 45,000 mt (1990)	Gillnet Troll Longline	To be phased out Increasing Decreasing
Bigeye Tuna	Appears to be okay although: 1990 Japanese longline CPUE below average in major Central Pacific fishing grounds; CPUE increasing in Micronesian longline fishery	Maintained at over 100,000 mt since 1975	Longline (75% of total) Purse Seine* (bycatch)	Island-based fisheries expanding; distant-water fishery increasing Increasing
Skipjack Tuna	Stock underexploited, marked increase in catch due to development of purse seine fishing	700,500 mt (1989) including Indonesia and Philippine catches	Purse Seine Pole-and-line Troll	Increasing Stable Stable
Yellowfin Tuna	Longline CPUE stable since mid-1980's. CPUE in early 80's about 1/2 CPUE of 1950s when fishing started. Purse seine catch increasing; CPUE showed drop in 1988.	254,700 mt (1989)	Purse seine Longline Troll/Handline Pole-and-line	Increasing Increasing Stable Decreasing

*NOTE: Estimated 10% of yellowfin catch in purse seine fishery is actually bigeye.

Vessel Tracking

Our Council's jurisdiction is vast. It is made up of nearly 1.5 million square miles of ocean. Federal fishery regulations for the region are implemented by the National Marine Fisheries Service, and are enforced jointly by the NMFS and United States Coast Guard. The Council also encourages cooperative fishery management and enforcement among the island governments throughout the Pacific.

It has to -- to patrol the entire region's 1.5 million nm^2, the USCG presently operates three ships, three C-130 airplanes and three short-range helicopters for the Main Hawaiian Islands, and one ship for Guam and the Northern Mariana Islands. In addition to fisheries law enforcement, these vessels are required to perform many other tasks, both within and outside the Council's jurisdiction.

The NMFS Office of Enforcement maintains only five Special Agents for the entire region (four in Hawaii and one in Guam), with no aircraft or surface vessels. Both of these agencies perform as well as can be expected with their limited resources, but enforcement of many fishery regulations can be improved. This is especially true of regulations such as area restrictions and seasonal closures that cannot be enforced dockside.

To enhance fisheries surveillance enforcement in the region, the Council, National Marine Fisheries Service and US Coast Guard (with the assistance of several private companies) investigated the feasibility of using automated, real-time systems for locating fishing vessels on a regular basis. The demonstration was designed to a) confirm that remote communication links are reliable in the region, b) present the vessel tracking technologies currently available for routine enforcement operations, c) assist the Council in deciding how vessel tracking can be used for enforcement and communication needs, and d) help the Council develop minimum performance criteria for the development of a fleet-wide tracking system, including the possible mandatory use on all foreign vessels fishing in the US EEZ of our region.

What is the technology involved?

We demonstrated three systems, all of which demonstrated their ability to provide accurate and confidential information on fishing vessel identity and location in the area around Hawaii. Each system incorporated a different approach to providing vessel position information:

* One system uses polar-orbiting satellites to both calculate vessel position and transmit this information to shore stations. This system also allowed ship-to-shore communications.

* Another system coupled the US Department of Defense's Global Positioning System (or GPS) navigation equipment with satellite communications. In addition to transmitting GPS position information, Inmarsat-C also permitted two-way communications.

* A third system also used GPS to generate position reports, which were transmitted to the end user by high frequency radio. The radio system may be configured to send data messages regarding vessel status.

What are the costs?

The three systems differ not only in their abilities, but also their cost. The shore station for all three systems (computer, plotter and mapping software) carries a one-time cost of about $10,000 to $15,000.

The estimated cost of the shipboard components for a single vessel over five years of operation, including several position transmissions per day, but not counting repairs and replacement ranges from about $26,000 to $6,000 ($5 000 to $1,000 per year). Additional costs are incurred by landline transmission. Thus, for the 150 or so US longline vessels operating out of Hawaii alone, the total cost would be somewhere between $1,000,000 and $4,000,000.

Who Pays?

The cost of a VTS could be shouldered in several ways:

1) the Council and NMFS can require the fisherman to purchase a system and pay for recurring costs
2) the Council and NMFS can provide the shipboard unit and require the fisherman to pay recurring costs,
3) the fisherman can be required to buy the shipboard unit and the Council and NMFS pays the recurring costs, or
4) the Council, NMFS or other agencies can provide shipboard equipment and/or recurring costs
   a) indefinitely, or
   b) for a certain "break-in" period, after which time vessels entering the fishery would be required to bear these costs as part of their operating expenses.

The participation of agencies other than the NMFS would also decrease relative costs.

Management Potential

Automated vessel tracking has several potential uses as a fisheries management tool.

* The transmission of vessel identity and position is a minimum requirement for any system.

- A system allowing one-way communications, in addition to reporting vessel position, could replace the current system of mandatory fishing logbooks by allowing the vessel operator or scientific observer to send catch and effort data (or other information) directly to a shoreside computer.

- A system permitting two-way communications, in addition to providing a mechanism for ship-to-shore reporting, would also allow the vessel to receive confidential messages from, for example, the vessel's business manager or law enforcement officers. Two-way messaging also allows end users to contact the vessel regarding discrepancies in data received, or with special instructions to the operator or observer.

Several countries and regional agencies around the Pacific have been testing the applicability of this technology. Next month, we will travel to Suva to meet with representatives of Australia, New Zealand and the South Pacific Forum Fisheries Agency to share information on testing in our respective areas. This consultation is designed to help our Council members decide how best to use this new and exciting technology for fisheries management.

More detailed information on the vessel tracking systems is found in a report written by our Council staff and NMFS Enforcement personnel. We have extra copies here, or just call our office if you'd like one.

Wednesday, November 6 - Panel Discussion

1. Status of each country's fisheries and access requirements in central and western Pacific

   (a) Driftnet
   (b) Purse Seine
   (c) Longline
   (d) Pole-and-line

2. Plans for future fleet expansion or reduction in each gear type

3. Status of each country's fisheries product trade with PBDC areas and trade barriers, import duties

4. Barriers to foreign fleet fishing, transshipping, homeporting in PBDC areas

<u>MATRIX</u>

NATION	GENERAL ACTIVITY IN THE CENTRAL AND WESTERN PACIFIC	INTERACTIONS WITH SPECIFIC PBDC AREAS
HONG KONG		
JAPAN		
KOREA		
PHILIPPINES		
REPUBLIC OF CHINA		

ATTACHMENT D

THE PRESENT AND FUTURE OF JAPANESE TOURISM IN THE PACIFIC REGION

MR. ISAO MATSUHASHI, PRESIDENT OF JAPAN TRAVEL BUREAU

PACIFIC BASIN DEVELOPMENT COUNCIL

12TH MEETING OF THE BOARD OF DIRECTORS

Hyatt Hotel

Saipan, Northern Mariana Islands

November 5, 1991

THE PRESENT AND FUTURE OF JAPANESE TOURISM IN THE PACIFIC REGION

Presented by

Mr. Isao Matsuhashi, President

JTB (Japan Travel Bureau, Inc.)

Good morning, ladies and gentlemen. I am deeply honored and privileged to have been invited to speak to this distinguished group of leaders of the Pacific Basin countries, and to share with you my views concerning Japanese tourism in the islands.

It is indeed a daunting task to talk before so many governors and senior representatives at such a high level multilateral meeting. Like a ship's captain, however, I will attempt to navigate my way through the reefs from island to island and hope that at least some of what I have to say reaches your shores and is in some way helpful in developing tourism in your respective economies.

I would like to divide the half hour allotted to me into three parts: I will begin with an overview of trends in the Japanese overseas travel market, from 1990 through the first half of 1991; I will follow this with a few words about recent vacation travel trends among Japanese which affect tourism to overseas islands, especially Hawaii, Guam, the Northern Marianas and American Samoa; and finally, I will suggest some ways in which you can promote Japanese tourism to your islands in competition with seaside resorts in Japan and other Pacific countries.

First, let me touch briefly on the Japanese overseas travel market in 1990 and the first half of this year.

The year 1990 was noteworthy for Japan's international travel business for a number of reasons. Most significantly, it saw the number of Japanese traveling to overseas destinations increase 14 percent from the previous year to a total of 11 million.

Destinations achieving high growth rates as compared with 1989 included the U.S. mainland with 33 percent, Guam with 14 percent, the Northern Marianas with 32 percent and Australia with 37 percent. These destinations made a substantial contribution to the overall growth in Japanese outbound travel in 1990.

As we entered the present year, the crisis in the Gulf escalated into war, and tourism suffered worldwide. Japanese travel abroad dropped off considerably from its 1990 level. In January, the decrease from the same month of 1990 was only one percent, but this figure jumped to 36 percent in February and was still as high as 30 percent in March.

During the January to March period, approximately 150 thousand JTB customers either canceled or postponed trips. Data for March shows that the highest number of cancellations was for travel to Europe, which fell off 73 percent from the previous year level.

Hawaiian travel was off by 48 percent, and travel to North America, including Canada, by 33 percent. Travel to Guam and Saipan showed a combined decrease of 38 percent. All these cancellations apparently reflected a fear of terrorism that caused Japanese travelers to reconsider their overseas vacation plans. This was accompanied by a prevailing feeling among the Japanese people that it would be inconsiderate to take pleasure trips to countries whose citizens were fighting in the deserts of the Middle East.

Traditionally, February and March have been months when students graduating from Japanese colleges and universities travel abroad to celebrate the end of their student years. This year, however, the parents who usually sponsor these trips did not wish their children to travel abroad, with the result that most of them had to cancel their trips entirely or redirect them to ski resorts and other destinations in Japan.

The number of both these cancellations and postponements far exceeded our expectations at JTB. They also came much sooner than we had anticipated. And to make matters worse, the recovery following the Gulf War was delayed until much later than we had hoped.

Japan and other countries from which the travelers originate as well as the countries which play host to them have been making a tremendous effort to deal with this situation. I would like to express my appreciation and that of the entire Japanese tourism industry to the governors of Hawaii, Guam and Saipan for the initiatives they have taken, including heading delegations to Japan one after another in an effort to recover the lost business. This immediate response, the leadership it exhibited and the motivation and encouragement it provided won my deepest respect.

Another significant move in this connection was made by Mr. Rockwell A. Schnabel, the then U.S. Undersecretary of Commerce for Travel and Tourism. Mr. Schnabel wrote to government officials and tourist industry leaders in Japan to appeal for the rapid recovery of travel and tourism to the United States.

Mr. Schnabel's letter received immediate coverage by two nationwide daily newspapers, stimulating a willingness to travel overseas, especially to the U.S.

Despite its brevity, the Gulf War seriously put the brakes on the steady growth which had been recorded by the Japanese outbound travel industry since 1964. The total number of Japanese traveling abroad declined by 11.0 percent during the first seven months of this year. This has increased our awareness of the international tourist industry's strong dependence on world peace and international political, economic, and social stability.

In spite of the setback caused by the Gulf War, I am personally optimistic that there will be no enduring negative factors which will prove detrimental to the Japanese people's constantly growing desire to travel overseas.

Increasing numbers of people now have the time and the money to enjoy overseas vacations. We are also witnessing a marked change in the attitude of people in Japan toward their lifestyles and in their values concerning their leisure activities. The tendency today is to place a priority on achieving fulfillment in their personal lives, rather than on a workaholic devotion to their jobs.

As my second topic, I would like to say a few words on recent trends in Japanese vacation travel which affect tourism to overseas islands.

The Japanese have typically taken short vacations with extremely full itineraries. It has certainly not been easy for our nation of workaholics to learn to take it easy. Since it is difficult to take more than a week off from work at any one time, they have tended to take trips involving four-night stays in Hawaii or three-night stays in Guam or Saipan. Even their longer trips to Europe or North America have seldom lasted more than a week. The main exception is the honeymoon, which is virtually the only time most people can stay away from work for any length of time without worrying about placing an additional burden on their colleagues at work.

Thus prevented from taking long vacations, the Japanese often opt to take more than one shorter vacation a year. This practice does have its merits. With the five-day work week becoming something of a norm for both the public and private sectors, for example, it is easy to take three- or four-day mini-vacations without causing much trouble to other people in the office. Shorter vacations also help them to conserve their paid holidays.

On the negative side, this practice leads to excessive crowding of flights and hotels on the weekends, as well as to higher annual travel expenses for the people concerned.

A notable recent trend is "season stretching" by the market segment comprising young working women. Single working women are freer to select their vacation times than their male counterparts. In September of this year, when the peak season was over and tour prices lower, we witnessed an unprecedented increase in the number of these young female travelers heading overseas.

If this kind of "season stretching" were to overlap into other segments of Japan's international travel market, it would benefit the tourists economically and help the airlines and hotels deal with their overcrowding problems. We should work together to encourage this new trend by providing attractively priced, high value-for-money package tours in the off-season.

Japanese overseas vacations fall into three readily identifiable categories. First, there are the long-haul trips involving eight or more hours of flying time, lasting a week or more and including two or more stops with less than three overnights at each. Destinations for these trips include the U.S. mainland, Canada, Australia, New Zealand and Europe.

The second group comprises short and medium-length trips of a week or less with fewer than eight hours of flying time. These might be mini-vacations or long weekends combined with a couple of paid holidays. Travelers in this group head for Hawaii, Guam and the Northern Marianas, American Samoa, perhaps, the northern Queensland region of Australia, and Southeast Asia.

And in the third category, we have the "season stretchers" I have mentioned -- the people who travel to tropical resorts in the off-season instead of taking summer vacations. These trips last less than a week if they are working people, and perhaps longer if they are retired -- though I know few elderly Japanese who would

survive a full week's stay in one place. Most would rather make a number of stops in Europe, New Zealand or Canada.

Ideal destinations for these "season stretchers" include Hawaii, Guam and the Northern Marianas. They might also select American Samoa, northern Queensland, or a Southeast Asian country as a destination.

Japan's tax system has a unique provision which enables employers to write off more than 50 percent of money spent on employees' vacation travel expenses. Introduced a few years ago, this system initially allowed trips of only two nights and three days, a rule which eliminated most overseas destinations. The length has since been extended to three nights and four days -- long enough to take in Hawaii, the Asian countries and, needless to say, Guam and Saipan. You have already hosted a number of these groups. They travel in groups, because more than half of a company's employees must travel together for the trip to qualify for a tax deduction.

We are presently lobbying through JATA (the Japan Association of Travel Agents) to have the permissible length extended to include trips of four nights and five days. This would permit trips to more distant destinations and longer stays at beach resorts to qualify.

Japanese employers, especially small and medium-sized companies with fewer than 300 employees, are facing a serious labor shortage today. New high school, college and university graduates shun jobs with long hours and hard or dangerous work. The five-day work week has become the norm out of necessity, quite aside from encouragement in this direction by the Ministry of Labor and the ILO (International Labor Organization).

These major changes taking place in our market ensure that your islands will enjoy further growth in tourism from Japan for the foreseeable futur-.

My third area of concern today involves the promotion of Japanese tourism to the Pacific islands.

Since Hawaii has set the best example as an overseas vacationland for Japanese tourists, it might be worthwhile to consider the history of Hawaii's development as a tourist destination, and to compare this with the present marketing positions of Guam and the Northern Marianas.

Since 1964, Hawaii has been a perennial destination for the Japanese traveler. In the beginning, planes carrying businessmen traveling to the U.S. mainland and Canada stopped there to refuel, until jumbo jets with their longer range began offering direct flights from Japan to cities on the North American continent.

In the 1970s, Hawaii became a mecca for Japanese honeymooners. And in the 1980s, it became a mecca for everybody, including young single people and college students. Today, Hawaii is attracting the highest rate of repeat visitors -- as one-time honeymooners return with their children.

The number of Japanese visitors to Hawaii increased 2.5 times in the 1980s. The number of Japanese visiting Guam grew at an even faster rate of 2.8 times during the same period. And the Northern Marianas played host in 1990 to 3.6 times the number of Japanese visitors they had entertained in 1980.

Since the figures for Hawaii show quadruple growth during the preceding decade from 1970 to 1980, we might surmise that these three island destinations are at different stages of development in terms of Japanese inbound tourism. Hawaii is at the stage of full maturity, with a comparatively moderate growth rate; Guam is at the stage of semi-maturity, with a rate more or less in line with the growth of Japanese outbound tourism in general; and the Northern Marinas are at a relatively early stage of development as far as attracting Japanese tourists is concerned.

In 1990 there were approximately 70,000 rooms -- or 25.5 million room nights -- available in Hawaii. If we divide this by 1.4 million, the number of Japanese visitors during that year, we get an index of 18 rooms per night for each Japanese visitor. For the sake of comparison, I am disregarding such factors as double or single occupancy and average length of stay.

Using the same formula for Guam, we arrive at a hotel room availability index of 2.5. Applying the formula to the Northern Marianas gives us 2.4, an index slightly lower than Guam's.

We should also take into account the Japanese portion of the total visitors to the islands. Japanese tourists comprise about one-fourth of Hawaiian tourists and over 90 percent of visitors to Guam and the Northern Marianas. Nevertheless, the room availability figures suggest that Hawaii offers more flexibility in its ability to accommodate Japanese tourists, if it so wishes.

Please allow me to emphasize here that we Japanese have no desire to monopolize the Hawaiian Islands' resort facilities.

The latest report on airline seating capacity for direct flights between Japan and the Pacific Islands shows Hawaii with 2,160,000 seats, Guam with 1,360,000 and Saipan with 750,000. When we divide these figures by the numbers of annual visitors, we get 1.5, 2.1 and 2.3 seats per person, respectively, for the three destinations.

Considering that weekend departures are heavier in the cases of Guam and Saipan than for Hawaii, and that the percentage of Japanese is smaller on the Hawaiian route, it is clear that airline seating is equally available for these three Pacific island destinations.

All things considered, this overview of the basic factors involved in tourism to certain destinations reaffirms that the basic infrastructure concerning access and accommodation is in place. We are also aware, however, that such basic factors as air transport and hotel rooms alone cannot attract visitors from abroad.

We have a saying in Japan that goes, "To carve an image of Buddha and leave out the soul," the gist of which is, "to fail to put

the finishing touches on a job." It seems to me that the soul of tourism promotion is the human factor -- or service -- and this is something that also needs attention.

The top five reasons Japanese give for foreign travel begin with a desire to "enjoy nature and scenery." This is followed by a wish to "visit famous historical sites and buildings" in second place, to "taste other countries' foods and delicacies" in third, to "go shopping" in fourth and to "rest and relax" in fifth. I think all of your islands satisfy these motivations for Japanese to travel to overseas destinations.

On the other hand, the primary factor outside of the usual concerns about time and money that deters our customers from traveling abroad is the "language barrier." This fear of being unable to communicate is followed in order of importance by concern about safety -- fear of street crime and theft -- and uncertainty about the food in unfamiliar countries.

With 8.8 percent of the Japanese population now venturing overseas for vacations, the majority of our customers are people who are not particularly adept at English. It is unfair simply to let these people remain deaf and mute throughout their sojourn, but there are limitations to the number of Japanese expatriate staff we can station abroad to help them. There is also an acute shortage of Japanese-speaking escorts to stay with our travelers all the time.

Beginning this year, we at JTB are directing a substantial amount of financial and human resources toward developing the service system at our popular overseas destinations. We call this our "Be Our Guest" program. Its goal is to upgrade the Japanese-language services provided by our staff at these destinations -- and I do not mean expatriate Japanese staff, but people from the host countries themselves.

It usually takes much longer to train a tour guide than to build a hotel. But we feel certain that these efforts to maximize our customers' satisfaction will pay off for the host countries, states and regions concerned -- and certainly not least for JTB.

Concerning other aspects of infrastructure and services, I have prepared a checklist which has been handed out to you so that you can evaluate your own offering in comparison with that of the competition. As you know, most of that competition is represented here today. I hope that, within a spirit of friendly competition, you all work to ensure that your slice of the pie remains your own and that the pie itself continues to grow and grow. I have also brought along copies of an annual report which provide a general overview of Japanese overseas travel. I hope these will prove useful to your future efforts to attract more Japanese visitors to your islands.

Before concluding, I would like to give a personal forecast concerning the growth of Japanese tourism in your region. As a businessman without the benefit of a crystal ball, I may well be proved wildly wrong in my predictions in five or 10 years' time. I

might also mention that, while I have every desire to repay the kind hospitality you have extended to my wife and myself on this visit, I would like all of the leaders of the Pacific Islands to realize that this rather rosy forecast is possible because of our shared commitment and determination at JTB to satisfy our customers who visit your islands.

I have asked the opinion of the top management of both JTB Hawaii, Inc., and Pacific Micronesia Tours, Inc. -- both JTB subsidiaries which are fully committed to the promotion of tourism in these areas -- concerning the future of Japanese travel to Hawaii, Guam and the Northern Marianas. They have all concurred with my bullish forecasts.

We believe that by the end of 1995, Hawaii will be attracting 2.5 million Japanese visitors a year, and that by the end of the year 2000, this number will reach 3.3 million. Inbound travelers to Guam from Japan will reach 900 thousand in 1995 and 1.5 million by the year 2000. The Northern Marianas will host over 450 thousand Japanese in 1995, and 750 thousand by the year 2000.

For your information, our JTB Group companies are now operating under a long-range management program which assumes that our sales volume will double by the year 2000.

Before ending my presentation, I must confess to a limited knowledge of American Samoa. I know only that 200 Japanese visited these islands in 1990 and that visitors from the U.S. accounted for more than 14,000 of the total of 26,000 that year.

The Governor of American Samoa might be interested to know that a considerable number of Japanese high school and university students know from their English textbooks that Pago Pago served as the backdrop for William Somerset Maugham's story, "The Rain."

I hope you will forgive me for not being able to highlight your country in my speech, as this failure stemmed from my lack of experience with your beautiful islands.

Thank you all for your kind attention.

DESTINATION CHECKLIST

1) Advertising and promotions in Japan
2) Supply of information to agents and potential visitors
3) Visa or visa waiver requirements
4) Immigration and customs procedures
5) Availability of Japanese-speaking staff to meet and instruct visitors and serve as airport porters and money exchange personnel
6) Condition of ground transport to hotels (taxi or limo)
7) Availability and training of hotel bellmen and porters
8) Front desk receptionist or guest relations officer
9) Japanese-language instructions for guest room services and emergency procedures
10) Information concerning the safe-keeping of valuables.
11) Japanese-language directory explaining services, including dining facilities and telephone use
12) Air conditioner, TV, running water, hot water, bathtub, telephone, hair dryer
13) Tour desk offering special sightseeing or shopping tours
14) Tour guides, bus drivers, air-conditioned buses, PA system
15) Japanese-language menus
16) Wake-up call service
17) Mini-bar settlement (honor system)
18) Emergency telephone numbers

ATTACHMENT E

PRESENTATION OF:

CONGRESSMAN ENI F.H. FALEOMAVAEGA, AMERICAN SAMOA

MR. DON BECK, PRESIDENT, THE PACIFIC GROUP

"PERSPECTIVES ON U.S. POLICIES TOWARDS U.S. FLAG TERRITORIES AND HAWAII"

by

Honorable Eni F.H. Faleomavaega

Member of U.S. Congress

PACIFIC BASIN DEVELOPMENT COUNCIL

Saipan, Commonwealth of the Northern Mariana Islands

November 5, 1991

ADDRESS BEFORE THE PACIFIC BASIN DEVELOPMENT COUNCIL SAIPAN COMMONWEALTH OF NORTHERN MARIANA ISLANDS NOVEMBER 5, 1991

Thank you for the opportunity to speak before you today on some of the major issues affecting Hawaii, the Pacific territories, and their relationships with the United States. Specifically, I want to share with you some impressions on U.S. policies on political relationships toward the insular areas in the Pacific, including the on-going negotiations on the political relationship between the United States and the Commonwealth of the Northern Mariana Islands, primary jurisdiction over EEZ resources, and the mood of Congress on local assertions of sovereignty over marine issues.

With regard to the CNMI negotiations, let me say that I have been monitoring or involved in political negotiations between the United States and the Northern Mariana Islands since the 70's, and I am deeply disturbed that the negotiations have not been more fruitful. The history of these negotiations, and I need not repeat that history to this group, is deplorable. What started out as two parties negotiating presumably in good faith, has deteriorated over the years to the point that the elected representatives of the Northern Mariana Islands who testify before Congress have little good to say about either the history or near-term future of the negotiations.

The central issue in these negotiations, in fact the one issue which subsumes all others, is whether the Covenant which establishes the

Commonwealth of the Northern Mariana Islands is a treaty between the Commonwealth and the United States, or a public law based on the territorial clause of the United States constitution. This is critically important because many of the important issues such as whether the Commonwealth is entitled to sovereignty over its EEZ hinge on the status of the Commonwealth. Simply put, the issue is: Was the 1976 Covenant between the United States and another sovereign subject only to the administration of the United Nations, or was the Covenant a compact made pursuant to the territories clause of the U.S. Constitution?

Based on my review of testimony received at Congressional hearings and relevant documents, I have concluded that the position taken by the Commonwealth of the Northern Mariana Islands in the on-going negotiations is correct and the Covenant was not made pursuant to the territories clause.

Once that conclusion is reached, in my mind it follows that the CNMI is entitled to pursue its own interests with regard to negotiating financial assistance from other countries, controlling the resources of its EEZ, and being free from U.S. audit of its local funds. I strongly support the CNMI's position on these issues and urge its negotiators to continue in their efforts.

There have also been questions raised on other territorial issues, in particular issues relating to local sovereignty over marine resources. Over the years it has been my impression that any move toward closer ties to the United States will only meet with success if the group seeking the new status is American in nature.

A good example of this is the current status of Puerto Rico's political evolution. Over the years, there has been movement by those who support statehood for Puerto Rico. In opposition to this dream and the privileges and responsibilities that go with statehood, there has been due consideration given

to the addition of another Congressional delegation of two senators and six or seven Members of Congress. These Members would either have to be added to the current 435, or other jurisdictions would lose seats to the benefit of Puerto Rico.

Historically, unlike other jurisdictions in the American family, Puerto Rico has maintained a strong affinity to the Spanish culture. Rather make Americans out of Puerto Rico, a unique status was established whereby Puerto Rico was entitled to several federal grant programs along with representation in the House of Representatives.

At the same time, the Commonwealth of Puerto Rico kept its strong cultural ties to the Spanish culture. This tie is so strong that it has created some problems. For example, at one point U.S. citizens from Puerto Rico were being inducted into the U.S. military, but many were not well versed in the English language. One can imagine the nightmares the armed serves were confronted with relative to instruction and training for Puerto Ricans who joined the military. It got to the point that the military simply mandated English as a prerequisite for joining or Puerto Ricans were not allowed to join.

And speaking of languages, the Puerto Rican government led by Commonwealth proponents, has recently passed legislation to recognize the Spanish language as the official language of the Puerto Rican people. In recognition of this special action, King Don Juan Carlos II of Spain, at a royal proceedings two weeks ago, presented a special award to Governor Hernandez Colon of Puerto Rico for promotion and enhancement of the Spanish language and culture in Puerto Rico. We will see how this movement plays well with Congressional supporters for statehood status.

For the past 80 years, there have been three factions actively pursuing statehood, commonwealth, and independent status for Puerto Rico. The procommonwealth proponents appeared to have dominated the island's political development even until now, but with President Bush's personal and public support for statehood status, the debate has become livelier. Three years ago when the President raised the issue publicly, it was thought statehood was eminent. A special referendum was planned so that the people of Puerto Rico could choose among the three options. Unfortunately, even Congress could not agree on how to proceed if and when Puerto Rico may choose any of the options - especially statehood when considering federal grant programs and how much financial support the federal government will have to provide Puerto Rico's 3.5 million population.

The House bill, which passed the House last year, set forth the three options in general terms, with final negotiations to begin after the referendum. On the contrary, U.S. Senator J. Bennett Johnston, Senate Committee on Energy and Natural Resources, noted strongly that each of the three options should be set forth in detail, so the people of Puerto Rico will know exactly what each option provides for them.

As I stated earlier, the issue of financing Puerto Rican statehood was a major consideration with both Houses of the Congress. Some estimates went as high as $3 billion annual cost to the U.S. Treasury to support Puerto Rican statehood.

It should be noted that Senate version as advocated by Chairman Johnston, did not pass the Senate itself; and even then, the Senate did not consider the House version that passed near the closing of the 101st Congress.

In fairness to the Senate, I should also mention that before the most recent effort began, all three factions in Puerto Rico have agreed that if Congress could not agree on enabling legislation by the summer of this year, all Congressional

consideration of Puerto Rico's political future should be deferred until after next year's national and local elections.

Let me say that I think there is a message in all this for Guam's commonwealth negotiations as well. My impression is that the general mood right now in the Congress is that you be part of America with the least amount of strings attached, i.e., the more you put conditions on the negotiation table, it becomes less likely that Congress will accept the offer. Nevertheless, I commend Governor Ada and members of the Commonwealth Commission for their diligence and persistence to pursue what they consider to be in the best interest of Guam's future and her people.

The issue of sovereignty over the EEZ's in the Pacific is a sensitive one. While it is commendable that sovereignty is strongly asserted by certain coastal states of our country, it raises strong policy and constitutional questions as well.

I raise this because when coastal states and territories raise the issue of control over the waters adjacent to their land masses, the continental states will want to assert their rights also. For example, if California is allowed to control its resources out to 200 miles, why shouldn't Arizona be entitled to the resources in the water out to 200 miles from its coast? Or why shouldn't West Virginia exert similar control over an imaginary 200-mile EEZ outside its state boundary lines? Federal supremacy was established over these issues to avoid these kinds of internecine conflicts, which would otherwise have to be adjudicated in the courts. And you can imagine what this would do to interstate commerce amongst the several states.

We all know that the FSM was given control over its EEZ, and my response on this issue is that the FSM does not have the same legal relationship with the United States as that of Guam, CNMI, American Samoa, or Hawaii.

I think the CNMI and the other territories are in for difficult negotiations if the goal is complete sovereignty; however, I am hopeful for a workable compromise by allowing the U.S. to maintain its sovereignty over the regions, but permitting a certain percentage of revenues derived from these areas to be returned to them.

At this point, let me clarify my position as to why I was opposed to Senator Inouye's amendment to include tuna in the Magnuson Act. I have no hidden agenda on this issue; my disagreement was based on the requests of our tuna fishing and canning industries in Samoa. While I respect the position taken by Guam in her efforts to pursue commonwealth status, and the CNMI with its Covenant negotiations, and Hawaii with its fleet of some 40,000 commercial and recreational sports fishermen, American Samoa's own economic interests on this point were obviously different from its Pacific Basin Development Council members. I see this disagreement as an honest one based on the same policy having a vastly different impact on the various insular areas. It was because of this disparate impact that the new provisions would have on American Samoa, that Senator Inouye was kind enough to agree to the one-year moratorium in implementation of the new provisions.

One final issue I wish to comment on and that is French nuclear testings in the Pacific. I am convinced that continued testing can and will cause serious economic problems for the Pacific Basin Development Council members by

degrading the environment in the region. Based on this degradation in the environment, I believe that the members of the Pacific Basin Development Council should express their concerns more forcefully.

At the North Atlantic Assembly Conference I recently attended, we discussed the importance of the marine environment, and I proposed a two-year moratorium on the testing of nuclear weapons. While other members of the U.S. delegation were opposed to this since it did not comply with current U.S. policy to continue its nuclear testing program some 1,500 feet underground at the Nevada desert, I did find support for an amendment to the final resolution to establish a scientific commission to study this important issue. The amendment reads: The assembly urges the nuclear weapons-possessing states and parliaments of the Atlantic Alliance: "to establish a scientific commission within the Atlantic Alliance to examine the environmental impact of nuclear testing, in particular nuclear contamination in the atmosphere, above and under ground, and on or under water."

The delegations from both the United States and France supported this amendment, and it passed the full Assembly unanimously. I am hopeful that the North Atlantic Assembly members will establish this scientific commission and that any reports will be seriously considered. This is a vital inroad toward improving the marine environment in the Pacific, which is consistent with the protests and strong objections to French testing made at the South Pacific Forum since 1966.

At present I do not agree with the U.S. policy where the U.S. objects to any moratorium on the testing of nuclear weapons. As I mentioned earlier, I tried to get a two-year moratorium on nuclear tests to provide time for the world to reassess its position and establish some sane thinking on this issue. The Berlin Wall is down, the U.S.S.R. is in disarray, and I do not see why our country needs a more effective system to totally destroy the world.

As a reason to continue nuclear testing, I am told our country needs to assess further the 'survivability ratio' of humans who are subjected to nuclear explosions. I submit, what is there to survive for after the nuclear attacks? What myth are we now advocating when there is no reason to think this planet will grow and prosper with its life cycle almost completely destroyed or contaminated as a result of a nuclear war?

As you know, the U.S. has the capability, without the help of the U.S.S.R., to blow this planet to bits and pieces. I cannot fathom the justification in this 'new world order' for not stopping testing and re-evaluation quickly changing events.

Many island nations share a spiritual feeling that the earth is literally our mother, and that she provides sustenance and life for all of humanity, plants, animals, and marine environments.

It is my opinion that the earth is in agony and in great pain for all the unkind things that mankind has done to her, and nuclear tests are among the worst.

I don't need to tell you about Nagasaki or Hiroshima, or our Micronesian cousins who were severely subjected to nuclear contamination because of U.S. nuclear testings in the Pacific. If any of you wish to re-emphasize the seriousness of the problem, I suggest you go to Rongelap Island and meet with

the hundreds of Micronesian people who are still suffering today as a result of the 'Bravo' hydrogen bomb detonation in 1954. The events of that day are well documented in the book A Day of Two Suns, and I commend the book to you if you have not read it already.

I want to thank all of you again for the opportunity to address these issues. I know you have a full agenda, and I appreciate the opportunity to participate in the discussions.

AVIATION PRESENTATION BY DONALD L. BECK

1991 Annual Meeting of the Pacific Basin Development Council

Saipan, Northern Mariana Islands

Tuesday, November 5, 1991

ARNOLD TOYNBEE said the challenge of the '80s will be to manage change. He must have seen the U.S. airline industry in his crystal ball when he said this. These changes include the disappearance of Braniff, Eastern, Piedmont, and Western Airlines; Pan American and Continental in Chapter 11 (bankruptcy), and TWA and Northwest struggling with debt. Change is sometimes used interchangeably with progress. But it is not necessarily the same thing.

Speaking of progress reminds me of the story about two hunters that went around aviation circles recently. They went into the fixed base section of the Seattle Airport where there were a number of hangers housing float planes. Approaching one of the float plane pilots they said, "we would like you to fly us into this little lake here on the map". The guy looked and said, "gee, I don't know. That is a very small lake". One of the hunters said, "well, the guy two hangers down took us in there last year". So the pilot said, "well, if he can do it, then I can too". So off they went and after landing, the pilot taxied up to the little dock and advised the hunters that he would be back in a week. When he came back, there on the dock were two huge elk. He was shocked and said, "gee whiz, guys; I can maybe get out of here with the two of you, but those elk are probably too heavy". The hunters said, "well, the guy last year took our elk". So again, not to be outdone, the pilot said, "well, okay, let's get them tied onto the pontoons". So they did and the pilot taxied the airplane way up into the longest inlet on the lake, came roaring out of there and across the lake. Just as he broke from the water, he got behind the power curve a little. The airplane faltered, caught a wing tip on one of the treetops, and crashed into the hillside. One of the hunters fought his way up out of the debris and yelled, "hey, Charlie, where are we?" And Charlie said, "well, I think we are about 50 yards further than we were last year".

Now I suppose that that could be called "progress". But not exactly the kind we all envision when we use the word. Be assured change or "progress" will continue and you will be impacted. And that is what I wish to discuss with you for a few minutes today.

HUB AND SPOKE SYSTEM. One of the signs of progress in aviation in the USA today is the hub and spoke system. In today's U.S. aviation industry, if "you ain't got a hub, you ain't modern". United has Chicago and Denver; American has Dallas and Chicago; Northwest has Minneapolis/St. Paul and Detroit; Continental has Newark and Houston; and so on.

The good news is you are a hub city is that you have an increase in your flight activity and probably an increase in the number of cities served from

your hub.

The bad news is that the flights are not necessarily timed to serve the residents of the hub city, but rather to cross-connect in the banks of flights in the hub. And further the amount of land and size of terminal facilities increase by leaps and bounds in order to provide the gates required for a hub complex.

By and large, however, in looking at hub and spoke systems as they have evolved in the Pacific, they have been a plus, not a minus. Certainly Hawaii has seen the impact more than any other island area, as of this point in time. As United, Delta, and Continental have built cross-connecting hubs complexes at Honolulu, many additional cities now have non-stop service to and from Hawaii; there are non-stop flights to all major hubs of U.S. carriers serving Hawaii and new international destinations. Certainly, the development of a hub in Guam has added direct service from Guam to a number of additional cities in Asia with the resulting opportunity to develop inbound tourism from these countries.

As hubs develop, you must have a pro-active and continually updated aviation master plan that must be developed jointly with the carriers involved to give you the best access to added tourist markets and minimize the development costs to achieve this growth. In order to focus on another facet of the hub systems and their impact on island areas, one must accept the concept of the family relationship between island groups with respect to tourism development.

ISLAND TOURISM ECONOMIES ARE SYNERGISTIC and can influence one another dramatically. As air service patterns develop, this impact is magnified. An example is Hilo and Oahu in the State of Hawaii. In the early days of tourist development in the State of Hawaii, an effort was made to stimulate traffic to the Hawaiian Neighbor Islands through a pricing gimmick called the "Maui Fence". By entering the State through one gateway (Hilo) and exiting another (Honolulu) or vice versa, all neighbor islands could be visited for a $5 per stopover fare. The mainland carriers subsidized the fare for the local interisland airlines. It worked. When the "Maui Fence" pricing gimmick went away, so did all the direct service to Hilo and Hilo has an unused terminal to prove it. And the papaya farmers had a supply of papaya they couldn't get to market.

It then appeared that the best way to grow traffic to the neighbor islands until both the tourist infrastructure and the traffic could sustain non-stop flights from the marketplace to the neighbor islands was to hub over Honolulu. The growth of tourism in the neighbor islands was a boon to Honolulu since it will always be the bread basket and distribution center for goods and services for the State. As a result, the economy of Honolulu will be impacted by the rise and fall of the neighbor island economies.

Similarly, Guam will be impacted impacted by the tourism and economic growth of the Federated States of Micronesia, Palau, and the Northern Marianas. Saipan will be impacted by the growth and sophistication of the visitor plants on Tinian and Rota. In the same way, American Samoa will be directly affected by the economic health of Western Samoa, Tonga, and other South Pacific Island nations. If one accepts this synergistic concept, then the prime ingredient (i.e. the air service to the hub island) becomes critical and any major changes to this service can have either good or bad influence.

Some of the other factors that will impact island air service in the future are: the consolidation of the U.S. airline industry, foreign investment, and current and planned airframe technology.

CONSOLIDATION OF U.S. AIRLINE INDUSTRY. First, the consolidation of the U.S. airline industry is taking place. There are those, including U.S. Transportation Secretary Skinner, who forecast that there will only be 4 to 7 American carriers in the future.

Island governments should be sure there is an opportunity to protect themselves in mergers or acquisitions of their U.S. air carriers.

This same kind of carrier consolidation is also likely to happen in Europe as it moves toward open markets and, therefore, an open skies policy. While the same trend is not yet emerging in Asia or the Pacific, this should also be closely monitored by Island governments and a recognition that as regulation disappears that economic issues will determine your level of air service, not the dictates of government agencies.

FOREIGN INVESTMENT IN U.S. CARRIERS. Another area of concern should be foreign investment in U.S. air carriers. As U.S.-sourced capital has dried up, U.S. carriers have turned to foreign investors as a source of needed capital. U.S. policy, which formerly allowed only 25% by non-U.S. citizens in U.S.-citizen airlines, has now softened to allow 49% ownership (but only 25% voting stock or control) by non-U.S. citizens. No one knows yet where this trend will take the airline industry. But the ramifications of such foreign ownership could be a plus or minus and, as such, should be very carefully monitored.

Further, one hears the new buzz word in aviation today is of the "global carrier". Just what that is, no one knows. But it would appear that it is a product of the rumored talks between British Airways, KLM, and Northwest, as an example; Japan Airlines, SAS, and Continental is another.

A frequent presence in the executive offices of the major carriers serving your island areas should be a must; a must question to ask is "what are your plans for us?"

AIRCRAFT TECHNOLOGY. The vastness of the Pacific Ocean always raises the issue of current and planned airframe technology. As aircraft with longer range and greater capacity come on stream, do we again see the overflight above our islands direct to Asian capitals? Will the supersonic aircraft be a blessing in that it will allow flights to Honolulu from the U.S. East Coast and from Europe? Or will it create the overflight of tourists to Asian points beyond Hawaii?

As the slot constrictions at airports like Narita cause 1,000 passenger aircraft to be built to maximize the capacity of those limited slots, do those large aircraft not fly to our islands because of the lack of tourist facilities to accommodate that amount of traffic?

I do not purport to have answers to all these questions but would suggest to the leaders of the island governments gathered here that your air service can and probably will be affected by these changes. I would urge you ensure that the channels of communications are open to the aviation policy people in Washington so your concerns about the potential impact of these events, as they occur, are considered earlier, rather than later.

SHIFT FROM REGULATION TO MARKET-DRIVEN ROUTE SYSTEMS. I would further urge that you recognize the shift from regulation to market- or economic-driven route systems. I am convinced that as open skies becomes more and more a worldwide reality that government regulations, like essential air service requirements will disappear. And the cold, hard facts of the viability of an international route will be the criteria for air service.

Again, a good news/bad news story in the Thursday USA Today about Anchorage Airport and its tremendous loss of passenger flights due to the relaxing of overflight restrictions over Soviet territory resulting from recent political changes in that country. The action by Anchorage to attract Federal Express or United Parcel Service to create a cargo hub there is exactly the type of pro-active thinking and planning that will be required in the future to protect air service in the Pacific Islands. I salute Anchorage and encourage you to emulate them.

I would also recommend you consider improvements to increase your U.S. aviation attractiveness. Improved infrastructure such as a maintenance base, cold storage for transshipment of perishables, and a cargo/freight facility are some options.

I hope that these thoughts will be helpful in your deliberations during this conference and thank you for inviting me to share them with you. I would like to leave you with one thought. You cannot allow an airline planning department to determine your aviation future without your input. Don't get behind the power curve; control you own aviation destiny by pro-active aviation planning.

Pacific Basin Development Council

Suite 325 • 567 South King Street • Honolulu, Hawaii 96813-3070
Telephone (808) 523-9325 Facsimile (808) 533-6336

RESOLUTION IN SUPPORT OF FULL STATE FUNDING FOR AMERICAN SAMOA AND THE COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS UNDER THE DRUG CONTROL AND SYSTEM IMPROVEMENT PROGRAM OF THE FEDERAL ANTI-DRUG ABUSE ACT OF 1986, AS AMENDED (1988).

WHEREAS, the Pacific islands continue to experience an increase in the use and trafficking of unlawful narcotics and other dangerous substances; and

WHEREAS, the Pacific islands have been used by neighboring countries (including Southeast Asian countries and the Philippines), as transit points for unlawful drugs and other dangerous substances entering Hawaii and the United States Mainland, and,

WHEREAS, a marked increase in the types and quantities of illegal narcotics and other dangerous substances have been noted in the Commonwealth of the Northern Mariana Islands, Guam, and American Samoa; and,

WHEREAS, the Pacific Basin Development Council and the island nations it represents seek to assist in whatever way possible in combatting the illegal use and trafficking of unlawful drugs and other dangerous substances within the Pacific basin; and,

WHEREAS, the Pacific Basin Development Council recognizes that the importation and abuse of illegal narcotics and other dangerous substances are not conducive to the progression, improvement, and well-being of the Pacific basin cultures and people; and,

WHEREAS, the Federal Government has considered the Commonwealth of the Northern Mariana Islands and American Samoa as a "full state" for purposes of determining the funding allocation available under the Anti-Drug Abuse Act of 1986; and,

WHEREAS, the Commonwealth of the Northern Mariana Islands and American Samoa each received federal formula drug funds available under the Anti-Drug Abuse Act of 1986 which were equal to or greater than the minimum amount allocated for each participating state in Fiscal Years 1987 and 1988; and,

WHEREAS, the U.S. Congress amended the federal Anti-Drug Abuse Act in 1988 and amended the eligibility of the Commonwealth of the Northern Mariana Islands, American Samoa, and Guam to be jointly considered as "one state" for purposes of determining the funding allocation with the Northern Marianas receiving only 17%, American Samoa 33%, and Guam 50% of a state share; and,

WHEREAS, Guam succeeded in regaining its full state status under an amendment to the Anti-Drug Abuse Act included in the Palau Compact of Free Association in Fiscal Year 1990; and,

WHEREAS, the Commonwealth of the Northern Mariana Islands and American Samoa continue to be treated as one state with the Commonwealth of the Northern Mariana Islands eligible for only 33% of a state share and American Samoa eligible for the remaining 67% of a state share; and,

WHEREAS, the Commonwealth of the Northern Mariana Islands and American Samoa desperately need the federal drug funds to enhance and retain their local drug control programs established to assist in the successful enforcement of their respective drug laws and in assisting the Nation in its battle to combat drug trafficking and drug use as outlined in the President's National Drug Control Strategy;

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the Pacific Basin Development Council hereby supports the efforts of the Government of the Commonwealth of the Northern Mariana Islands and the Government of American Samoa to regain their full state status under the federal Anti-Drug Abuse Act; and

BE IT FURTHER RESOLVED that copies of this resolution be provided to the U.S. Attorney General, the American Flag Pacific Islands Congressional Delegations, appropriate Congressional Chairman of the Oversight and Appropriation Committees, and the National Criminal Justice Association.

APPROVED BY:

11-6-91
Date of Approval

LORENZO I. DE LEON GUERRERO
President and Governor of
Commonwealth of the
Northern Mariana Islands

JOSEPH F. ADA
Vice President and
Governor of Guam

WITNESSED BY:

Jerry B. Norris
Executive Director

JOHN WAIHEE
Secretary and
Governor of Hawaii

Carolyn K. Imamura
Director of Planning
and Programs

PETER TALI COLEMAN
Treasurer and
Governor of American Samoa

ATTACHMENT F

<u>PBDC BOARD POLICY POSITIONS</u>

<u>AND</u>

<u>CORRESPONDENCE</u>

Pacific Basin Development Council
Suite 325 ∘ 567 South King Street ∘ Honolulu, Hawaii 96813-3070
Telephone (808) 523-9325 Facsimile (808) 533-6336

RESTRICTION OF THE INSPECTOR GENERAL OF THE U.S. DEPARTMENT OF THE INTERIOR'S AUTHORITY TO AUDIT NON-FEDERALLY GENERATED FUNDS AND ACCOUNTS IN THE TERRITORY OF GUAM AND THE COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS

WHEREAS, the Governors of the Territories of American Samoa and Guam, the Commonwealth of the Northern Mariana Islands, and the State of Hawaii, met in Annual Session of the Pacific Basin Development Council in Saipan; and

WHEREAS, the Governors recognize that the U.S. Department of Interior Inspector General's role is to review the expenditure of authorized, appropriated, or awarded Federal funds; and

WHEREAS, Federal legislation purports to grant the Inspector General of the U.S. Department of the Interior the authority to audit not only Federal funds but those funds, accounts, and programs of the Territory of Guam and Commonwealth; and

WHEREAS, no other Federal Inspector General has authority to audit revenues in the Territory of Guam and the Commonwealth, nor does any Federal Inspector General have authority to audit non-Federal funds, accounts, and programs in any State; and

WHEREAS, the issue of the Inspector General of the U.S. Department of the Interior's authority to audit non-Federally generated revenues is not conducive to harmonious inter-governmental relations; and

WHEREAS, the continuation of the Inspector General of the U.S. Department of Interior's authority to audit non-Federally generated funds, accounts, and programs in the Territory of

Guam and the Commonwealth is contrary to the often-stated Federal intention of promoting greater self-government and autonomy in the Territory of Guam and the Commonwealth; and

WHEREAS, the Territory of Guam and the Commonwealth have achieved sufficient technical sophistication to conduct internal audits of their own funds and programs;

NOW THEREFORE BE IT RESOLVED that we respectfully request that the authority of the Inspector General of the U.S. Department of the Interior be restricted to the audit of Federal funds in the Territory of Guam and the Commonwealth of the Northern Mariana Islands; and

BE IT FURTHER RESOLVED that the appropriate legislative committees of the U.S. Congress take action to limit the Inspector General of the U.S. Department of the Interior's authority to audit in the Territory of Guam and the Commonwealth; and

BE IT FURTHER RESOLVED that copies of this resolution be forwarded to the President of the United States, Speaker of U.S. House of Representatives, President of the U.S. Senate, the Director of the U.S. Office of Management and Budget, the chairmen of appropriate Congressional Committees, the Congressional Delegations of the American Flag Pacific Islands, the Secretary of the U.S. Department of the Interior, and the Chairmen of the National Governors' Association and the Western Governors' Association.

APPROVED BY:

11-6-91
Date of Approval

LORENZO I. DE LEON GUERRERO
President and Governor of
Commonwealth of the
Northern Mariana Islands

WITNESSED BY:

JOSEPH F. ADA
Vice President and
Governor of Guam

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November 6, 1991

The Honorable James A. Baker
Secretary of State
2201 C Street, NW
Washington, DC 20520

Dear Mr. Secretary:

The purpose of this letter is to express our concern with potential consequences of treaty negotiations to establish the South Pacific Regional Environment Program (SPREP) as an independent, inter-governmental organization.

The governments of American Samoa, Commonwealth of the Northern Mariana Islands, and Guam have been full members of SPREP since its inception. When the decision was made to establish SPREP as an independent organization outside the South Pacific Commission, we assumed that the US territorial and commonwealth governments would be permitted to participate in the negotiations. Moreover, we also assumed that the governments of American Samoa, the Commonwealth, and Guam would continue to participate as full members of SPREP after it was established as an independent body. However, there appears to be some question about the possibility of territorial and commonwealth involvement in the negotiations and full membership in SPREP.

Environmental issues have become increasingly important in the American Flag Pacific Islands. While the Pacific Basin Development Council has become more involved in environmental matters in recent years, we feel very strongly that the participation of American Samoa, Commonwealth of the Northern Marianas, and Guam in the treaty negotiations process and as full members of SPREP is extremely important.

Officials from the Department of State initiated some preliminary discussions with representatives of the Pacific territorial and commonwealth governments to seek our views on the treaty negotiations, for which we are grateful. We have also written to Assistant Secretary Curtis Bohlen requesting information on the existing status of SPREP, its current policy development and planning arrangements, and your department's view on possible roles for the Pacific territories and commonwealth. Unfortunately, we have not received an answer to that letter which was dated October 9th.

At our annual Pacific Basin Development Council meeting held on Saipan, November 3-6, we discussed the SPREP treaty issue. We felt that the inclusion of the Pacific territories and commonwealth in the treaty negotiations and as full members of SPREP was so important, we should make our views known to you directly.

We realize that the involvement of the Pacific territories and commonwealth could raise a host of policy questions about the involvement of members of the US family in an independent, inter-governmental organization. However, the territories and commonwealth have participated as full members of both SPREP and the South Pacific Commission for many years. Moreover, it is clear from developments in the Soviet Union that a host of new international diplomatic arrangements are emerging. We are confident, therefore, that the desires and aspirations of the Pacific territories and commonwealth to participate in SPREP can be accommodated.

Finally, we feel that it would be in the best interest of the United States, the American Flag Pacific Islands, and the independent and freely assoicated states of the Pacific Islands region to involve the State of Hawaii in the treaty negotiation process and SPREP programs. Hawaii shares many environmental concerns with its Pacific neighbors. The State also has technical capacity in many areas of environmental management that could be of benefit to the Pacific Islands region.

cc: The Honorable E. U. Curtis Bohlen

Sincerely,

11-6-91
Date of Approval

LORENZO I. DE LEON GUERRERO
President and Governor of
Commonwealth of the
Northern Mariana Islands

JOSEPH F. ADA
Vice President and
Governor of Guam

WITNESSED BY:

Jerry B. Norris
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Governor Lorenzo I. DeLeon Guerrero
Commonwealth of the Northern Mariana Islands
President

Governor Joseph F. Ada
Guam
Vice President

Governor John Waihee
Hawaii
Secretary

Governor Peter Tali Coleman
American Samoa
Treasurer

November 6, 1991

The Honorable Walter B. Jones, Chairman
US House of Representatives
House Merchant Marine & Fisheries Committee
1334 Longworth House Office Building
Washington, DC 20515-6230

Dear Chairman Jones:

We are writing to solicit your support in resolving a major conflict that has arisen between the Office of Ocean and Coastal Resource Management (OCRM) and our governments over provision of Section 309 of the Coastal Zone Reauthorization Act of 1990. As you may be aware, the American Flag Pacific Island Governments, along with other coastal states, object strongly to OCRM's interpretation of certain provisions of the Act as reauthorized.

The coastal zone management programs in our jurisdictions, although very small in terms of number of personnel and levels of funding, are extremely important for the effective management our coastal resources. Because of this, our governments strongly endorse the enhancement of coastal zone management programs through the spirit of Section 309 and the provision of additional Federal funding. However, we fear that the course OCRM has taken in the development of guidance for the implementation of Section 309 may, in fact, undermine our existing programs rather than enhance their effectiveness. Our governments, along with the governments of the coastal states, have tried, with no success, to reason with OCRM on the issue of funding Section 309 at the expense of Section 306 programs and the establishment of State-to-State competition for Section 309 grant funding.

The membership of the Coastal States Organization (CSO) recently adopted a resolution which outlines the concerns of the coastal states with OCRM's interpretation of Section 309. This resolution is just the latest of many attempts by coastal states to convince OCRM that Section 306 funding should not, in any way, be reduced in order to fund the Section 309 enhancement program and that competition among the states, territories, and commonwealths would be very counter productive. The resolution also urges OCRM to broadly define "program change" [Section 309(b)] for the purposes of project eligibility.

We strongly endorse the provisions of the Coastal States Resolution on the CZMA Enhancement Grants adopted October 28, 1991. We also believe that while OCRM's current policies on the 309 enhancement program will adversely affect all coastal states, the American Flag Pacific Islands' (AFPI) coastal zone management programs will be more heavily impacted than other CZM programs.

Jerry B. Norris
Executive Director

The Coastal Zone Management programs in the AFPI have jurisdiction over virtually all development activities in our islands. Our program staffs are very small and any cuts in Federal funding for the core (Section 306) programs will have a significant impact on the ability of our governments to fulfill our Section 306 obligations. The amount of funding that may be available to our programs under Section 309, as outlined in the latest Section 309 guidance, will be very limited. The addition of "significant program changes," as envisioned for Section 309 funding eligibility by OCRM, could seriously overburden our core programs. The development of a grant proposal that will be competitive with a proposal from a large mainland state will require a significant investment of very limited staff resources and, quite frankly, we find the notion of inter-state competition antithetical to the spirit of the Federal--"state" partnership established through the Coastal Zone Management Act.

Over the last decade, the Governors of the AFPI and their Coastal Zone Managers have forged an important relationship in recognizing our unique island circumstances. In August of 1991, the National Governors' Association (NGA) meeting in general session, noted that our islands were unique in both their coastal and ocean management activities. While we realize that each of our islands are unique, they do have a number of similarities that are very different from the U.S. Mainland states. Not only do we not wish to compete with the large coastal program on the mainland, we do not wish to see competition among CZM programs within our region.

We would like to solicit your assistance in convincing the Office of Ocean and Coastal Resource Management that our current CZM programs cannot accommodate additional onerous program change requirements, and that the concept of "state versus state" competition be completely eliminated. We also respectfully request that the OCRM re-establish its goals of assisting states, commonwealths and territories manage their resources in a spirit of partnership cooperation, rather than continuing policies which are only designed to make us answerable to federal agencies.

cc: Cong. N. Abercrombe
Cong. P. Mink
Cong. B. Blaz
Cong. E. F. H. Faleomavaega

Sincerely,

11-6-91
Date of Approval

LORENZO I. DE LEON GUERRERO
President and Governor of
Commonwealth of the Northern
Mariana Islands

JOSEPH F. ADA
Vice President and
Governor of Guam

WITNESSED BY:

Jerry B. Norris
Executive Director

JOHN WAIHEE
Secretary and
Governor of Hawaii

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Governor of American Samoa

Pacific Basin Development Council

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November 6, 1991

The Honorable Ernest F. Hollings, Chairman
Committee on Commerce, Science and Transportation
U S Senate
SD-508 Dirksen Senate Office Building
Washington, DC 20510-6125

Dear Chairman Hollings:

We are writing to solicit your support in resolving a major conflict that has arisen between the Office of Ocean and Coastal Resource Management (OCRM) and our governments over provision of Section 309 of the Coastal Zone Reauthorization Act of 1990. As you may be aware, the American Flag Pacific Island Governments, along with other coastal states, object strongly to OCRM's interpretation of certain provisions of the Act as reauthorized.

The coastal zone management programs in our jurisdictions, although very small in terms of number of personnel and levels of funding, are extremely important for the effective management our coastal resources. Because of this, our governments strongly endorse the enhancement of coastal zone management programs through the spirit of Section 309 and the provision of additional Federal funding. However, we fear that the course OCRM has taken in the development of guidance for the implementation of Section 309 may, in fact, undermine our existing programs rather than enhance their effectiveness. Our governments, along with the governments of the coastal states, have tried, with no success, to reason with OCRM on the issue of funding Section 309 at the expense of Section 306 programs and the establishment of State-to-State competition for Section 309 grant funding.

The membership of the Coastal States Organization (CSO) recently adopted a resolution which outlines the concerns of the coastal states with OCRM's interpretation of Section 309. This resolution is just the latest of many attempts by coastal states to convince OCRM that Section 306 funding should not, in any way, be reduced in order to fund the Section 309 enhancement program and that competition among the states, territories, and commonwealths would be very counter productive. The resolution also urges OCRM to broadly define "program change" [Section 309(b)] for the purposes of project eligibility.

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We would like to solicit your assistance in convincing the Office of Ocean and Coastal Resource Management that our current CZM programs cannot accommodate additional onerous program change requirements, and that the concept of "state versus state" competition be completely eliminated. We also respectfully request that the OCRM re-establish its goals of assisting states, commonwealths and territories manage their resources in a spirit of partnership cooperation, rather than continuing policies which are only designed to make us answerable to federal agencies.

cc: Senator Daniel Inouye
Senator Daniel Akaka

Sincerely,

11-6-91
Date of Approval

LORENZO I. DE LEON GUERRERO
President and Governor of
Commonwealth of the Northern
Mariana Islands

JOSEPH F. ADA
Vice President and
Governor of Guam

WITNESSED BY:

Jerry B. Norris
Executive Director

JOHN WAIHEE
Secretary and
Governor of Hawaii

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PETER TALI COLEMAN
Treasurer and
Governor of American Samoa

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November 6, 1991

The Honorable Robert A. Mosbacher
Secretary of Commerce
14th Street and Constitution Avenues
Washington, DC 20230

Dear Secretary Mosbacher:

We are writing to solicit your support in resolving a major conflict that has arisen between the Office of Ocean and Coastal Resource Management (OCRM) and our governments over provision of Section 309 of the Coastal Zone Reauthorization Act of 1990. As you may be aware, the American Flag Pacific Island Governments, along with other coastal states, object strongly to OCRM's interpretation of certain provisions of the Act as reauthorized.

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The membership of the Coastal States Organization (CSO) recently adopted a resolution which outlines the concerns of the coastal states with OCRM's interpretation of Section 309. This resolution is just the latest of many attempts by coastal states to convince OCRM that Section 306 funding should not, in any way, be reduced in order to fund the Section 309 enhancement program and that competition among the states, territories, and commonwealths would be very counter productive. The resolution also urges OCRM to broadly define "program change" [Section 309(b)] for the purposes of project eligibility.

We strongly endorse the provisions of the Coastal States Resolution on the CZMA Enhancement Grants adopted October 28, 1991. We also believe that while OCRM's current policies on the 309 enhancement program will adversely affect all coastal states, the American Flag Pacific Islands' (AFPI) coastal zone management programs will be more heavily impacted than other CZM programs.

The Coastal Zone Management programs in the AFPI have jurisdiction over virtually all development activities in our islands. Our program staffs are very small and any cuts in Federal funding for the core (Section 306) programs will have a significant impact on the ability of our governments to fulfill our Section 306 obligations. The amount of funding that may be available to our programs under Section 309, as outlined in the latest Section 309 guidance, will be very limited. The addition of "significant program changes," as envisioned for Section 309 funding eligibility by OCRM, could seriously overburden our core programs. The development of a grant proposal that will be competitive with a proposal from a large mainland state will require a significant investment of very limited staff resources and, quite frankly, we find the notion of inter-state competition antithetical to the spirit of the Federal--"state" partnership established through the Coastal Zone Management Act.

Over the last decade, the Governors of the AFPI and their Coastal Zone Managers have forged an important relationship in recognizing our unique island circumstances. In August of 1991, the National Governors' Association (NGA) meeting in general session, noted that our islands were unique in both their coastal and ocean management activities. While we realize that each of our islands are unique, they do have a number of similarities that are very different from the U.S. Mainland states. Not only do we not wish to compete with the large coastal program on the mainland, we do not wish to see competition among CZM programs within our region.

We would like to solicit your assistance in convincing the Office of Ocean and Coastal Resource Management that our current CZM programs cannot accommodate additional onerous program change requirements, and that the concept of "state versus state" competition be completely eliminated. We also respectfully request that the OCRM re-establish its goals of assisting states, commonwealths and territories manage their resources in a spirit of partnership cooperation.

cc: John A. Knauss, Under Secretary/Administrator NOAA
Jennifer Joy Wilson, Assistant Secretary/Deputy Administrator NOAA

Sincerely,

11-6-91
Date of Approval

LORENZO I. DE LEON GUERRERO
President and Governor of
Commonwealth of the Northern
Mariana Islands

JOSEPH F. ADA
Vice President and
Governor of Guam

WITNESSED BY:

Jerry B. Norris Executive Director	JOHN WAIHEE Secretary and Governor of Hawaii
Carolyn K. Imamura Director of Planning and Programs	PETER TALI COLEMAN Treasurer and Governor of American Samoa

Pacific Basin Development Council

Suite 325 ∘ 567 South King Street ∘ Honolulu, Hawaii 96813-3070
Telephone (808) 523-9325 Facsimile (808) 533-6336

November 6, 1991

The Honorable George Bush
President of the United States
The White House
1600 Pennsylvania Avenue
Washington, DC

Dear Mr. President:

Re: Typhoon Seth, November 2-3, 1991

We understand that Governor Guerrero, of the Commonwealth of the Northern Mariana Islands (CNMI), has requested federal disaster assistance for Typhoon Seth. We fully support this request based on personal knowledge of the event. We received the force of Typhoon Seth along with Governor Guerrero and the people of the Northern Marianas.

Typhoon Seth, with winds reaching 150 miles per hour, struck during the Board of Directors meeting of the Pacific Basin Development Council (PBDC). The undersigned, along with Governor Guerrero, make up the executive board of this regional governors association. This PBDC meeting convened on Saipan, beginning November 2, 1991. Governors Coleman and Ada were already at the conference on Saipan when Seth struck. Governor Waihee reached Guam and attempted to leave Guam to reach Saipan, only to be waved off during a harrowing landing attempt at the Saipan International Airport in high winds.

We viewed, first-hand, the damage done to Saipan by the force of the typhoon. We urge a favorable consideration of Governor Guerrero's request for federal disaster relief assistance. Thank you.

Respectfully,

Joseph F. Ada

JOSEPH F. ADA
Vice President and
Governor of Guam

John Waihee

JOHN WAIHEE
Secretary and
Governor of Hawaii

Peter T. Coleman

PETER TALI COLEMAN
Treasurer and
Governor of American Samoa

CC: CNMI Resident Representative to the United States
CNMI Disaster Control Officer

Pacific Basin Development Council

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

November 6, 1991

The Honorable George Bush
President of the United States
Executive Office of the President
1600 Pennsylvania Ave., NW
Washington, DC 20500

Dear Mr. President:

The purpose of this letter is to seek your support for the implementation of the Presidential initiative to establish a U.S.-- Pacific Island Nation Joint Commercial Commission (JCC).

As we noted in our letter of November 16, 1990, we designated Governor Peter Tali Colemen of American Samoa as our liaison with the Commission and related activities. Since our communique with you, we have continued to discuss the JCC within our organization and with other leaders in the Pacific Islands.

We continue to support the JCC effort and respectfully request that funding and other required resources be identified and made available for the formal implementation of the JCC. We are genuinely concerned that the momentum for your JCC initiative generated by the October 1990 meeting at the East-West Center with Pacific Island leaders may be lost unless the establishment of the commission is expedited.

We would like to request that the Assistant Secretary of Interior for Territorial and International Affairs be included, along with representatives of the Department of State and the Department of Commerce, as part of the U.S. delegation involved in the planning and development of the JCC. We have found that the involvement of the Assistant Secretary of OTIA in aviation bi-lateral negotiations to be very constructive in terms of territorial and commonwealth interests and concerns.

We would also like to express our keen interest in participating as full and equal members in the JCC which has been proposed by the leaders of the independent and freely associated states of our region. We have common economic interests with our Pacific Island neighbors. Individuals and corporations in our jurisdictions are already involved in trade with, and investment in, the independent and freely associated states of our region. Therefore, we feel that our involvement, as full and equal members, could do much to further the interests of the United States and the countries and territories of the Pacific.

We continue to support the other initiatives suggested in your October 1990 meeting and pledge to assist in the implementation of those efforts in any way you deem appropriate. We look forward to hearing from you.

Respectfully,

LORENZO I. DE LEON GUERRERO
President and Governor of
Commonwealth of the Northern
Mariana Islands

11-6-91
Date of Approval

JOSEPH F. ADA
Vice President and
Governor of Guam

JOHN WAIHEE
Secretary and
Governor of Hawaii

PETER TALI COLEMAN
Treasurer and
Governor of American Samoa

WITNESSED BY:

Jerry B. Norris
Executive Director

Carolyn K. Imamura
Director of Planning
and Programs

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November 6, 1991

The Honorable Stella Guerra
Assistant Secretary
Office of Territorial and International Affairs
U.S. Department of the Interior
Washington, D.C. 20420

Dear Assistant Secretary Guerra:

We would like to take this opportunity to thank you for the breakfast discussion that we had relating to the issues of trade and the Joint Commercial Commission. As you noted, in both our public and private meetings, we strongly feel that OTIA should take advantage of its "international" mandate as it relates to President Bush's proposed Joint Commission (JCC).

As Governor Coleman noted, recent activities within the world have accelerated change in a number of spheres that have major impact on the island in the Pacific. Given the fact that OTIA is heavily involved in economic development in the region, we feel that insights you can provide on the implementation of the JCC would be extremely helpful in furthering the Presidential initiative.

We request that your office become actively involved in the development of the Joint Commercial Commission concept and its implementation within the U.S. Federal Government. We would encourage you to coordinate your efforts with our individual island governments and with the staff of PBDC. We have a number of specific initiatives that could further the interests of the U.S. Federal Government in the implementation of the President's initiative.

We would be pleased to assist you in any way we can in your efforts to furthering U.S. interests in the development of closer economic relations between the U.S. and the independent and freely associated states of the Pacific region. Please let us know how we can be of further assistance.

Sincerely,

LORENZO I. DE LEON GUERRERO
President and Governor of
Commonwealth of the
Northern Mariana Islands

Date of Approval

JOSEPH F. ADA
Vice President and
Governor of Guam

WITNESSED BY:

Jerry B. Norris
Executive Director

JOHN WAIHEE
Secretary and
Governor of Hawaii

Carolyn K. Imamura
Director of Planning
and Programs

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November 6, 1991

John A. Knauss, Ph.D.
Administrator, National Oceanographic
And Atmospheric Administration
United States Department of Commerce
Washington, DC 20230

Dear Dr. Knauss:

The Board of Directors of the Pacific Basin Development Council (PBDC), while at their Annual Meeting on Saipan, Commonwealth of the Northern Mariana Islands, have reviewed and discussed our responsibilities concerning appointments to the Insular Pacific Regional Marine Research Board under Public Law 101-593.

Please be advised of the following. The respective Governors of the Territories of American Samoa and Guam, the Commonwealth of the Northern Marianas Islands and the State of Hawaii shall each make one appointment.

The Governors, in concert, appoint a representative from the University of Guam and the Executive Director of the Pacific Basin Development Council shall also serve as a member of the Research Board.

We are pleased that this important research program has been established by Congress and we look forward to working with your office to ensure the program's goals are realized.

Sincerely,

LORENZO I. DE LEON GUERRERO
President and Governor of
Commonwealth of the
Northern Mariana Islands

Date of Approval

JOSEPH F ADA
Vice President and
Governor of Guam

JOHN WAIHEE
Secretary and
Governor of Hawaii

PETER TALI COLEMAN
Treasurer and
Governor of American Samoa

WITNESSED BY:

Jerry B. Norris
Executive Director

Carolyn K. Imamura
Director of Planning
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November 6, 1991

The Honorable Carla A. Hills
United States Trade Rpresentative
Winder Building
600 Seventeenth Street, NW
Washington, DC 20506

Dear Ambassador Hills:

The purpose of this letter is to express our concern about the impact of the Uruguay Round of the GATT negotiations and the North American Free Trade Agreement on the American Flag Pacific Islands. We are also concerned about other trade and investment agreements in the Pacific Basin that would impact our respective areas.

Trade and investment have become a major focus of the Pacific Basin Development Council's deliberations. As you are aware from discussions with individual American Flag Pacific Island Governors, we have several specific concerns about what may result from the Uruguay Round and NAFTA. At our recent meeting in Saipan, we concluded that the trade and investment issues at stake are of such importance, a mechanism must be found to involve the American Flag Pacific Islands in current and futures US trade negotiations.

We will be holding our winter 1992 meeting in Washington in early February and would like to request a meeting with you at that time. If such a meeting would be agreeable, please contact our Executive Director, Mr. Jerry Norris, who will schedule the meeting.

We have all appreciated your attention to our trade concerns in the past and hope we can work more closely with you on matters of mutual interest in the future.

Sincerely,

LORENZO I. DE LEON GUERRERO
President and Governor of
Commonwealth of the
Northern Mariana Islands

Date of Approval

JOSEPH F. ADA
Vice President and
Governor of Guam

JOHN WAIHEE
Secretary and
Governor of Hawaii

PETER TALI COLEMAN
Treasurer and
Governor of American Samoa

WITNESSED BY:

Jerry B. Norris
Executive Director

Carolyn K. Imamura
Director of Planning
and Programs

ATTACHMENT H

THE PACIFIC ISLANDS DEVELOPMENT BANK

BY MR. ROBERT A. RUECHO, PRESIDENT OF APRIL

The Pacific Islands Development Bank:

A Presentation by the Association of Pacific Island Legislatures (APIL)

By the Honorable Robert A. Ruecho

APIL President

The Pacific Basin Development Council

12th Annual Meeting

November 6, 1991 - Saipan, CNMI

Good afternoon Distinguished Guests and Members of the Pacific Basin Development Council ...... Governor Guerrero, Governor Ada, Governor Waihee and Governor Coleman.

We are gratified and honored that Governor Guerrero and members of the PBDC provided us this opportunity to present APIL's sentiments on the Pacific Islands Development Bank (PIDB).

As the newly installed President of the Association of Pacific Island Legislatures (APIL), let me assure you that this opportunity to exchange thoughts on mutual areas of interest are not taken lightly.

The invitation for pacific island legislators to be among our Chief Executives is a vehicle, is a necessity in bringing forth a collaborative and cohesive effort on behalf of our pacific island peoples.

Our time together today is brief. So the focal point for APIL's presentation shall be on the single most important endeavor of our regional legislative organization.........

The Pacific Islands Development Bank.

Some of you have heard about PIDB. Some of you know about the work APIL and PIDB has already done to mobilize a concept that all of us can and do relate to......

Regionalism .... regional collaboration.

In 1987, the legislative leaders of APIL thought long and hard about the possibilities of a true and workable mechanism for our various islands to work through -- for one primary goal - to facilitate the economic and social prosperity of our communities.

This concept grew into action by APIL to conduct a feasibility study on a regional development bank which was without hesitation, spearheaded by Mr. Jesus Leon Guerrero and coordinated by former FSM President Tosiwo Nakayama of the Bank of Guam. Attorney Arnold Leibowitz was also secured to assist in assessing not only the feasibility, but the operational structure for such a bank to flourish.

The idea of a regional bank, was not an idea of APIL, nor just a dream of our legislative members .... Mr. Jesus Leon Guerrero and Governor Coleman of American Samoa had dreams of such an endeavor .... Governor Ada and Speaker San Agustin indicated their support through their personal attendance at the signing of PIDB's Corporate documents in 1989.

It was in July of that year and it was with pride, that APIL witnessed the birth of its first child - PIDB.

And now PIDB is alive, well, and maintains awesome potential ...... and if fulfilled, would bring individual and collective rewards to our membership.

The Board of Governors, who are your colleagues and mine, have, for the last two years, worked to get PIDB, not just off the ground, but to reach each APIL member so that participation is complete and uncompromised.

The Board of Governors are a credible and distinguished group of our pacific island leaders .... at present, they are:

Governor Sasao Gouland and Manny Mori of the FSM Development Bank from Chuuk;

Governor Lorenzo Guerrero and Speaker Pedro Guerrero of the CNMI;

President Nigratkel Etpison and Former Speaker Santos Olikong of the Republic of Belau;

FSM President Bailey Olter and Governor Resio Moses of Pohnpei; and

Senator Vincent Figir and PIDB Board of Governors Chairman Sebastian Anefal from Yap.

I am sure you will agree with me, that these are by far, some of the most distinguished leaders in our islands. And I know they are 100% behind PIDB and all it stands for.

In the last two years that PIDB has been established, its major efforts have been placed in bringing in the first contributing members. They are the governments of Chuuk, Pohnpei, and Yap in the FSM, the Republic of Belau, and most recently the CNMI.

PIDB is now ready to begin operations to direct loans and other financial assistance programs within APIL's member communities and the region it ecompasses.

We encourage the Governors of Hawaii, Guam and American Samoa to also become contributing members of PIDB in order for it to fulfill the promises of its accomplishments in the immediate future.

Although APIL is not running PIDB, we view ourselves as the instigator, the initiator.. We must and will continue to utilized APIL resources to encourage all of our members to join what we have worked so hard to put together.

PIDB can be one of the keys to regional economic prosperity......

PIDB is a vehicle in which we may work together as island brothers to forge obstacles that inhibit our progress.

We are being watched in national and international circles, and PIDB must be perceived and must be supported as that which brings us together for our regional survival.

In a significant effort to permanize the PIDB, the Board of Governors selected a permanent President of the bank who is Mr. Will Cooper. Former Belau Speaker Santos Olikong served as Interim PIDB President for the first two years.

If there are any questions that you would like to ask of me or Mr. Cooper, you may do so at this time or at any point you desire.

Again, in humble gratitude to PBDC, thank you for allowing APIL to meet with you today.

ATTACHMENT G

THE PACIFIC ISLANDS AND THE NEW WORLD ORDER: EMERGING ECONOMIC INDEPENDENCE

BY GOVERNOR PETER TALI COLEMAN

THE PACIFIC ISLANDS AND THE NEW WORLD ORDER: EMERGING ECONOMIC INTERDEPENDENCE

The "New World Order" has become a well used phrase in pronouncements on newly emerging economic and political relationships. It is not entirely clear what that order will be, but it is clear that some of the most dramatic political and economic changes in history have recently taken place or will take place in the near future. The Cold War has very quickly come to an end. Superpower rivalries have given way to the decline of Communism in Eastern Europe. The USSR, once a monolithic economic and political block, is breaking up, unique political relationships are emerging, and its people are facing a economic collapse. In the Middle East, attention has shifted from the invasion of Kuwait and Operation Desert Storm to a Peace Conference involving bitter military and political rivals brought together by the United States and the Soviet Union.

On the economic front, the world is currently in one of the most serious economic declines in the past decade. Countries in Africa continue to be unable to feed their people in the face of widespread famine. In South America, many countries maintain huge overseas debts, have run away inflation, and are unable to stimulate economic development. The Soviet Union, while once an aid donor, is now desperately seeking economic assistance from the US and European Community.

Another major economic trend which could have a significant impact on the new world order is the lowering of national trade barriers and the regionalization of trade relations. Negotiations on the General Agreement on Tariffs and Trade indicate that there is strong pressure from the US and other governments to lower or eliminate high tariffs and other barriers to trade. The European Economic Community is moving quickly toward economic integration in 1992. The US has embarked on the development of a North American Free Trade Agreement aimed explicitly at stimulating trade, investment, and economic expansion in that hemisphere.

A new world order is definitely emerging, but how the Pacific Islands fit into that order is anything but clear. The US and other donor countries have been primarily interested in the Pacific Islands for economic and strategic reasons. Now that the Russians are no longer coming, will they still be interested? Can the donor community still afford to provide development assistance to the Pacific Islands given the state of the world economy? Will the major donors who provide development assistance to the South Pacific turn their attention to Eastern Europe in hopes of avoiding an economic and political disaster of global proportions? Can the donor community turn its back on the continuing famine in Africa? Will the North American Free Trade Agreement and the economic integration of Europe present new obstacles to economic development in the Pacific Islands?

The new world order, what ever it is, could have serious economic consequences for all countries and territories in the Pacific Islands region no matter what their current political status or futures aspirations are. Indeed, changing global political and economic relationships outside our region may necessitate a greater degree of cooperation between the American Flag Pacific Islands and the independent and freely associated states in the region.

Clearly, as the strategic interest of our region declines, island governments could become more economically inter-dependent if they are going to fulfill their economic aspirations. The American Flag Pacific Islands could play an important role in spearheading a move toward greater economic integration in the Pacific Islands for benefit of all.

The American Flag Pacific Island governments could initiate a Pacific-wide effort to assess alternative futures for the Pacific Islands region in the new world order. This effort could focus on global economic and political trends that may necessitate and provide opportunities for a greater inter-dependent in our region. These trends include:

- o Changing Global Security Alliance and Security Interests in the Pacific;
- o Changing Global Aid, Trade, and Investment Interests and Implications for the Pacific;
- o Emerging Trade and Economic Cooperation Agreements and Access to European, North American , and Asian Markets for the Pacific Islands;

- Global Environmental Issues, the UN Conference on the Environment, and the Pacific Islands Region; and

- New Opportunities for Economic Cooperation and Regional Cooperation in the Pacific Islands;

This effort could involve a series of policy studies, regional workshops and a conference on Alternative Futures for the Pacific Islands in the New World Order. The policy studies could focus on global trends that have implications for the region. Reports could be developed as background studies for a series of workshops held in the Pacific Islands region. The workshops would allow countries and territories to analyze the major issues facing the region. An international conference could be organized as the culmination of this effort. The conference could result in regional agreements to address the major problems facing the region as a result of the emerging new global order. The conference could result in a declaration of Pacific inter-dependent to chart a preferred future countries and territories of the region.

Briefing Papers

CZM -

Section 309 Enhancement Grant Program

CZM - Section 309 Enhancement Grant

Briefing Paper Synopsis

- The Coastal Zone Management Act Reauthorization in 1990 provided for a new, program enhancement process, in Section 309. Coastal governments strongly support the enhancement feature of the program and the provision of additional Federal funding. The interpretation of this section, however, has been a point of contention between the federal authority (OCRM), and a large segment of the membership of the Coastal States Organization (CSO), including Guam.

- Contention to the act is due to the approach taken by OCRM in the development of guidelines for the implementation of Section 309. Areas of controversy include funding, allocation formulas, assessment and prioritization and new legislation in the implementation of program improvements under Section 309.

- The PBDC Board of Directors at its Annual Meeting in Saipan endorsed the provisions of the Coastal States Resolution on the CZMA Enhancement Grants. According to the resolution, OCRM should not in any way reduce Section 306 funds in order to fund the Section 309 enhancement program. The resolution urges OCRM to redefine its guidelines for purposes of project eligibility. (See Attached Letter and Resolution)

- Reduction in program funds will have a significant impact on the ability of our governments to fulfill Section 306 obligations and will only serve to create competition among the states, territories, and commonwealths for funding for their respective CZM programs.

- Guam's funding levels for the Guam Coastal Management Program in the next grant period are $475,000 for the core program and $23,400-$39,000 in Section 309 formula allocated funds. A total of $498,000 is allotted as the minimum and $514,000 maximum for the period of October 1, 1992-September 30, 1993.

- Guam is not obligated to undertake any 309 action, or apply for any Section 309 funds.

BRIEFING PAPER
"CZM SECTION 309 UPDATE"
PBDC WINTER MEETING
FEBRUARY 5, 1992
WASHINGTON, D.C.

1. Coastal Zone Management Act Reauthorization in 1990 provided for a new, program enhancement process, in Section 309. The interpretation of this section has been a point of contention between the federal authority (OCRM), and a large segment of the membership of the Coastal States Organization (CSO), including Guam. Specifically, those areas of contention have included:

a. Funding: The Reauthorization calls for 10-20% of total appropriations to be used for 309 purposes. With level dollar funding, resulting in funding level decreases when inflation is included, the Coastal States expected and requested the lowest possible allocation to the new program (10%) in order to protect core programs. OCRM initially threatened 20% but has "compromised" to 15%.

b. Allocation formulas: The Coastal States continue to argue that the Reauthorization did not call for or authorize procedures which would be divisive to inter-state relations, yet OCRM has insisted that a large portion (arbitrarily set by them) of the 309 funds be competitive between coastal states. Initially OCRM insisted on some 80% competitive, but has "compromised" at 50%.

c). Assessment and Prioritization: The Reauthorization does not specify that states must assess resources and programs within all eight defined areas listed in the Act, yet OCRM has required that extra work of States (perhaps because OCRM does not either manage resources or produce products itself, but only reviews and passes judgement on others' work, therefore the need to create work for them to review). While the States have bowed to this demand, OCRM goes one step further and insists on having a major (primary?) voice in defining each state's priority needs for further funding and action. Guam believes this to be an unwarranted intrusion in local control of resources.

d). The coastal states have consistently taken the position that the purpose of the new Section 309, as stated in the Reauthorization, was to improve state programs. Period. That could be interpreted in many ways, in order to make those improvements fit each individual program. OCRM insisted that program improvements could only mean new local legislation. OCRM has recently relented on this issue, to the state program's favor.

2. Guam has thus far met all of the benchmarks agreed to, and two not agreed to but rather imposed by OCRM. Those include an assessment outline (imposed), preliminary draft assessment

(imposed), draft assessment (agreed), and final assessment (agreed).

3. Guam has publicly declared, at a recent CSO meeting in Washington D.C., that Guam would not apply for or accept those portions of Section 309 monies defined as "inter-state competitive" in nature. This is a sacrifice for Guam, but deemed necessary for the maintenance of iterated principles.

4. Guam's funding levels for the Guam Coastal Management Program in the next grant period are:
$475,000 core program
$ 23,400-39,000 in Section 309 Formula allocated funds

total: $498,000 minimum, $514,000 maximum for period Oct. 1, 1992-Sept. 30, 1993.

5. Guam is not obligated to undertake any 309 action, or apply for any Section 309 funds.

Pacific Basin Development Council

Suite 325 • 567 South King Street • Honolulu, Hawaii 96813-3070
Telephone (808) 523-9325 Facsimile (808) 533-6336

November 6, 1991

The Honorable Walter B. Jones, Chairman
US House of Representatives
House Merchant Marine & Fisheries Committee
1334 Longworth House Office Building
Washington, DC 20515-6230

Dear Chairman Jones:

We are writing to solicit your support in resolving a major conflict that has arisen between the Office of Ocean and Coastal Resource Management (OCRM) and our governments over provision of Section 309 of the Coastal Zone Reauthorization Act of 1990. As you may be aware, the American Flag Pacific Island Governments, along with other coastal states, object strongly to OCRM's interpretation of certain provisions of the Act as reauthorized.

The coastal zone management programs in our jurisdictions, although very small in terms of number of personnel and levels of funding, are extremely important for the effective management our coastal resources. Because of this, our governments strongly endorse the enhancement of coastal zone management programs through the spirit of Section 309 and the provision of additional Federal funding. However, we fear that the course OCRM has taken in the development of guidance for the implementation of Section 309 may, in fact, undermine our existing programs rather than enhance their effectiveness. Our governments, along with the governments of the coastal states, have tried, with no success, to reason with OCRM on the issue of funding Section 309 at the expense of Section 306 programs and the establishment of State-to-State competition for Section 309 grant funding.

The membership of the Coastal States Organization (CSO) recently adopted a resolution which outlines the concerns of the coastal states with OCRM's interpretation of Section 309. This resolution is just the latest of many attempts by coastal states to convince OCRM that Section 306 funding should not, in any way, be reduced in order to fund the Section 309 enhancement program and that competition among the states, territories, and commonwealths would be very counter productive. The resolution also urges OCRM to broadly define "program change" [Section 309(b)] for the purposes of project eligibility.

We strongly endorse the provisions of the Coastal States Resolution on the CZMA Enhancement Grants adopted October 28, 1991. We also believe that while OCRM's current policies on the 309 enhancement program will adversely affect all coastal states, the American Flag Pacific Islands' (AFPI) coastal zone management programs will be more heavily impacted than other CZM programs.

The Coastal Zone Management programs in the AFPI have jurisdiction over virtually all development activities in our islands. Our program staffs are very small and any cuts in Federal funding for the core (Section 306) programs will have a significant impact on the ability of our governments to fulfill our Section 306 obligations. The amount of funding that may be available to our programs under Section 309, as outlined in the latest Section 309 guidance, will be very limited. The addition of "significant program changes," as envisioned for Section 309 funding eligibility by OCRM, could seriously overburden our core programs. The development of a grant proposal that will be competitive with a proposal from a large mainland state will require a significant investment of very limited staff resources and, quite frankly, we find the notion of inter-state competition antithetical to the spirit of the Federal--"state" partnership established through the Coastal Zone Management Act.

Over the last decade, the Governors of the AFPI and their Coastal Zone Managers have forged an important relationship in recognizing our unique island circumstances. In August of 1991, the National Governors' Association (NGA) meeting in general session, noted that our islands were unique in both their coastal and ocean management activities. While we realize that each of our islands are unique, they do have a number of similarities that are very different from the U.S. Mainland states. Not only do we not wish to compete with the large coastal program on the mainland, we do not wish to see competition among CZM programs within our region.

We would like to solicit your assistance in convincing the Office of Ocean and Coastal Resource Management that our current CZM programs cannot accommodate additional onerous program change requirements, and that the concept of "state versus state" competition be completely eliminated. We also respectfully request that the OCRM re-establish its goals of assisting states, commonwealths and territories manage their resources in a spirit of partnership cooperation, rather than continuing policies which are only designed to make us answerable to federal agencies.

cc: Cong. N. Abercrombe
Cong. P. Mink
Cong. B. Blaz
Cong. E. F. H. Faleomavaega

Sincerely,

11-6-91
Date of Approval

LORENZO I. DE LEON GUERRERO
President and Governor of
Commonwealth of the Northern
Mariana Islands

JOSEPH F. ADA
Vice President and
Governor of Guam

Coastal States Organization

An alliance of the Coastal States, Commonwealths, and Territories providing an effective voice in the formulation, development, and implementation of national marine and coastal resource programs and policies.

CHAIR

Sarah J. Taylor, Ph.D.
Annapolis, MD
Ph: (301) 974-2426
Fx: (301) 974-5338

DIRECTOR

R. Gary Magnuson
Washington, D.C.
Ph: (202) 628-9636
Fx: (202) 737-0733

COASTAL STATES ORGANIZATION
Resolution RE: CZMA Section 309 Enhancement Grants

RESOLUTION

WHEREAS the member governments of the Coastal States Organization individually and collectively recognize the value of and strongly endorse the legislative intent of coastal management program enhancements as embodied in Section 309 of the Coastal Zone Management Act; and

WHEREAS the member governments of the Coastal States Organization have longstanding investments in the national coastal management program and in the effective continuation of State core coastal management programs; and

WHEREAS the member governments of the Coastal States Organization have collectively made a long term commitment to a working Federal-State partnership to achieve the objectives of the national coastal management program even during periods when federal executive branch agencies sought repeal of said program; and

WHEREAS the member governments of the Coastal States Organization must have federal funding support under the Coastal Zone Management Act that is both stable and predictable to enable them to implement and staff management programs consistent with such national objectives in a manner that is compatible with State budgeting and appropriation procedures; and

WHEREAS seven months of active, good faith dialogue and negotiation with the National Oceanic and Atmospheric Administration has resulted in a proposed funding allocation process for Section 309 enhancement monies that will not produce stable, predictable funding for States, that threatens to further erode State core coastal management programs, that is unnecessarily complex and administratively burdensome, and that introduces the concept of State-to-State competition for funds based on subjective and unquantifiable criteria; and

WHEREAS the member governments of the Coastal States Organization find no compelling argument in the reauthorization legislation for the Coastal Zone Management Act, in its legislative history, nor in any bill introduced by the Congress during the reauthorization of the Coastal Zone Management Act that supports the National Oceanic and Atmospheric Administration's proposed funding allocation process for Section 309 enhancement grants specifically with respect to State-to-State competition for funds,

NOW THEREFORE BE IT RESOLVED that the executive committee and officers of the Coastal States Organization are charged with requesting the following actions: 1) immediate withdrawal of the National Oceanic and Atmospheric Administration's proposed rulemaking on Section 309 enhancements grants; 2) the establishment of an interim process for FY 92 that sets aside $1 million annually for meritorious demonstration projects, studies or regulatory strategic efforts of multistate and/or national significance to be awarded directly by the National Oceanic and Atmospheric Administration for qualifying proposals, and that distributes the remaining section 309 funds in the same manner as they were allocated in FY 91; and 3) the development of an alternative approach that establishes a State-by-State iterative process between each State and the federal government that results in an assessment of State enhancement priorities and ranks them against objective, quantifiable criteria based on national enhancement priorities, that awards formula-based enhancement grants that are stable and predictable from year to year subject to appropriations by Congress and evaluation of acceptable progress by each recipient State; and

BE IT FURTHER RESOLVED that the Coastal States Organization strongly urges the National Oceanic and Atmospheric Administration to broadly define the term "program change" in subsection 309(b) of the Coastal Zone Act Reauthorization Amendments of 1990, for purposes of project eligibility, to include specific, tangible coastal management program enhancements such as enforcement efforts, physical wetlands restoration or creation projects in addition to program organization and enforceable policy improvements; and

BE IT FURTHER RESOLVED that the executive committee and officers of the Coastal States Organization are empowered to develop and implement such strategies as may be necessary to obtain results consistent with this resolution through either the administrative or legislative process; and

BE IT FURTHER RESOLVED that this **RESOLUTION** be communicated to the National Oceanic and Atmospheric Administration and such other executive branch agencies as may be necessary and prudent, to the members of the appropriate authorizing committees of the Congress, and to the members of each Coastal States Organization member government's delegation to the Congress.

Adopted 10/28/91

Replaces resolution adopted 3/6/91

- 02 17

THE SECRETARY OF COMMERCE
Washington, D.C. 20230

December 30, 1991

Gcmp
Mini - PBDC
NGA

Honorable Joseph F. Ada
Vice President and Governor of Guam
Pacific Basin Development Council
567 South King Street
Honolulu, Hawaii 96813-3070

Dear Governor Ada:

Thank you for your cosigned letter regarding the National Oceanic and Atmospheric Administration's (NOAA's) proposed regulations to implement the new enhancement grant provisions of Section 309 of the Coastal Zone Act Reauthorization Amendments of 1990. The proposed regulations were published in the **Federal Register** on October 18, 1991, for public comment. The comment period on the proposed regulations closed December 2, 1991.

Your perspective is very helpful as we attempt to move forward on this important legislation. Your letter will be included as a comment on the proposed regulations.

I appreciate your strong interest in this new program.

Sincerely,

Robert A. Mosbacher

EEZ -

Devolution of Territorial Rights

EEZ - Devolution of Territorial Rights

Briefing Paper

- Congressional actions regarding ocean resources/rights, are not currently forefront topics except for the question of the 12 mile territorial sea.

- Congressman Jones has introduced a bill, "TERRITORIAL SEA & CONTIGUOUS ZONE EXTENSION ACT OF 1991", which has the purpose and effect of claiming all rights, responsibilities and resources within the extended territorial sea (that area between 3 and 12 miles from the base line) for the Federal Government of the United States, <u>at the expense of the rights of the various states and territories of the United States</u>.

- That bill extends the Contiguous Zone to that area between 12 and 24 miles of the base line, for the advantage of the Federal Government of the United States.

- Should this bill pass, it would do damage to Guam's claim under Section 10 of the Commonwealth Act, in that it would give resource rights to the Federal Government in an area (the 3-24 mile waters) carved directly out of Guam's 200 mile EEZ.

- Chairman Jones is retiring from congress at the end of this term. While vocal and effective proponent of State authority for many years, Chairman Jones has reversed his position and has vociferously supported Federal views over State views in the past two years.

- A second bill, "COASTAL STATES EXTENSION ACT OF 1991", introduced by Mr. Bennett, would extend State authority from the 3 mile to the 12 mile limit. This bill has the opposite effect of the bill introduced by Mr. Jones.

- Because Mr. Bennett's bill only amends the Submerged Land Act, and because the territories are not, by definition, included in that Act, this bill would not have any effect on Guam's claims, either to the positive or negative. The Submerged Land Act and the Outer Continental Shelf Lands Act are designed for those entities which have "entered the Union" before a certain date.

Moratoria -

Foreign/Domestic Long-Lining

Moratoria of Foreign/Domestic Long-Lining

Briefing Paper Synopsis

- In August of 1989 conflicts between longliners, many of which had arrived from the Gulf of Mexico, and troll/handline fishermen became a serious issue in Hawaii. In a similar note, both the Government of Guam and local troll fishermen have brought to the attention of the Western Regional Fishery Management Council (WRFMC) their concerns over potential gear conflicts between trollers and domestic longline fishing vessels within Guam's EEZ.

- The Western Regional Fishery Management Council responded by requesting and receiving approval for emergency action to impose a temporary moratorium on new entry into Hawaii longline fishery.

- The WRFMC proposed the development of Amendment 5 which incorporated the Hawaii and Guam area closures into the Fisheries Management Plan for the Pelagic Fisheries of the Western Pacific.

- Troll fishermen and charter fishing boat owners also have expressed their concerns over declining catch rates and sizes of some target pelagic species such as yellowfin tuna and blue marlin in recent years, possibly due to foreign longliners fishing within the EEZ of the Federated States of Micronesia adjacent to Guam's EEZ.

- The Council is responding to Guam's concerns by requesting the Secretary of the U.S. Department of Commerce to approve Amendment 5 to the Fisheries Management Plan (FMP) for the Pelagic Fisheries of the Western Pacific Region.

- Amendment 5 proposes to prohibit longline fishing within 50 nautical miles of the 100 fathom contour of Guam and its offshore banks and waters within 50 nautical miles of established fish Aggregate Devices.

- Amendment 5 addresses the concerns of Guam's troll fishermen and charter fishing boat owners, and is determined to be consistent with the Guam Coastal Management Program policies.

BRIEFING PAPER
"MORATORIA OF LONG-LINING IN HAWAIi -
ITS IMPACT ON GUAM"
PBDC WINTER MEETING
FEBRUARY 5, 1992
WASHINGTON, D.C.

1. In August of 1989 conflicts between longliners, many of which had arrived from the Gulf of Mexico, and troll/handline fishermen became a serious issue in Hawaii. The Western Regional Fishery Management Council responded by requesting and receiving approval for emergency action to impose a temporary moratorium on new entry into Hawaii longline fishery. The Council also began development of Amendment 5 which incorporate the Hawaii and Guam area closures into the Fisheries Management Plan for the Pelagic Fisheries of the Western Pacific. This proposed rule has been published in the Federal Register (50 CFR Part 685) for public comments.

2. Guam has been experiencing a steady increase in the number of troll vessels since 1980. Current estimate is 350 vessels with most rapid increase in charter fleet. Substantial portion of the Guam-based fishery occurs at offshore banks about 40 miles south of Guam.

3. There has been very little domestic longline fishing based on Guam. Only two vessels has fished sporadically since 1989.

Recently, however, three other vessels originally from the Gulf of Mexico have arrived on Guam with more reportedly en route. Any substantial increase in domestic longline activities of vessels relocating from the Gulf of Mexico or Hawaii to Guam have potential gear conflicts with troll fishermen since these vessels generally operate near shore such as around the offshore banks.

4. Guam-based foreign longliners claim they are not fishing in Guam's EEZ, but are fishing in the more productive grounds Federated States of Micronesia's EEZ. Local troll fishermen are concerned however, that foreign longline activities within the adjacent Federated States of Micronesia's EEZ have potential to "intercept" the fishery resource and reduce the availability of the fish to local fishermen.

   With increased domestic longline effort in Guam's EEZ, gear conflicts such as have occurred in Hawaii have a high probability of occurring in Guam's EEZ unless management measures are in place. Amendment 5 proposes a framework procedure by which the Council and NFMS may adjust the boundaries of the Hawaii and Guam longline fishing prohibited areas through rulemaking.

5. Through the recommendation of the Council, the Secretary of Commerce issued a proposed rule to implement Amendment 5 to the Fishery Management Plan for the Pelagic Fisheries of the

Western Pacific. The rule would prohibit longline fishing within 50-75 miles of the Main Hawaiian Islands. The longline closure is also proposed to be implemented around Guam, its offshore banks and Fisheries Aggregate Devices. The Council and the Southwest Region NMFS Enforcement Office has determined that a coordinate system rather than a 50-nm radius should be use to provide a measure of enforceability that a radius would not afford.

Congressional Support for the

Completion of WWII and

Other National Park-Related Projects

Congressional Support for WWII and Other National Park-Related Projects

Briefing Paper

- The War in the Pacific National Historical Park was created by Public Law 95-348 on August 18, 1978 to commemorate the bravery and sacrifice of those participating in the campaigns of the Pacific theater of World War II.

- Public Law 95-348 also authorized $16 million for land acquisition and $500,000 for the development of the park.

- Between 1980 and 1991, a total of $3,070,047 was appropriated for acquisition of privately-owned lands. As of June 1991, 69.13 acres of private lands were acquired by the National Park Service through purchase or exchange. A total of 156.19 acres of private lands remain to be acquired.

- Government of Guam-owned lands required by the National Park Service total 883.54 acres (74.85 acres of fast lands and 808.69 acres of submerged lands).

- Congress's designation of the required lands for the Park places an encumbrance on the lands as it prevents the current private property owners from selling, investing, or developing their lands.

- The National Park Service's 1983 General Management Plan calls for the comprehensive development of 12 park locations at a cost of $14,260,000 (1981 cost estimate). Excluding the facilities already available, the construction costs for the remaining development is estimated to be $18,000,000 (1991 cost estimate).

- The completion of a new Insular Guard exhibit in December 1991 funded by the Arizona Memorial Museum association and the Guam Humanities Council demonstrates Guam's commitment toward the Park.

- Proposed additions and deletions to the Park's boundaries have been made (see attached maps), however, their status is not known to GovGuam.

- **Funds authorized by Public Law 95-348 are insufficient. The Guam Department of Parks and Recreation estimates that in order to complete land acquisition and development of the Park by the 50th Anniversary of the Liberation of Guam, July 21, 1994, a $98,000,000 appropriation is required by Fiscal Year 1993.**

- **At Adelup Point, land acquisition there would include most if not all picnicking facilities along the access road. These active recreational activities in addition to beach access could be significantly limited because they are not consistent with the Park's theme of conservation and interpretation. This problem could also exist for the other private and public lands, both shoreline and submerged, required by the Park.**

- **Should Congress not be able to appropriate the required funds, the National Park Service should consider the alternative of significantly scaling down the size of the Park and its development.**

GOVGUAM-OWNED LANDS WITHIN AUTHORIZED PARK BOUNDARIES THAT HAVE NOT YET BEEN ACQUIRED BY THE NATIONAL PARK SERVICE:

NPS Tract No.	Acreage	Lot No.	
101-01	1.67	264	
101-02	26.00	- submerged	
101-05	256.74	- submerged	
101-06	9.45	283	portion of
		282-1	"
		282-2	"
		282-3	"
101-29	2.02	440 (217)	
101-36	1.80	491 (221)	portion of
		492	"
		496 (219)	"
101-44	39.87	283	portion of
102-24	2.03	324-REM	
		324-1	
		325-REM	
		325-1	
		326-REM	
		326-1	
		327-1	
		328-A	
		328-1	
		329-1	
		329-A1	
		329-A2	
		330-R	
		330-1	
103-12	1.31	289 (PT)	
		291 (PT)	
106-04	525.95	- submerged	
107-03	1.36	443P-1-R4	portion of
107-04	2.86	443P-1-R4	portion of
107-12	2.62	443P-1-R4	portion of
Subtotal:	873.68		

GOVGUAM-OWNED LANDS WITHIN AUTHORIZED PARK BOUNDARIES THAT HAVE NOT YET BEEN ACQUIRED BY THE NATIONAL PARK SERVICE: (cont.)

NPS Tract No.	Acreage	Lot No.
101-18	1.07	414
101-22	8.18	416 416-A 416-B
102-01> 102-23 102-02> "	.39	331-REM 331-1
102-20> 102-22 102-21> "	.22	316-REM 317-1
Subtotal:	9.86	
Total:	883.54	

NOTE: Of the 883.54 acres of GovGuam-owned lands, 808.69 acres are submerged lands while the remaining 74.85 acres are fastlands.

PRIVATELY-OWNED LANDS WITHIN AUTHORIZED PARK BOUNDARIES THAT HAVE NOT YET BEEN ACQUIRED BY THE NATIONAL PARK SERVICE:

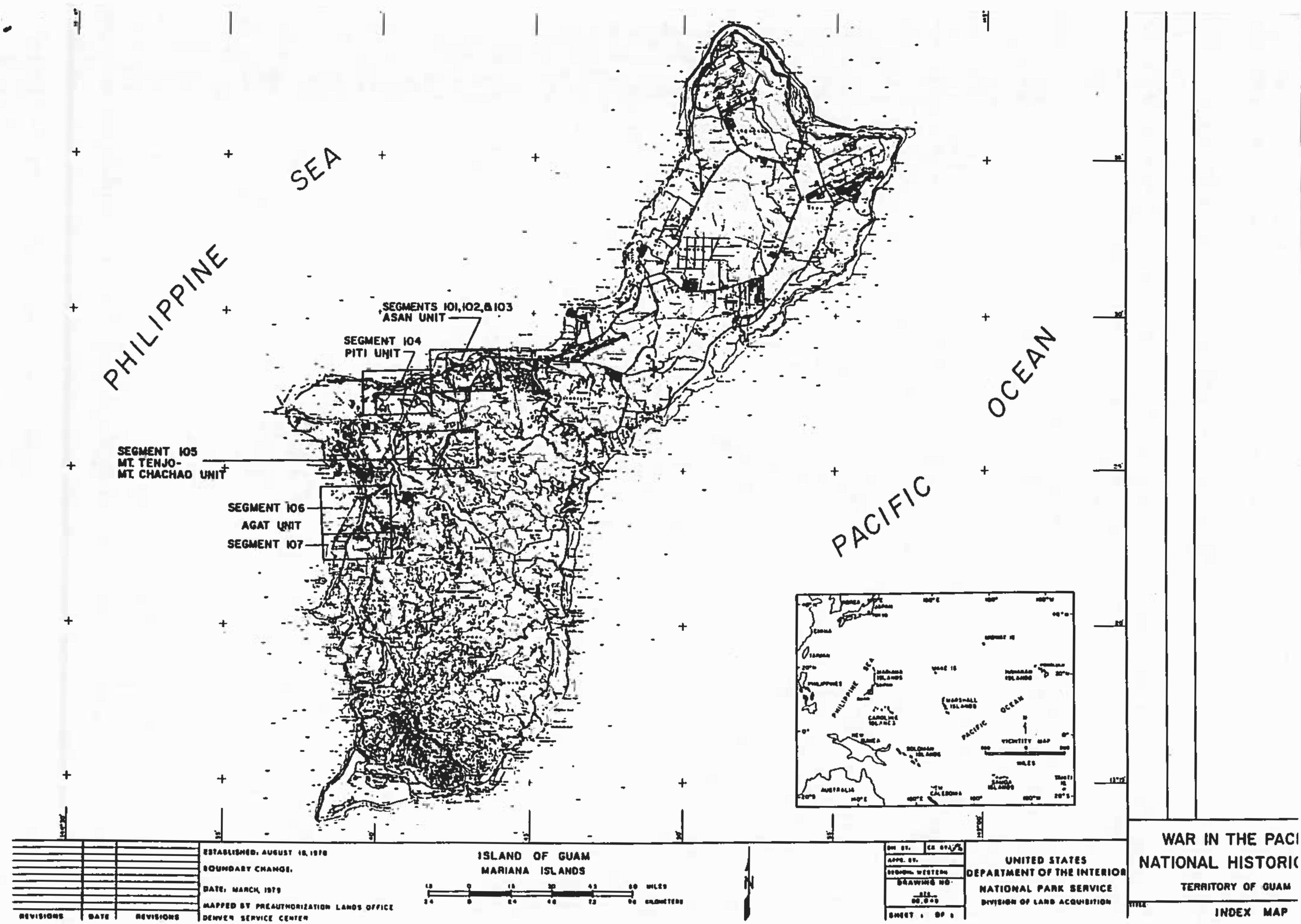
NPS Tract No.	Acreage	Lot No.	
101-11	12.11	285	
101-12	12.95	289-6N-R2	
101-13	1.65	298-1	
101-14	.74	299-1	
101-19	.45	412-1-9-R1	
101-20	1.36	412-1-10-R1	
101-21	1.21	412-1-11-R1	
101-22	8.18	416 condemned 416-A by 416-B GovGuam	
101-24	1.24	429-4-REM	
101-25	11.86	428	
101-26	12.11	429-8	
101-30	.77	496 (219)	
101-31	3.01	495 (220)	
101-32	2.27	490 (222)	
101-33	10.65	492	
101-34	7.64	491 (221)	
101-35	1.73	430	
101-43	.39	283	portion of
101-46	3.54	500 (223)	portion of
101-47	8.39	461	portion of
101-49	.84	277-4-1 281-1	portion of "
	Subtotal: 103.09 (94.91)		

PRIVATELY-OWNED LANDS WITHIN AUTHORIZED PARK BOUNDARIES THAT HAVE NOT YET BEEN ACQUIRED BY THE NATIONAL PARK SERVICE: (cont.)

NPS Tract No.	Acreage	Lot No.	
101-50	1.32	283	portion of
		281-1	"
		277-4-1	"
101-52	6.72	500 (223)	portion of
102-07	.38	323-REM	
		323-1	
102-08	.05	322-1	
102-09	.38	321-REM	
		322-REM	
102-10	.09	321-1	
102-12	.15	319-REM	
102-15	.18	315-REM	
102-16	.08	314-1	
		314-1A	
102-17	.06	313-REM	
102-18	.09	312-1	
103-02	.12	306-REM	
103-04	.12	305-1-R1	
103-06	.26	302-1	
103-07	.27	301-REM	
103-08	.40	294-REM	
103-09	.81	293	
103-10	.17	292-7-1	
103-11	.17	292-7-R1	
105-01	40.56	98	portion of
Subtotal:	52.38		

PRIVATELY-OWNED LANDS WITHIN AUTHORIZED PARK BOUNDARIES THAT HAVE NOT YET BEEN ACQUIRED BY THE NATIONAL PARK SERVICE: (cont.)

NPS Tract No.	Acreage	Lot No.
105-02	1.38	A-1-2-1
105-03	2.29	A-1-2-R1
107-06	.27	175-2-1
107-07	3.33	175-2-R1
107-08	1.63	174
Subtotal:	8.90	
Total:	164.37 (156.19)	


PHILIPPINE SEA
PACIFIC OCEAN
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ASAN UNIT
SEGMENT 104
PITI UNIT
SEGMENT 105
MT. TENJO-
MT. CHACHAO UNIT
SEGMENT 106
AGAT UNIT
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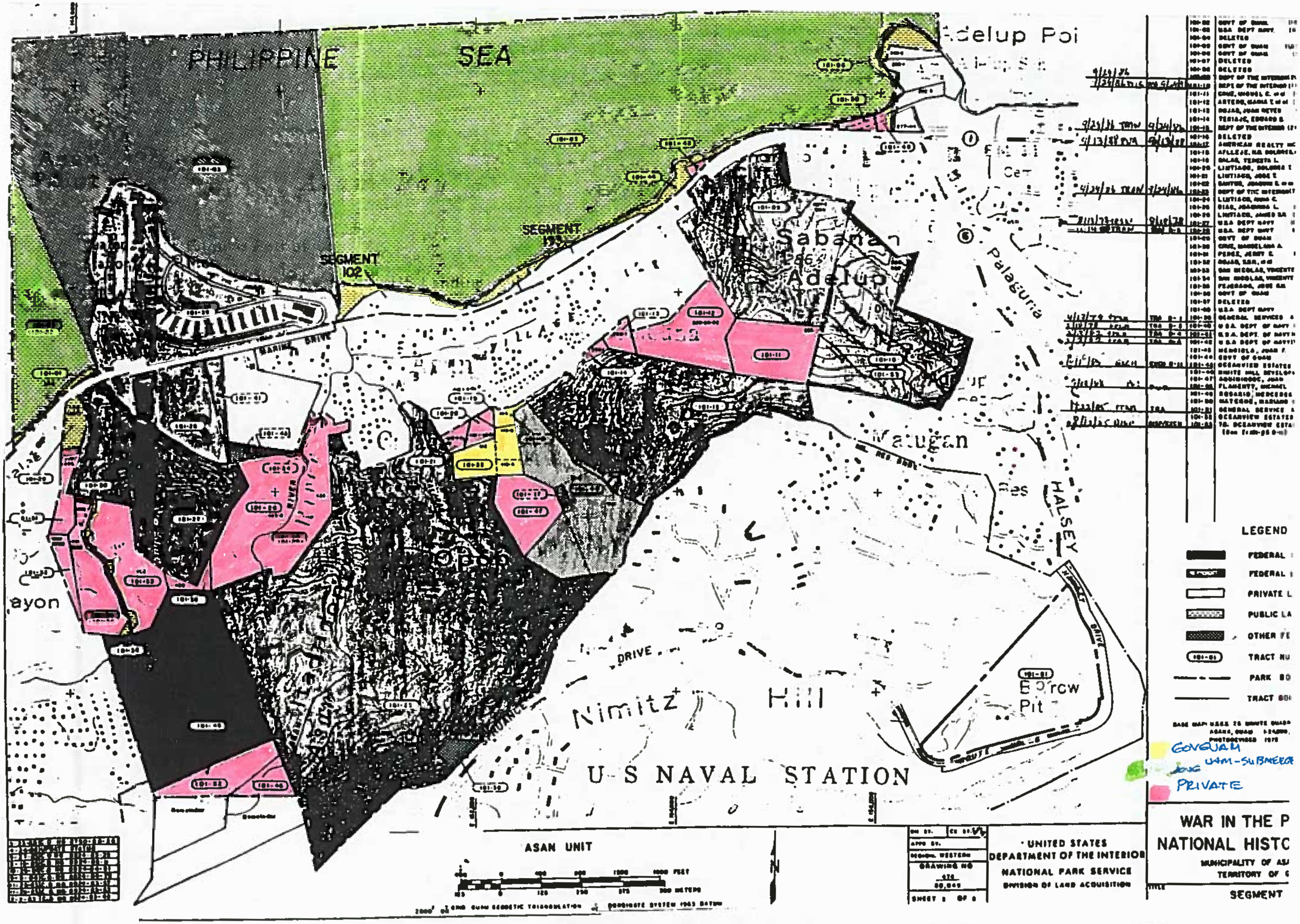
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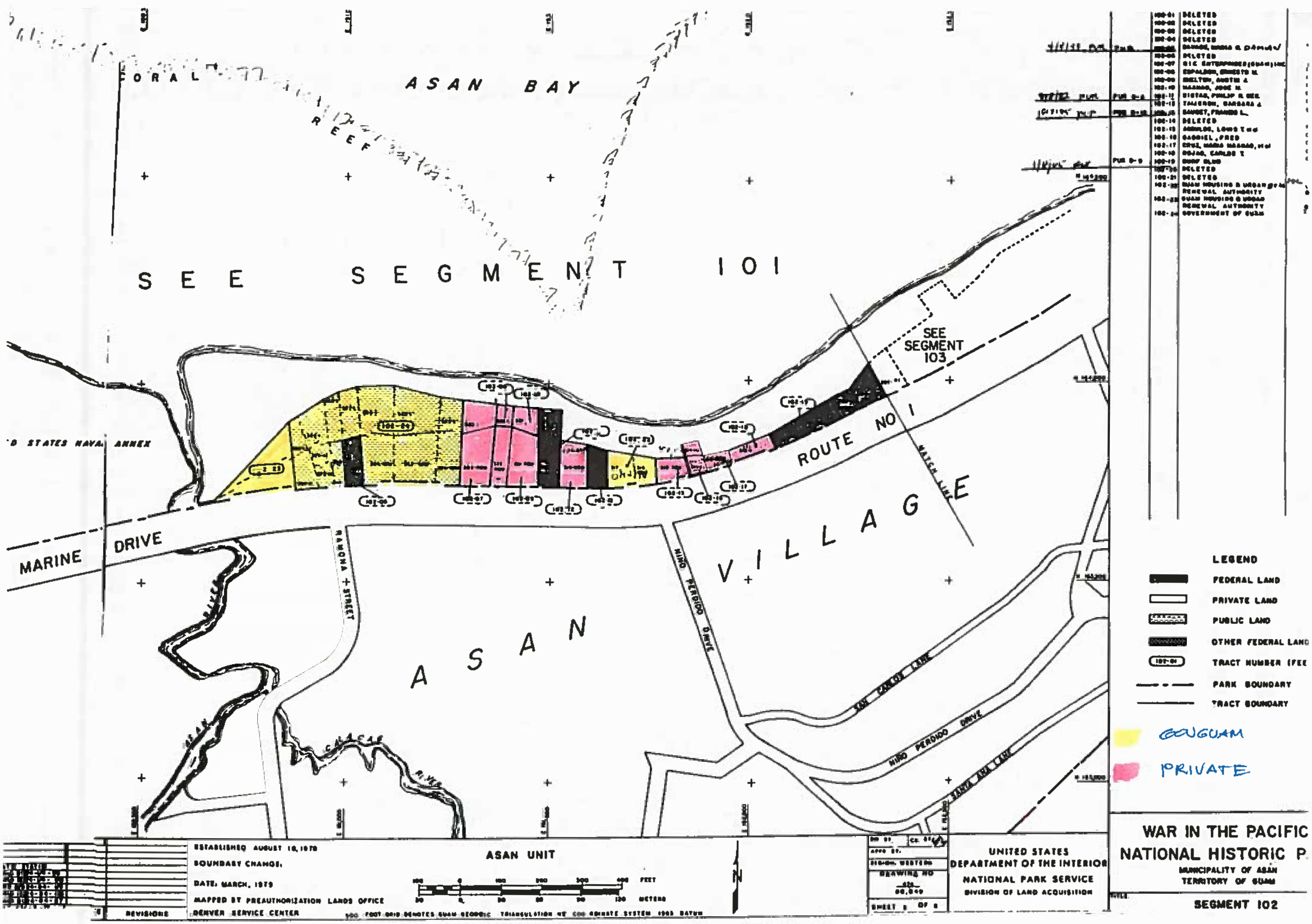

ASAN BAY
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ASAN RIVER
LEGEND
FEDERAL LAND
PRIVATE LAND
PUBLIC LAND
OTHER FEDERAL LAND
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PARK BOUNDARY
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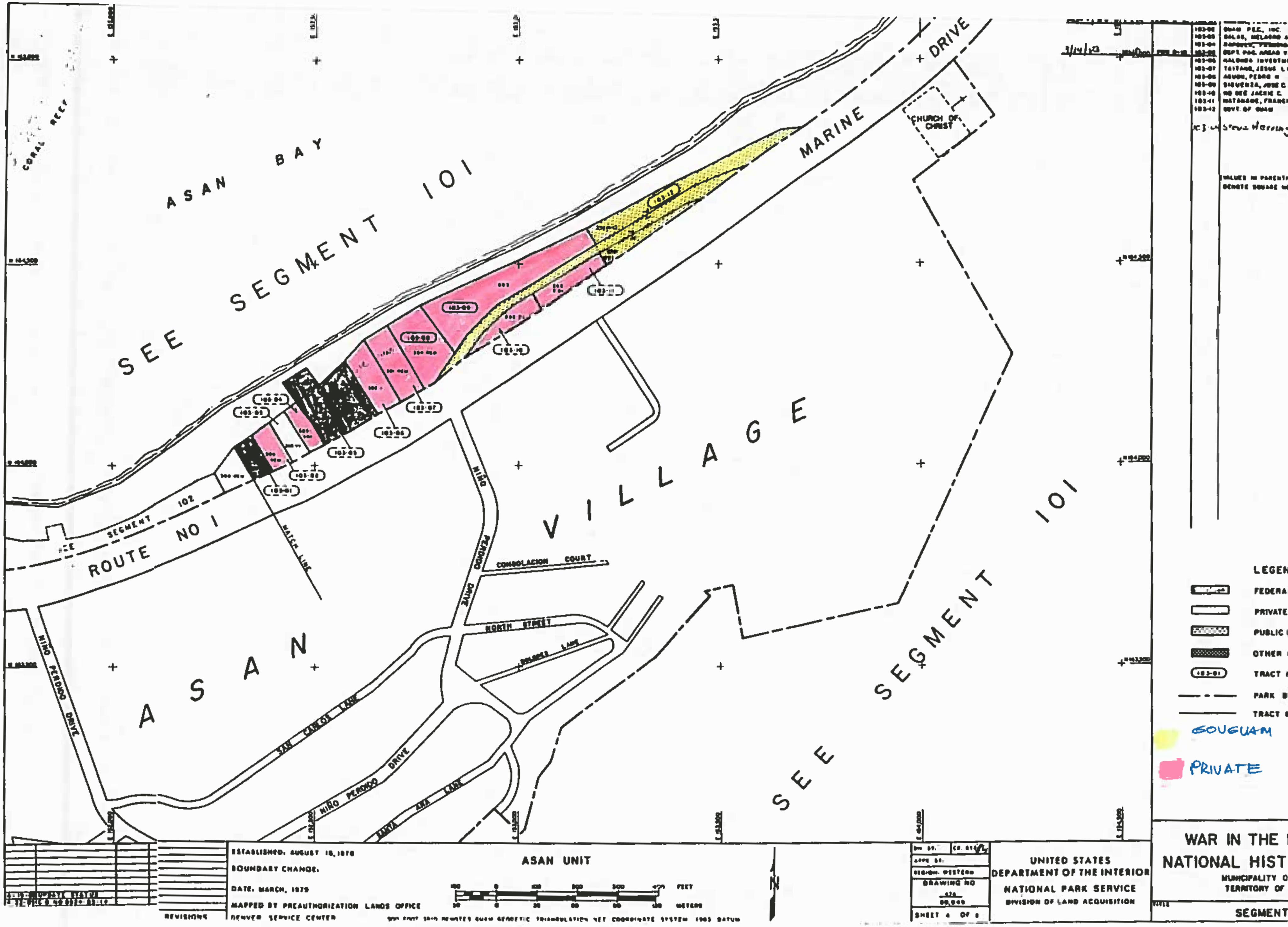

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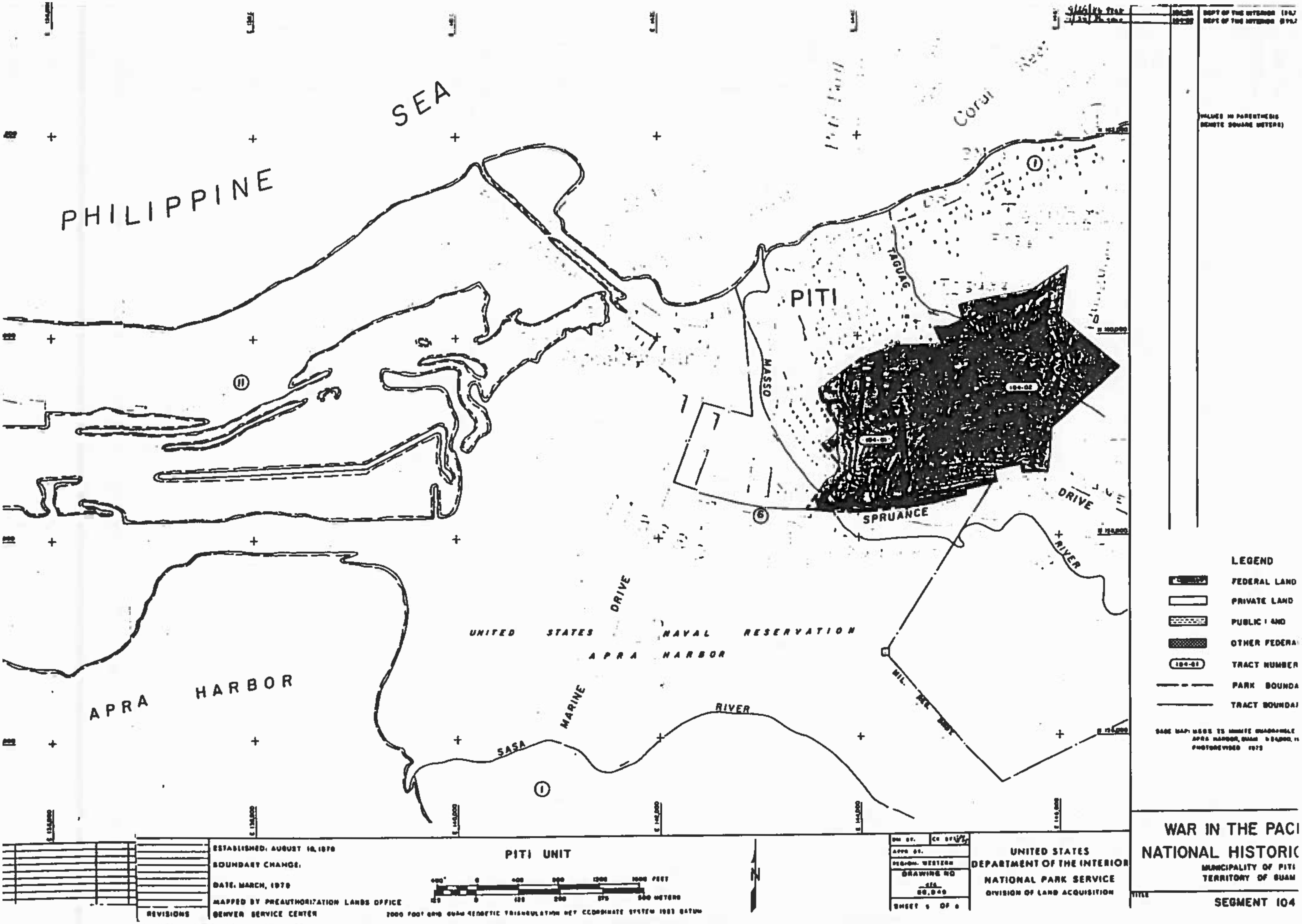
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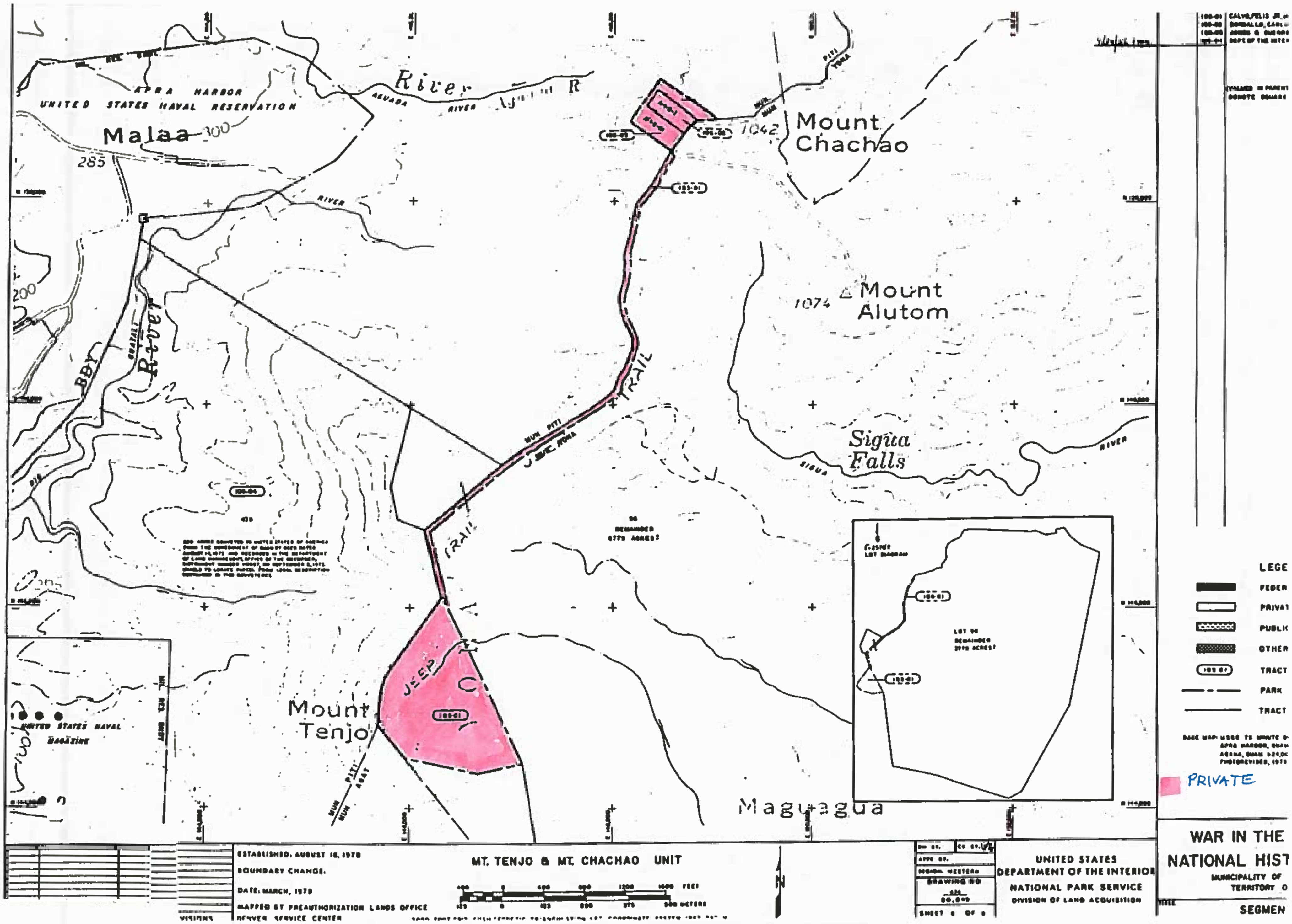

Mount Chachao
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Mount Alutom
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Sigua Falls
SIGUA RIVER
Mount Tenjo
Maguagua
Malaa
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285
200
River
AGUADA RIVER
APRA HARBOR
UNITED STATES NAVAL RESERVATION
UNITED STATES NAVAL MAGAZINE
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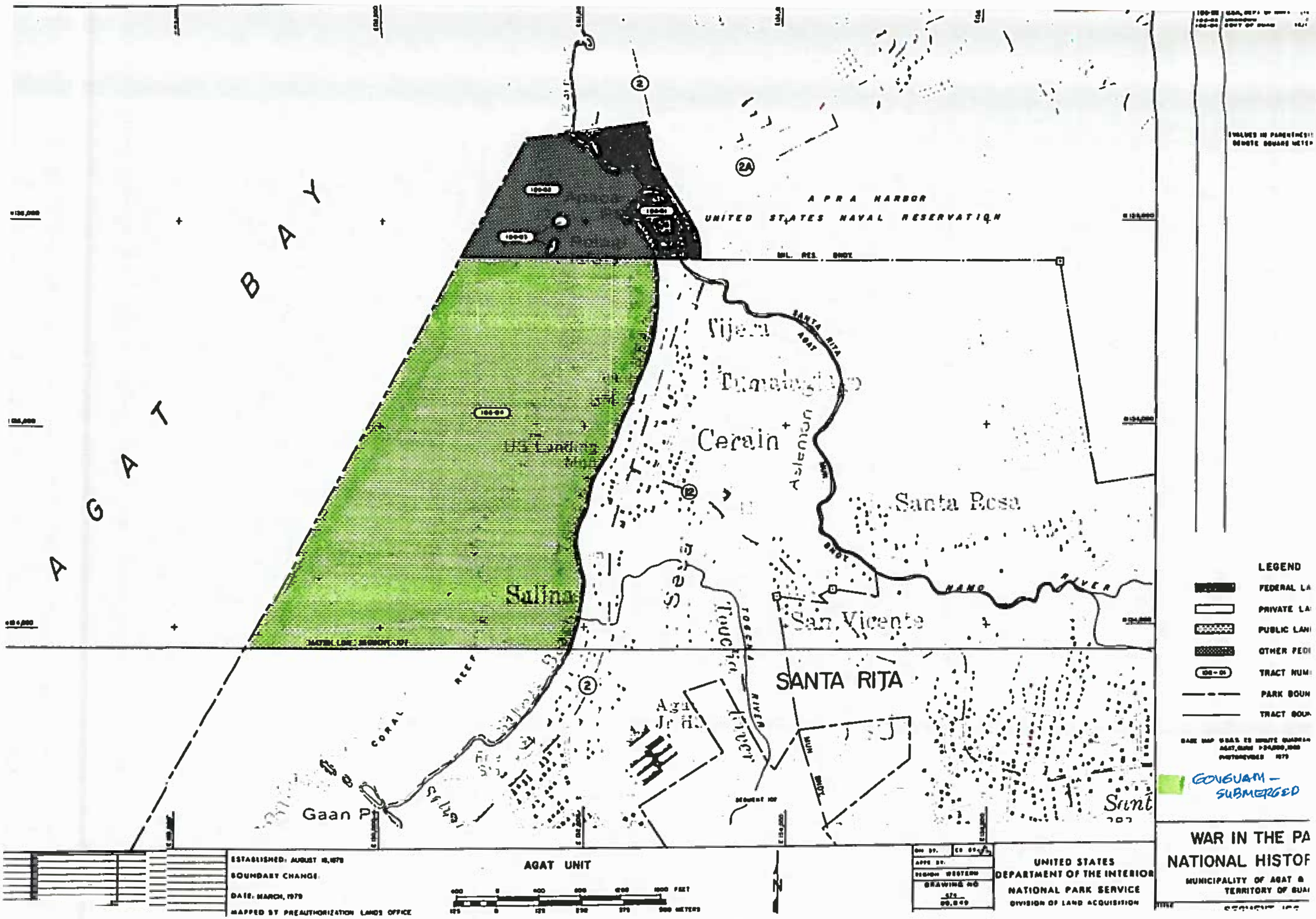
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Santa Rosa
San Vicente
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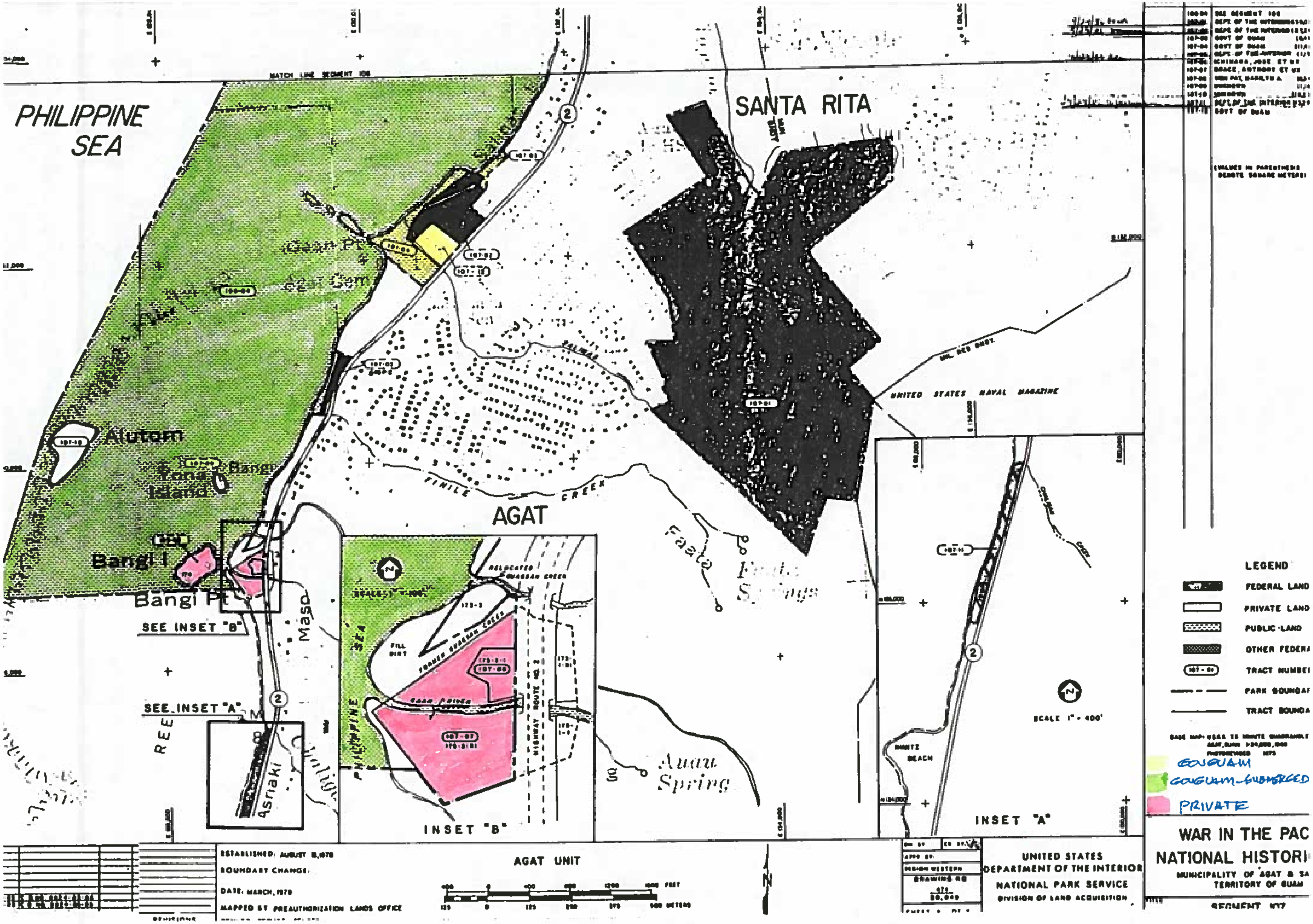

PHILIPPINE SEA
SANTA RITA
AGAT
Alutom
Bangi I
Bangi Pt
Yona Island
Gaan Pt
Agat Cem
Maso
Asnaki
Faata
Auau Spring
FINILE CREEK
UNITED STATES NAVAL MAGAZINE
MATCH LINE SEGMENT 106
SEE INSET "B"
SEE INSET "A"
INSET "A"
INSET "B"
SCALE 1" = 400'
SCALE 1" = 100'
HIGHWAY ROUTE NO. 2
RELOCATED GUAGUAN CREEK
FORMER GUAGUAN CREEK
FILL DIRT
AGAT RIVER
PHILIPPINE SEA
NIMITZ BEACH
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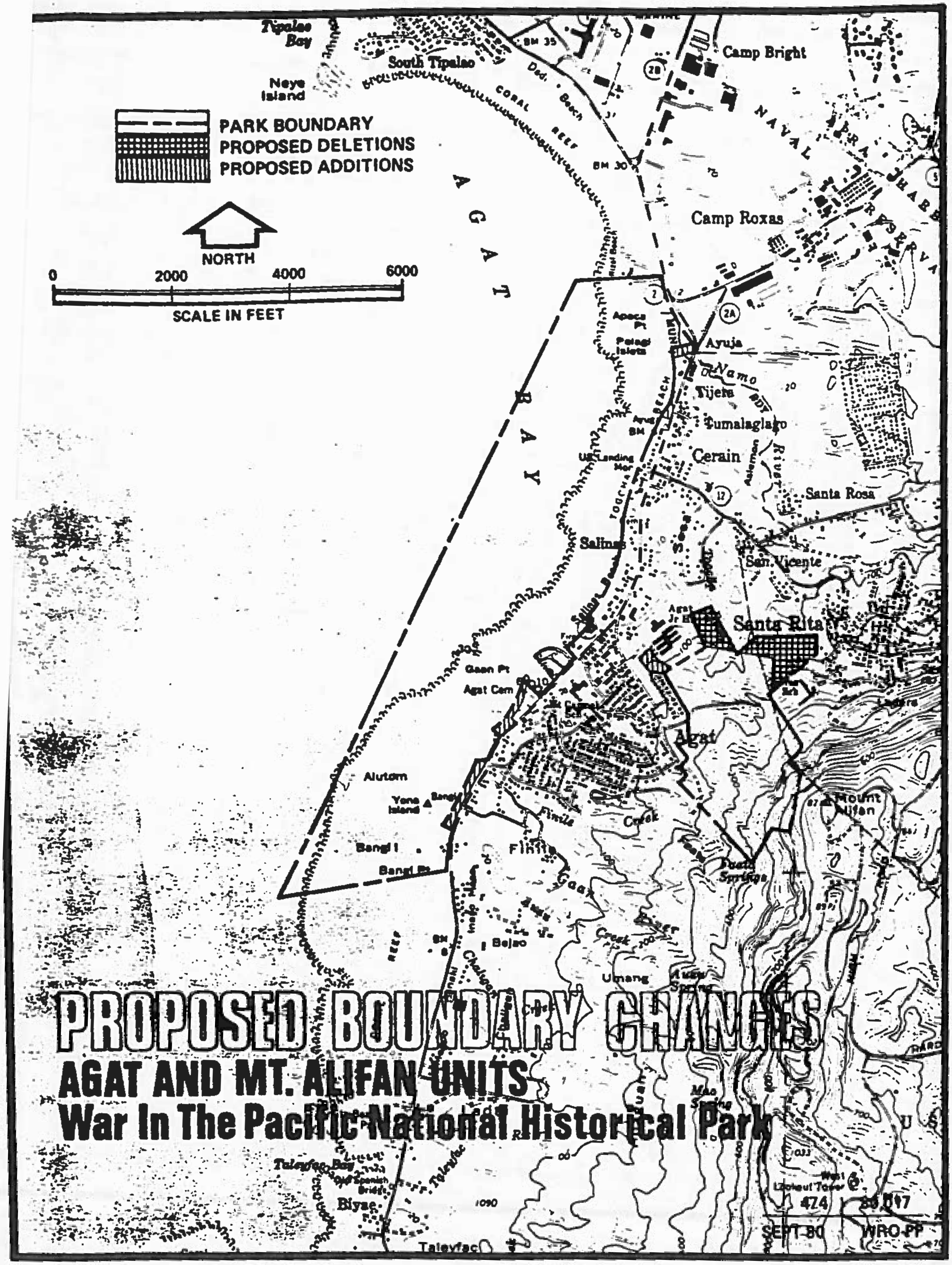
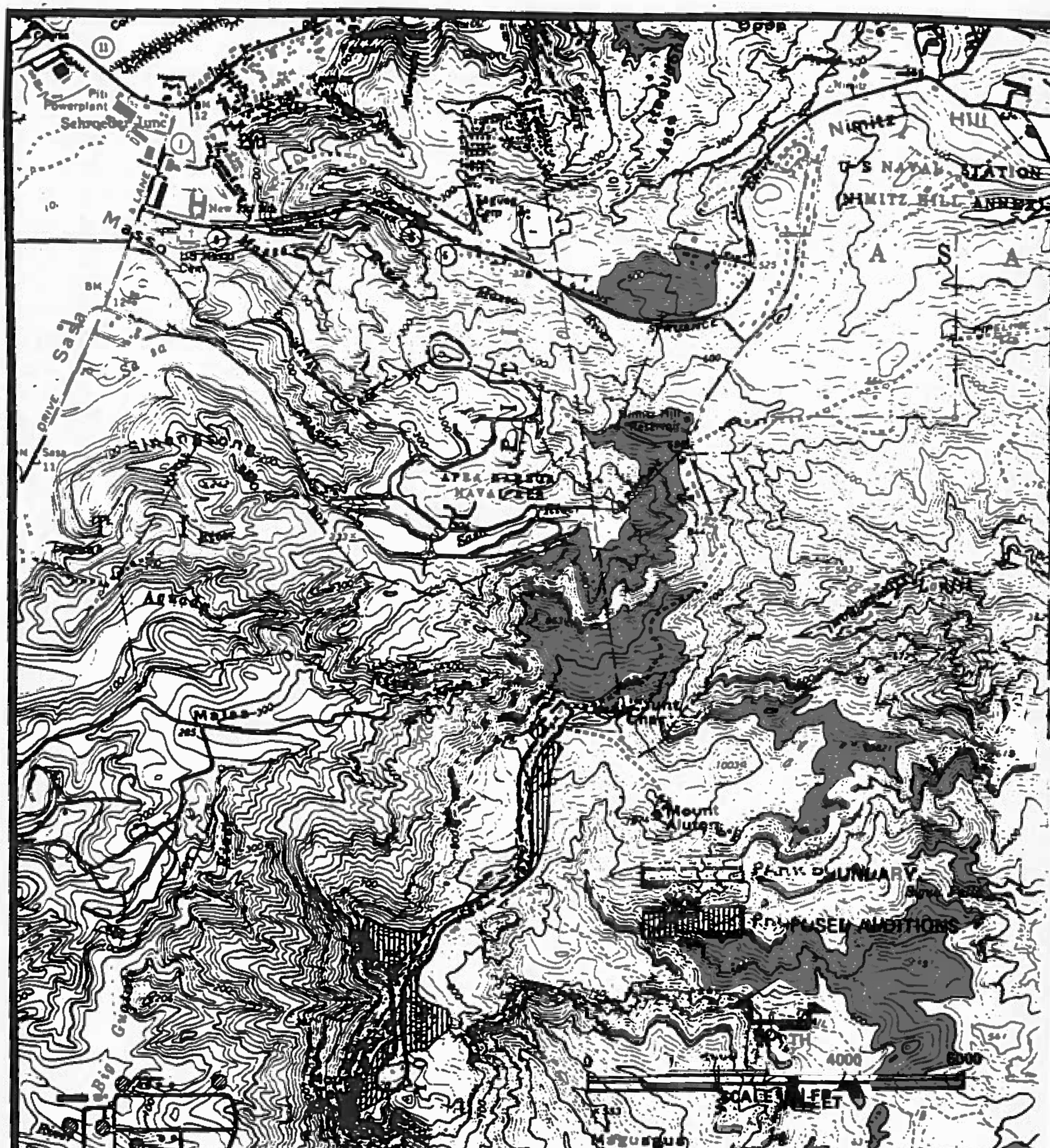


PROPOSED BOUNDARY CHANGES

AGAT AND MT. ALIFAN UNITS

War In The Pacific National Historical Park



PROPOSED BOUNDARY CHANGES

MT. CHACHAO / MT. TENJO UNIT
War In The Pacific National Historical Park

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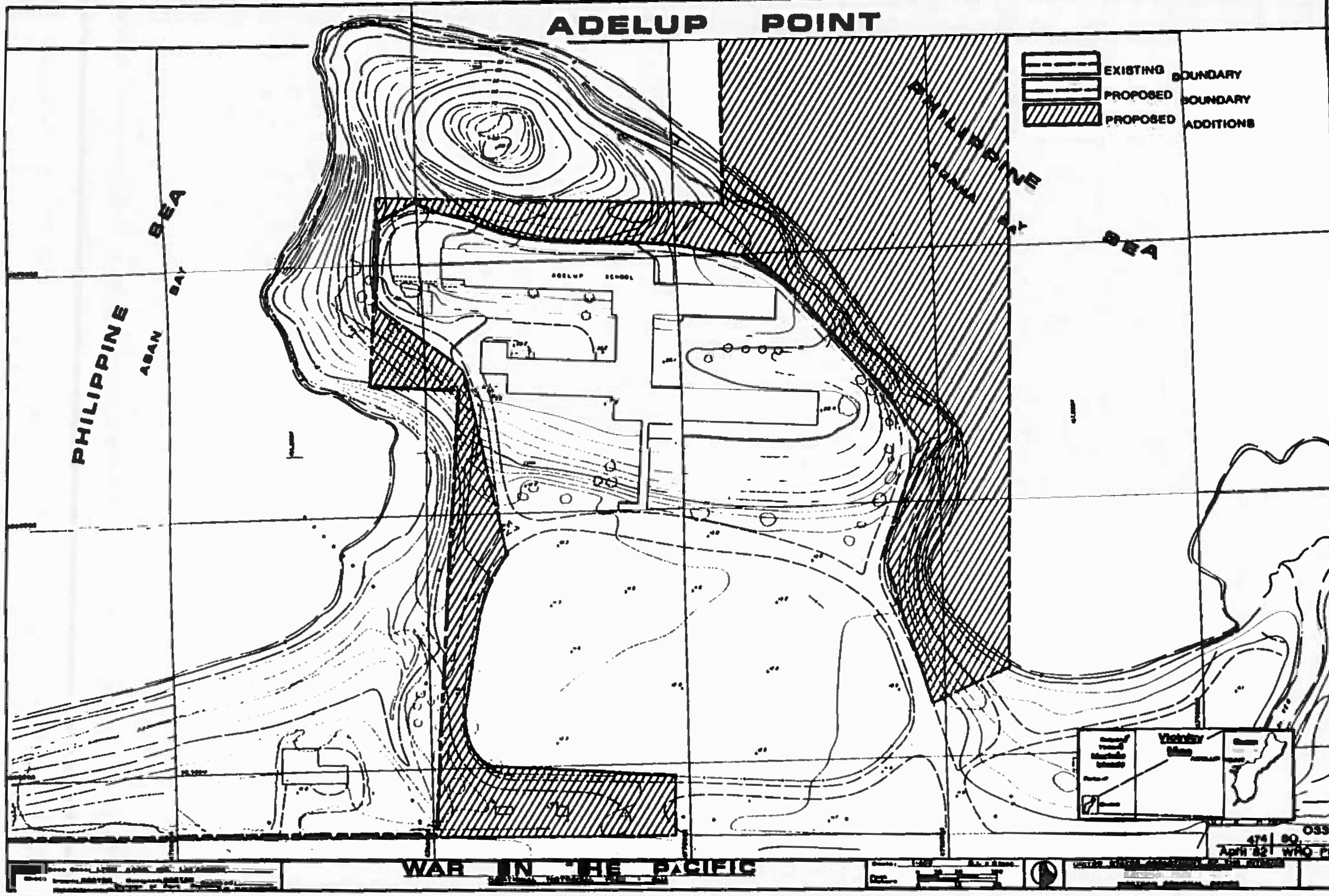
PROPOSED BOUNDARY CHANGES

ASAN, PITI GUNS AND FONTE PLATEAU UNITS

War In The Pacific National Historical Park

DETAIL MAP OF ADELUP POINT for

Proposed Boundary Changes Map - Asan, Piti Guns and Fonte Plateau Units



DEPARTMENT OF PARKS AND RECREATION
GOVERNMENT OF GUAM
AGANA, GUAM 96910

G.
Chris/
copy to Ernie
Millie & Ernie

JAN 17 1992

MEMORANDUM

To: The Governor

From: Director, Department of Parks and Recreation

Subject: Briefing Paper for P BDC Winter Meeting - February 5, 1992

In response to your request of January 7, 1992, attached is the briefing paper on the topic Congressional Support for the Completion of WWII and other National Park-related Projects. Please contact our department if additional information is needed.

ANTHONY C. MARIANO

Attachment

RECEIVED
JAN 17 1992

COMMONWEALTH NOW!

CONGRESSIONAL SUPPORT FOR THE
COMPLETION OF THE WAR IN THE
PACIFIC NATIONAL HISTORICAL PARK

With passage of Public Law 95-348, on August 18, 1978, the War in the Pacific National Historical Park was created to commemorate the bravery and sacrifice of those participating in the campaigns of the Pacific theater of World War II and to conserve and interpert outstanding natural, scenic, and historic values and objects on the island of Guam for the benefit and enjoyment of present and future generations. The law also authorized $16,000,000 for land acquisition and $500,000 for development.

Relative to land acquisition, the following is the appropriation history to date for land acquisition:

Fiscal Year	Amount
1980	$ 600,000
1985	1,176,000
1988	800,000
1990	494,047
Total	$ 3,070,047

The total land acquisition appropriation, $3,070,047 has been expended as follows:

Acquisition Status	Tracts	Acres	Cost	Per Acre
Purchased thru FY 1990	9	27	$ 2,598,122	$ 96,227
Scheduled for FY 1991	1	1	471,925	471,925
Remaining to be acquired	49	170		
Total	59	198	$ 3,070,047	

The one acre scheduled for purchase in FY 1991 was at $471,925. This amount is significant since it reflects the current higher land values on Guam and could therefore be a reasonable gauge of the funds required to purchase the remaining lands. Therefore, if the value of $471,925/acre is applied to the remaining 170 acres to be acquired, approximately $80,000,000 would have to be appropriated.

The failure to purchase the 170 acres has further created an unreasonable hardship on the current private property owners. The land is encumbered by the intent of Congress to acquire the land for the Park and this has prevented opportunities for sales, investments, and developments of the land not to mention the worry of families about the future of their homes.

The development that has occurred in the Park has been the result of the efforts beginning early in the Park's history of the Young Adult Conservation Corps, the U.S. Navy Construction Battalions and funding from the National Park Service under the appropriation category of "Operation of the National Park System." This funding has resulted in demolition of buildings, a new maintenance building, parking, trails, picnic facilities, and two new restrooms. The two restroom buildings are the only public facilities built within the last decade for the Park. This development from the National Park Service is for $1,860,000.

The 1983 General Management Plan, the official National Park Service plan for the Park, portrays an ambitious comprehensive development plan of visitor facilities, including the visitors center, roads, parking, walkways, trails, restrooms, exhibits, picnic facilities, utilities, demolition, cleanup, and landscaping of 12 park locations. The plan provides an itemized cost breakdown totalling $14,260,000 given in 1981 dollars. Updating this estimate to current values requires a deduction for facilities already provided plus an approximate conservative inflation factor of the balance of fifty percent. Thus, current construction costs would then placed at approximated $ 18,000,000.

As a note of comparison, the Park completed a new Insular Guard exhibit that was dedicated on December 10, 1991, as a component of the Defense of Guam ceremonies. The exhibit was not funded by the National Park Service. Rather, it was funded by Arizona Memorial Museum Association and the Guam Humanities Council. This indicated a Guam commitment toward the Park.

The first Superintendent indicated the Park would be completed within ten years. The former Director of the National Park Service committed a visitors center for the Park in 1988. The current Superintendent stated the Park would be completed by the 50th Anniversary of the Liberation of Guam, July 21, 1994, if sufficient funding is provided. In order to achieve this goal funding of $98,000,000 is required in Fiscal Year 1983 to insure completion of acquisition and development by July 21, 1994. Fiscal Year 1994 would be too late.

The alternative would be to significantly scale down the size of the Park and its development. In either case there needs to be action now since the War in the Pacific National Historical Park is the only creation of Congress established to solely to preserve and interepret the broad scope of World War II, the Pacific component of the most significant event of this century and to accomplish this task on Guam, where the only American community was held by the enemy.

South Pacific Environmental Program (SPREP)

South Pacific Environmental Program (SPREP)

Briefing Paper

- The Governments of American Samoa, Commonwealth of the Northern Mariana Islands, and Guam have been full members of SPREP since its inception. Member governments during the Fourth Intergovernmental Meeting for SPREP voted to recreate SPREP as an independent organization outside the South Pacific Commission through a treaty.

- Environmental issues have become increasingly important in the American Flag Pacific Islands. It was assumed that since American Samoa, the CNMI, and Guam were members of the organization, that membership would be extended in the recreation of SPREP. Questions, however, have surfaced regarding the legality of the treaty in terms of the involvement of members of the US family in an independent, intergovernmental organization. (See Attached PBDC Letter to Secretary Baker)

- A letter dated October 3, 1991 from the Assistant Secretary of State Curtis Bohlen rejected the Commonwealth of the Northern Mariana Islands (CNMI) "full membership" participation in SPREP if constituted under a treaty. Reason being that any negotiation or resulting treaty to which the US could become a party would have to be compatible to the legal relationship of the CNMI, including U.S. responsibility for its foreign relations. (See Attached)

- On December 23, 1991, the Bureau of Planning transmitted the following letters to the Honorable Niel Walter, Administrator, Government of Tokelau, the Honorable Gaston Flosse, President du Government de Polyn'esie francaise, the Honorable Inataio Akaruru, Deputy Prime Minister, Rarotonga, the Honorable Alain Christnacht, High Commissioner of New Caledonia for the Governors review and signature requesting comments as to their countries position in reference to the treaty to recreate SPREP and their participation in the program (see attached). (Responses have yet to be received)

Pacific Basin Development Council

Suite 325 • 567 South King Street • Honolulu, Hawaii 96813-3070
Telephone (808) 523-9325 Facsimile (808) 533-6336

November 6, 1991

The Honorable James A. Baker
Secretary of State
2201 C Street, NW
Washington, DC 20520

Dear Mr. Secretary:

The purpose of this letter is to express our concern with potential consequences of treaty negotiations to establish the South Pacific Regional Environment Program (SPREP) as an independent, inter-governmental organization.

The governments of American Samoa, Commonwealth of the Northern Mariana Islands, and Guam have been full members of SPREP since its inception. When the decision was made to establish SPREP as an independent organization outside the South Pacific Commission, we assumed that the US territorial and commonwealth governments would be permitted to participate in the negotiations. Moreover, we also assumed that the governments of American Samoa, the Commonwealth, and Guam would continue to participate as full members of SPREP after it was established as an independent body. However, there appears to be some question about the possibility of territorial and commonwealth involvement in the negotiations and full membership in SPREP.

Environmental issues have become increasingly important in the American Flag Pacific Islands. While the Pacific Basin Development Council has become more involved in environmental matters in recent years, we feel very strongly that the participation of American Samoa, Commonwealth of the Northern Marianas, and Guam in the treaty negotiations process and as full members of SPREP is extremely important.

Officials from the Department of State initiated some preliminary discussions with representatives of the Pacific territorial and commonwealth governments to seek our views on the treaty negotiations, for which we are grateful. We have also written to Assistant Secretary Curtis Bohlen requesting information on the existing status of SPREP, its current policy development and planning arrangements, and your department's view on possible roles for the Pacific territories and commonwealth. Unfortunately, we have not received an answer to that letter which was dated October 9th.

At our annual Pacific Basin Development Council meeting held on Saipan, November 3-6, we discussed the SPREP treaty issue. We felt that the inclusion of the Pacific territories and commonwealth in the treaty negotiations and as full members of SPREP was so important, we should make our views known to you directly.

We realize that the involvement of the Pacific territories and commonwealth could raise a host of policy questions about the involvement of members of the US family in an independent, inter-governmental organization. However, the territories and commonwealth have participated as full members of both SPREP and the South Pacific Commission for many years. Moreover, it is clear from developments in the Soviet Union that a host of new international diplomatic arrangements are emerging. We are confident, therefore, that the desires and aspirations of the Pacific territories and commonwealth to participate in SPREP can be accommodated.

Finally, we feel that it would be in the best interest of the United States, the American Flag Pacific Islands, and the independent and freely assoicated states of the Pacific Islands region to involve the State of Hawaii in the treaty negotiation process and SPREP programs. Hawaii shares many environmental concerns with its Pacific neighbors. The State also has technical capacity in many areas of environmental management that could be of benefit to the Pacific Islands region.

cc: The Honorable E. U. Curtis Bohlen

Sincerely,

11-6-91
Date of Approval

LORENZO I. DE LEON GUERRERO
President and Governor of
Commonwealth of the
Northern Mariana Islands

JOSEPH F. ADA
Vice President and
Governor of Guam

WITNESSED BY:

Jerry B. Norris
Executive Director

JOHN WAIHEE
Secretary and
Governor of Hawaii

Carolyn K. Imamura
Director of Planning
and Programs

PETER TALI COLEMAN
Treasurer and
Governor of American Samoa

91-5517

Commonwealth of the Northern Mariana Islands

Office of the Governor

Capitol Hill, Saipan MP/USA 96950

U. S.

Phone: (670) 322-5091/2/3
Telefax: (670) 322-5096/99
Telex: 783-622 Gov. NMI

15 NOV 1991

RECEIV
DEC 0 5 1991

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

Dear Governor Ada:

RE: South Pacific Regional Environment Program

I enclose a copy of a letter of October 3, 1991, to me from Assistant Secretary of State Curtis Bohlen. Simply stated, the State Department rejects Commonwealth of the Northern Mariana Islands (CNMI) "full membership" participation in a SPREP Treaty. I assume the reasoning may be the same for Guam and American Samoa. A united front may be in order on SPREP. Perhaps, Jerry Norris could assist in coordinating a staff effort to come up with a draft response to Mr. Bohlen. The affected Governors, yourself, Peter Coleman and I could then look the draft over and reach a policy consensus on how to proceed with SPREP.

If this sounds like a reasonable way to proceed, Jerry could be alerted to proceed with a draft. I am at your service.

Sincerely,

LORENZO I. DE LEON GUERRERO
Governor

Enclosure

cc: CNMI Resident Representative to the United States
Governor Coleman
Governor Waihee
Jerry Norris, PBDC

Tm

United States Department of State

Assistant Secretary of State for Oceans and International Environmental and Scientific Affairs

Washington, D.C. 20520

OCT 31 1991

Dear Governor Guerrero:

As you are aware, the fourth intergovernmental meeting of the South Pacific Regional Environment Program (SPREP) was held in July in Noumea, New Caledonia. There was a general view at the meeting that SPREP should become an autonomous organization, headquartered in Apia, Western Samoa, and that a treaty should be negotiated toward this end. It was our view that the aforementioned objective could be better and more expeditiously accomplished through a resolution adopted by the meeting. However, many of the other participants at the meeting supported the negotiation of a treaty and we agreed to consider it.

Negotiation of such a treaty necessarily raises constitutional and other issues regarding non-independent territories. Any negotiation and resulting treaty to which the United States could become party would have to be compatible with the legal relationship of the Commonwealth of the Northern Mariana Islands to the United States, including U.S. responsibility for its foreign relations.

We very much appreciate the constructive relationship we have had with the government of the Commonwealth of the Northern Mariana Islands with regard to SPREP and have been pleased that your representatives have been able to participate within SPREP, as it is now constituted, on an informal basis. However, full membership for the Commonwealth of the Northern Mariana Islands in SPREP constituted under a treaty would not be possible. I do wish to assure you, though, that in exploratory discussions and in any negotiation of a treaty we will invite your views on arrangements which will allow the Commonwealth of the Northern Mariana Islands's participation within SPREP compatible with our legal relationship.

Rec 11/13/91 Copy to Lt. Gov., Tim B., Eric Smith, AG, DEQ

The Honorable Lorenzo De Leon Guerrero,
Governor of the Commonwealth of
the Northern Mariana Islands,
Saipan, MP 96950.

In light of the Commonwealth of the Northern Mariana Islands's interest in SPREP and in any negotiations on a treaty, we have held preliminary discussions with a representative of the Commonwealth of the Northern Mariana Islands here in Washington. We will continue to consult closely with you as these issues unfold.

Sincerely,

Curtis Bohlen

Curtis Bohlen

wlg
millie a
czm

JAN 06 1992

The Honorable Niel Walter
Administrator
Government of Tokelau
TOKELAU

Hafa Adai Mr. Administrator:

Greetings from the United States Territory of Guam. As the South Pacific Regional Environmental Program (SPREP) moves ahead in the relocation of its headquarters to Western Samoa, the question of membership in SPREP still lingers for many non-independent territories.

Among those who attended the Fourth Intergovernmental Meeting for SPREP, some believed that the process for recreating SPREP could be expeditiously accomplished through a resolution adopted by its members. However, other participants at the meeting voted to support the negotiation of a treaty. The negotiation of such a treaty raises constitutional and other issues for non-independent territories in terms of their membership and voting status. For Guam, any negotiation resulting in a treaty to which the United States would be a party would have to be compatible with the legal relationship that exists between Guam and the United States. Under the current relationship, Guam has been advised that it cannot be a signatory to the treaty. For this reason, I would like to elicit your comments and thoughts as to your countries position in reference to the treaty to recreate SPREP and your participation in the program.

The issue of membership has become an even greater issue for Guam in light of the fact that "full membership" for the Commonwealth of the Northern Mariana Islands (CNMI) was rejected by the U.S. due to by-laws constituted under a treaty for territories under commonwealth status. This same reasoning may similarly apply to Guam and American Samoa who wish to maintain full membership with voting rights in SPREP but may be prevented by the mere fact that a treaty is the mechanism to recreate SPREP.

We kindly await your response to this sensitive issue, and extend our gratitude to you for any assistance you can offer. With warm regards and Si Yu'os Ma'ase', please accept the assurance of our highest consideration.

Sinseru,

Joseph F. Ada

JOSEPH F. ADA
Governor of Guam

JAN 06 1991

The Honorable Alain Christnacht
High Commissioner of New Caledonia
Office of the High Commissioner
NOUMEA CEDEX

Hafa Adai Mr. High Commissioner:

Greetings from the United States Territory of Guam. As the South Pacific Regional Environmental Program (SPREP) moves ahead in the relocation of its headquarters to Western Samoa, the question of membership in SPREP still lingers for many non-independent territories.

Among those who attended the Fourth Intergovernmental Meeting for SPREP, some believed that the process for recreating SPREP could be expeditiously accomplished through a resolution adopted by its members. However, other participants at the meeting voted to support the negotiation of a treaty. The negotiation of such a treaty raises constitutional and other issues for non-independent territories in terms of their membership and voting status. For Guam, any negotiation resulting in a treaty to which the United States would be a party would have to be compatible with the legal relationship that exists between Guam and the United States. Under the current relationship, Guam has been advised that it cannot be a signatory to the treaty. For this reason, I would like to elicit your comments and thoughts as to your countries position in reference to the treaty to recreate SPREP and your participation in the program.

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Sinseru,

Joseph F. Ada

JOSEPH F. ADA
Governor of Guam

JAN 06 1991

The Honorable Gaston Flosse
President du Government de Polyn'esie francaise
PAPEETE

Hafa Adai Mr. President:

Greetings from the United States Territory of Guam. As the South Pacific Regional Environmental Program (SPREP) moves ahead in the relocation of its headquarters to Western Samoa, the question of membership in SPREP still lingers for many non-independent territories.

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Sinseru,

Joseph F. Ada

JOSEPH F. ADA
Governor of Guam

JAN 06 1992

The Honorable Inataio Akaruru
Deputy Prime Minister
Office of the Deputy Prime Minister
RAROTONGA

Hafa Adai Mr. Prime Minister:

Greetings from the United States Territory of Guam. As the South Pacific Regional Environmental Program (SPREP) moves ahead in the relocation of its headquarters to Western Samoa, the question of membership in SPREP still lingers for many non-independent territories.

Among those who attended the Fourth Intergovernmental Meeting for SPREP, some believed that the process for recreating SPREP could be expeditiously accomplished through a resolution adopted by its members. However, other participants at the meeting voted to support the negotiation of a treaty. The negotiation of such a treaty raises constitutional and other issues for non-independent territories in terms of their membership and voting status. For Guam, any negotiation resulting in a treaty to which the United States would be a party would have to be compatible with the legal relationship that exists between Guam and the United States. Under the current relationship, Guam has been advised that it cannot be a signatory to the treaty. For this reason, I would like to elicit your comments and thoughts as to your countries position in reference to the treaty to recreate SPREP and your participation in the program.

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We kindly await your response to this sensitive issue, and extend our gratitude to you for any assistance you can offer. With warm regards and Si Yu'os Ma'ase', please accept the assurance of our highest consideration.

Sinseru,

Joseph F. Ada

JOSEPH F. ADA
Governor of Guam

Inspector Gerneral Audits

Inspector General Audits

Briefing Paper

- A 1982 federal law mandates that the inspector general periodically audit local programs in the U.S. territories and commonwealths and assess their performance and spending practices. Both Guam and the CNMI government contend that the federal government does not have the authority to audit internal records. Such an audit would violate the right of self-government. Under commonwealth law, tax records are confidential. (See related Articles)

- In August of last year, Guam's Legislature adopted a resolution that ordered Guam Del. Ben Blaz to urge congress to amend the island's Organic Act and to remove from the Inspector General the authority to conduct management and financial audits on local agencies and money. Principle sponsor of the resolution was Senator Santos.

- This issue has evolved into a grave concern for the CNMI government. The commonwealth government has challenged the sovereignty of the United States by defying an order of the Inspector General to conduct an audit of local revenues.

- The Board of Directors of the PBDC during their Annual Meeting in Saipan adopted a resolution to restrict the Inspector General of the U.S. Department of the Interior's Authority to audit non-federally generated funds and accounts in the Territory of Guam and the Commonwealth of the Northern Mariana Islands.

- According to the resolution, the inspection of non-federally generated funds is contrary to the often-stated Federal intention of promoting greater self-government and autonomy in the territories and commonwealths.

- The resolution goes further to state that appropriate legislative committees of the U.S. Congress take action to limit the Inspector Generals authority to audit in the Territory of Guam and the CNMI. (See attached resolution)

- The Governors of the Western Governors Association unanimously approved the resolution adopted by the PBDC. The resolution has been forwarded to appropriate authorities for support under the auspices of WGA. (See attached letter from Governor Mike Sullivan of Wyoming)

Pacific Basin Development Council

Suite 325 • 567 South King Street • Honolulu, Hawaii 96813-3070
Telephone (808) 523-9325 Facsimile (808) 533-6336

RESTRICTION OF THE INSPECTOR GENERAL OF THE U.S. DEPARTMENT OF THE INTERIOR'S AUTHORITY TO AUDIT NON-FEDERALLY GENERATED FUNDS AND ACCOUNTS IN THE TERRITORY OF GUAM AND THE COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS

WHEREAS, the Governors of the Territories of American Samoa and Guam, the Commonwealth of the Northern Mariana Islands, and the State of Hawaii, met in Annual Session of the Pacific Basin Development Council in Saipan; and

WHEREAS, the Governors recognize that the U.S. Department of Interior Inspector General's role is to review the expenditure of authorized, appropriated, or awarded Federal funds; and

WHEREAS, Federal legislation purports to grant the Inspector General of the U.S. Department of the Interior the authority to audit not only Federal funds but those funds, accounts, and programs of the Territory of Guam and Commonwealth; and

WHEREAS, no other Federal Inspector General has authority to audit revenues in the Territory of Guam and the Commonwealth, nor does any Federal Inspector General have authority to audit non-Federal funds, accounts, and programs in any State; and

WHEREAS, the issue of the Inspector General of the U.S. Department of the Interior's authority to audit non-Federally generated revenues is not conducive to harmonious inter-governmental relations; and

WHEREAS, the continuation of the Inspector General of the U.S. Department of Interior's authority to audit non-Federally generated funds, accounts, and programs in the Territory of

Guam and the Commonwealth is contrary to the often-stated Federal intention of promoting greater self-government and autonomy in the Territory of Guam and the Commonwealth; and

WHEREAS, the Territory of Guam and the Commonwealth have achieved sufficient technical sophistication to conduct internal audits of their own funds and programs;

NOW THEREFORE BE IT RESOLVED that we respectfully request that the authority of the Inspector General of the U.S. Department of the Interior be restricted to the audit of Federal funds in the Territory of Guam and the Commonwealth of the Northern Mariana Islands; and

BE IT FURTHER RESOLVED that the appropriate legislative committees of the U.S. Congress take action to limit the Inspector General of the U.S. Department of the Interior's authority to audit in the Territory of Guam and the Commonwealth; and

BE IT FURTHER RESOLVED that copies of this resolution be forwarded to the President of the United States, Speaker of U.S. House of Representatives, President of the U.S. Senate, the Director of the U.S. Office of Management and Budget, the chairmen of appropriate Congressional Committees, the Congressional Delegations of the American Flag Pacific Islands, the Secretary of the U.S. Department of the Interior, and the Chairmen of the National Governors' Association and the Western Governors' Association.

APPROVED BY:

11-6-91
Date of Approval

LORENZO I. DE LEON GUERRERO
President and Governor of
Commonwealth of the
Northern Mariana Islands

-92 IC-74

Miki √.

STATE OF WYOMING
OFFICE OF THE GOVERNOR
CHEYENNE 82002

MIKE SULLIVAN
GOVERNOR

December 17, 1991

The Honorable Joseph F. Ada
Governor of Guam
Ufisinan 1 Maga'Lahi
Agana, Guam 96910 U.S.A.

Dear Governor Ada:

Thank you for your recent letter supporting the resolution before the Western Governors Association regarding the U.S. Department of Interior Inspector General's inappropriate audits of locally-generated and non-federal funds in U.S. commonwealths and territories.

As you may already know, the WGA unanimously approved the resolution offered by Governor Guerrero, and that expression of support for your position has been forwarded to the appropriate authorities. I think all governors, but especially those of us in the West, can appreciate the problem of unnecessary federal intrusion.

I hope this expression of support from your fellow Western governors will help you and your colleagues to forcefully pursue a satisfactory resolution of this issue, and if the WGA can be of further assistance, please let me or the WGA staff in Denver know. With warm regards and best wishes during the holiday season, I am

Very truly yours,

Mike Sullivan

MS:scf

P.S. You also have my best wishes in pursuing commonwealth status!

Shannon Babauta, local news, 477-9711, ext. 414; Kathryn B[illegible], photography, ext. 425

New trap helps wipe out snakes

By MARSHALL SANTOS
Daily News Staff

Biologists contracted with the U.S. Department of Fish and Wildlife are helping step up efforts to control and eradicate the brown tree snake on Guam.

With a few modifications to commercial minnow traps, herpetologists Lisa Close and Craig Clark have devised a simple method of trapping the reptilian predators without killing them.

"We just basically put on one-way doors," said Clark, who arrived on Guam in August after a stint with the U.S. Corps of Engineers in New Mexico.

The tube-shaped, metal mesh traps have worked with much success. The tube has a door on each end that can only be pushed open. Once the snake has entered the trap, it cannot exit. The snake is enticed into the trap by using live mice sealed in a plastic sleeve.

The traps were tested in the Orote Point area, using 64 traps within an area of about three-and-a-half acres. In a span of 15 days, 121 snakes were captured in the traps, Clark said.

"Of all the designs we used before, this has worked the best," said Clark, who added that some of the traps had as many as four snakes in them.

Clark said he was amazed that with the amount of snakes caught, it didn't make a dent in the snake population in the tested area. He said research results indicate there are about 77,000 snakes in the Orote Point area.

It is estimated that researchers average 100 brown tree snake sightings per 100 hours.

Although officials at the Department of Agriculture's Division of Aquatics and Wildlife Resources say that trapping is not expected to be a principle element of the snake control program, they may be useful in confined areas, building and artificial habitats.

For this reason, Clark and Close are optimistic in combining their efforts with those of other biologists.

The idea of using an electrified fence is presently being experimented on by Earl Campbell, a biologist from Ohio State University's Cooperative Fish and Wildlife Reserve Unit.

The wired fence emits an 8,000-volt charge every 1.5 seconds. The electronic pulse stuns the snake but doesn't kill it, preventing the snake's escape or entry.

Combined with the traps, areas can be contained and the snakes within caught, Clark said.

Ed Cooley/Daily News Staff

Lisa Close, a Wildlife biologist, peers into a state-of-the-art snake cage yesterday at the Fish and Games division office of the Department of Agriculture yesterday.

CNMI court extends tax injunction

Action bars federal audit of records

By TIMOTHY SPENCE
Daily News Staff

SAIPAN — Income tax records will remain under court protection to guard against a federal audit, the commonwealth Supreme Court ruled yesterday.

The commonwealth's highest court reversed a lower court decision dismissing a case brought by two Saipan taxpayers who asked for the court to protect income tax returns from a potential audit by the U.S. Inspector General.

DE LEON GUERRERO

Herman S. Sablan and Antonio T. Salas, in a July lawsuit against the Northern Marianas government, sought court protection for local tax records on the grounds that such information is confidential.

Their case was dismissed by then-Superior Court Judge Robert A. Hefner when the two men failed to include the inspector general as a party in the lawsuit. They appealed the decision to the Supreme Court, which issued an injunction barring the government from releasing income tax records.

Robert O'Connor, attorney for Sablan and Salas, has argued that the tax records are confidential under commonwealth law. On that point the commonwealth government agrees, but opposes any injunction that puts such records under the protection of a court. O'Connor said he would subpoena federal auditors.

Deputy Attorney General Eric Smith said he had not seen the court's decision, issued yesterday afternoon, and did not want to comment until he had reviewed it.

In its unanimous decision, the Supreme Court ordered the Superior Court to reconsider court protection for the tax records.

Associate Justices Ramon Villagomez and Jesus Borja, and Special Judge Larry Hillbloom — a Saipan lawyer and investor — also extended the Supreme Court's injunction that protects all income tax records.

On Monday, Gov. Larry I. De Leon Guerrero defied the inspector's general's order to turn over tax records. Inspector General James Richards has vowed to take the issue to federal court to force the commonwealth government to release income tax and other records so auditors can review government operations.

Public Health looks for hepatitis carriers

By MARSHALL SANTOS
Daily News Staff

Officials at the Department of Public Health yesterday said an unusually high number of hepatitis B cases are reported on Guam, and the public should be concerned.

"Hepatitis B is one of the most common and widespread viral infections of man and is considered a very major health concern on Guam," said Wayne Antkowiak, administrator of the department's Communicable Disease Control Unit.

Antkowiak said most people who get the disease have a mild, or subclinical, disease that isn't necessarily serious. "What's important to understand here is the concept of chronic carriers," Antkowiak said.

It is estimated that one-tenth of a percent, or more than one million hepatitis B patients in the United States are chronic carriers, which is about one in every 250 individuals, Antkowiak said.

"On Guam, about 5 percent of our population are carriers. So we're talking about a 20-fold increase of people on Guam being chronic carriers," Antkowiak said. "We have essentially what we call a hyperendemic situation."

> *'On Guam, about 5 percent of our population are carriers. ... We have essentially what we call a hyperendemic situation.'*
>
> *Wayne Antkowiak*
> *Communicable Disease Control Unit*

Antkowiak said some people are naturally rid of the disease after a certain period. Those who are not are the carriers.

Transmission of the disease differs from one area to another, according to Ven Imanil, the department's immunization section coordinator.

In the Pacific area, the most common forms of transmission are through contact from child to child or through childbirth, Imanil said. In the United States, the most common form of transmission is through sexual contact or intravenous drug use, he said.

According to statistics from the department, 75 percent of the patients with hepatitis B have the mild or subclinical disease, 25 percent develop jaundice, 5 percent require hospitalization, and a tenth of a percent die of the disease. Six to 10 percent of infected patients become chronic carriers, the statistics state.

Antkowiak said an estimated 25 percent or more of the carriers develop chronic active hepatitis that often progresses to cirrhosis, which is a chronic and ultimately fatal disease of the liver.

"Our focus isn't so much on not getting hepatitis B, but to those people who are chronic carriers," Antkowiak said.

From a study conducted by Public Health in 1988, officials estimated there are almost 7,000 carriers of the disease on Guam.

Imanil, the department's immunization section coordinator, said the disease could be contracted at any age.

What the department is trying to do is find the expectant mothers on island who are carriers.

Once the mothers are identified, the newborns would be administered hepatitis B immune globulin after birth. The treatment acts as protection for the child, Imanil said. A second dose will be given when the infant is a month old, and a third dose at six months.

"If this process did not occur, it is highly likely the child would be infected, and most of those infected children would probably become carriers as well," said Antkowiak.

Man claims police used extreme force

— Page 5

Allegre kicks Dolphins out of playoffs

— Page 80

Pacific Daily News

A Gannett Newspaper

VOL. 22 NO. 326 AGANA, GUAM DECEMBER 24, 1991 Hafa Adai, it's Tuesday 50¢ on Guam

Mom: No news of inmate's death

By TAMBRA A. BRYANT
Daily News Staff

The mother of a prison inmate, shot to death during a struggle with a Department of Corrections officer Sunday, had to find out about the man's death from a neighbor, according to Sen. Pilar C. Lujan.

Someone dropped the ball about informing the mother of Roland J. Burkhard about his death. "We need to clarify who is responsible to do that," Lujan said.

According to Max Slavit, DOC spokesman, Burkhard complained of chest pains and dizziness around 6 p.m.

■ Burkhard spent life in and out of jail. Page 3.

Sunday, and after being checked by medics, was being transported to the hospital.

DOC Sgt. Jessie Clark and Corrections Officer III Patrick Guiney were detailed to take Burkhard to Guam Memorial Hospital, Slavit said.

Slavit said yesterday that Burkhard was wearing leg irons but was not bound in the waist-to-hand "belly" cuffs, because of his complaints regarding the chest pains.

Burkhard was handcuffed with his hands in front, Slavit said.

Although a police investigation of the shooting continues, Slavit said initial reports to him were that Burkhard was sitting in the backseat of the van when he tried to take the gun away from the officer beside him.

Burkhard apparently raised his arms above the officer's head to pull him forward in an effort to get the gun, and before the officer driving the van could stop to assist, the officer had fired the gun at Burkhard's upper torso, Slavit said.

Burkhard was described as a big man, Slavit said. The officer who he struggled with, and who eventually shot him, is a small man, he said.

Lujan said Burkhard's mother, who lives in Merizo, was told by DOC officials that her son had been in an accident, but no one notified her after he was pronounced dead.

The two officers are on administrative leave with pay for two weeks while the police conduct their investigation, Slavit said. The leave and investigation are standard procedure after an officer fires his gun in the line of duty.

Kathryn Bender/Daily News Staff

SANTA'S HELPERS — MM3 James Curtis stands back to back with GMG Peter Norton as a Christmas tree. The children had four minutes to decorate the sailors. This was one of several games played while the children waited for Santa Claus to arrive off the USS Haleakala. *See Page 4 for related photos. What's opened and closed on Christmas day? See page 3.*

Guerrero defies Inspector General

By TIMOTHY SPENCE
Daily News Staff

SAIPAN — The government yesterday defied the U.S. Inspector General's order to turn over all income records to federal auditors, setting the stage for an almost certain court battle.

Gov. Larry I. De Leon Guerrero's response to the subpoena of tax records, delivered to the inspector general's office in Saipan just minutes after the 10 a.m. deadline, reiterated his position that all commonwealth income tax records are confidential under local and federal law.

"We would hope that Mr. Richards would consider the legal points in this matter," said assistant attorney general Richard Weil. He was referring to Inspector General James Richards, who has said he is bound by law to audit the performance of government operations in U.S. territories and commonwealths.

Guerrero's reservations about audits by the inspector general are generally shared by the Guam Senate and the Ada administration.

The Inspector General's subpoena, issued earlier this month, does not carry the weight of a court subpoena. But Richards, during a visit to Saipan in September, said he would go to court, if necessary, to get the Guerrero administration to turn over its tax records.

Guerrero could risk being held in contempt of court if he were to defy a U.S. District

See GUERRERO, Page 4

Hotel funding shift forces slowdown

By LINDA AUSTIN
Daily News Staff

A shift in funding sources has forced Tumon's beleaguered Fountain Plaza Hotel into a temporary "work slowdown" but the developers maintain the resort will open as scheduled in Spring 1993.

The vacant work site stood quiet yesterday, an eerie calm in what has been a frantic boom time for island contractors.

According to Brad Nydahl, executive vice president of the hotel's contractor Fletcher Pacific (Guam) Ltd., a procedural paperwork delay will keep construction work to a minimum for the next two to four weeks. The hustle and bustle involved in erecting the 290-room hotel should be back to speed no later than Feb. 1, he added.

Project owner-operator World Bell Inc., of Nagoya, Japan, has reportedly financed the $80 million privately since its inception almost four years ago. That funding has now shifted to include some outside sources and the accompanying paperwork shuffle will cause the work delay, Nydahl said.

World Bell will also use the slow time to re-evaluate the different kinds of materials and methods used in the hotel project in hopes of finding some cost-cutting measures, Nydahl said.

Guerrero

Continued from Page 1
Court order to comply with the federal auditor's demands. Last week, Guerrero said he would rather go to jail than comply with any such order.

Guerrero's response to the Inspector General's order asked that the disagreement over tax records be worked out in Covenant talks between the U.S. and commonwealth governments — and not in court.

Complicating the tax issue is a commonwealth Supreme Court restraining order that forbids the government from releasing income tax returns to anyone not authorized to receive them.

Two Saipan taxpayers sought the restraining order to keep tax records out of the hands of federal auditors, but the Guerrero administration, while siding with the taxpayers on the confidentiality issue, opposes the restraining order.

"There is absolutely no indication at all that the governor and the director of finance will disobey any (confidentiality) law," deputy Attorney General Eric Smith said before the high court yesterday.

Robert O'Connor, attorney for Saipan taxpayers Herman S. Sablan and Antonio T. Salas, argued that the court should continue to protect the tax records until the confidentiality issue can be settled.

"The taxpayers have this fear that the government at some point in time will have to surrender those tax records," O'Connor said.

Acting Chief Justice Ramon Villagomez said the court would issue a decision soon.

Santos congratulates Guerrero for defying federal subpoena

By RINDRATY CELES
Daily News Staff

A Guam legislator applauded Commonwealth of the Northern Mariana Islands Gov. Larry I. De Leon Guerrero for his decision to defy a federal subpoena yesterday.

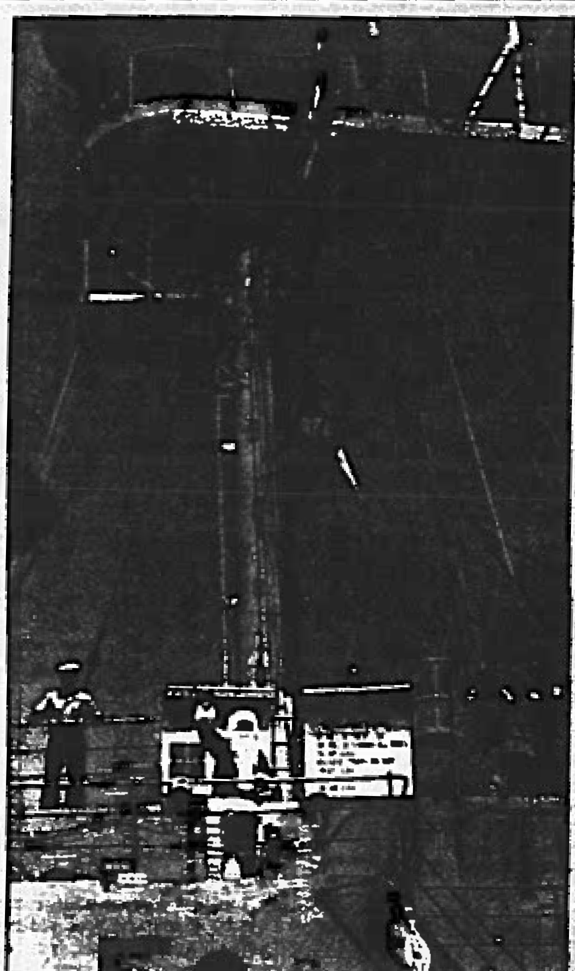
"I congratulate the governor of the CNMI for taking a hard position in denying the Inspector General's request to audit the tax records of the people of the CNMI," said Guam Sen. Frank Santos, D-Sinajana.

The CNMI government has refused to relinquish tax records of commonwealth residents because commonwealth law dictates that income tax records are confidential, according to CNMI officials. Earlier this month, the Inspector General subpoenaed the tax records of CNMI residents, requesting that the records be delivered by 10 a.m. yesterday. However, De Leon Guerrero defied the request, risking a court battle with federal officials.

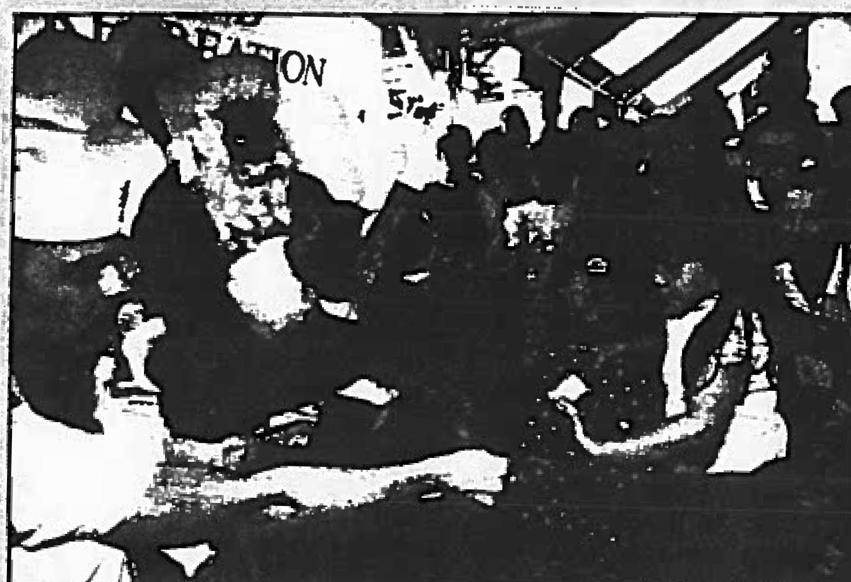
The CNMI's administration position falls in line with the position taken by Guam legislators and the administration, Santos said. In its August session, Guam's Legislature had adopted a resolution that ordered Guam Del. Ben Blaz to urge Congress to amend the island's Organic Act and to remove from the Inspector General the Department of Interior's authority to conduct management and financial audits on local agencies and money. The resolution was sponsored by Santos.

Santos said he remains firm in his support of the resolution. The Inspector General's office should only be allowed to audit those funds that are federally infused, he said.

"The federal government continues to treat Guam as a colony," Santos said. The inspector general's office does not audit the government's operations in any of the 50 states or Puerto Rico, but singles out Guam and the CNMI, he explained.



From atop the USS Haleakala, Santa Claus waves at the children patiently waiting at the pier for his visit yesterday afternoon.



After his arrival at Romeo Pier at Naval Station, Santa Claus hands out presents to the children of the USS Haleakala's sailors. Besides St. Nick's gift, Shirley Campbell, 3, also receives a candy cane from SHSN Dennis Gaudette.

Shipshape Santa

Photos by Kathryn Bender

Snakes shock experts; experts shock back

— Page 3

Complete list of Guam SPG medal winners

— Page 56

Pacific Daily News

A Gannett Newspaper

VOL. 22 NO. 236 AGANA, GUAM SEPTEMBER 25, 1991 Hafa Adai, it's Wednesday 50¢ on Guam

Another slap for Hay study

Autonomous agencies beat Oct. deadline

By RINDRATY CELES
Daily News Staff

It might just be another slap in the face for the Hay study.

During the past two weeks, the boards of two government of Guam autonomous agencies beat the Hay study's Oct. 1 deadline and raised their directors' salaries to higher-income tax brackets.

The Guam Economic Development Agency's board of directors raised administrator Chuck Crisostomo's annual salary from $65,548 to $74,096. The Hay study recommended that the position receive $46,052.

The Guam Housing Corporation board of directors raised the annual salary of its president, Peter J. Leon Guerrero, from $70,440 to $82,025. The Hay Group recommended the president's salary at $60,850.

CRISOSTOMO

CAMACHO

By law, recommendations made by the Hay Group will be implemented on Oct. 1. That date also brings an end to the authority held by the board of directors of autonomous agencies to set the salaries of its chief officers.

The government of Guam paid the Hay Group more than $500,000 to study its compensation and classification system for GovGuam employees. The study, completed a year ago, outlined a compensation system designed to provide uniformity to the current GovGuam system. The Civil Service Commission is responsible for the oversight and implementation of the study.

Felix Camacho, director of the Civil Service Commission, said he was disturbed by the

See HAY, Page 4

Residents can voice concerns on salaries

By RINDRATY CELES
Daily News Staff

Residents will have a chance to voice their concerns today and tomorrow about the salary recommendations made by the Hay Group. Public hearings at the legislature's public hearing room begin at 9 a.m. [illegible]

Court and salaries that were repealed by Bill 319. The bill includes the salary increases of the governor's staff and the directors of the Guam Environmental Protection Agency, and the Guam Visitors Bureau.

Tomorrow's hearing will give government of Guam employees the opportunity [illegible]

See SALARIES, Page 4

The Associated Press

GREAT MOMENT — President Bailey Olter of theFederated States of Micronesia addresses the United Nations General Assembly in New York on Monday. The FSM and the Republic of the Marshall Islands were admitted as member nations of the international body last week.

Legal audit action possible

By TIMOTHY SPENCE
Daily News Staff

SAIPAN — Federal officials will take legal action, if necessary, to force Gov. Larry I. De Leon Guerrero to open government records to auditors, the U.S. inspector general said yesterday.

Guerrero and the Guam Legislature both have made it clear to Inspector General James Richards that they want federal auditors to keep their hands out of what officials here consider local affairs.

But Richards said he would go to court to pressure the Northern Marianas to allow auditors to review government expenditures, personnel, and pro-

See AUDIT, Page 4

Decision raises Tinian development concerns

By TIMOTHY SPENCE
Daily News Staff

SAIPAN — A court decision upholding the powers of Tinian's gambling commission is being appealed by the Northern Marianas government, raising anew concerns that economic development on Tinian could come to a screeching halt.

The attorney general's office yesterday appealed the decision by Superior Court Judge Robert Hefner that upheld the authority of the Casino Gaming Control Commission to spend money it raised from casino-application fees and to make rules governing casinos.

The government filed its suit in June, raising concern that the pending legal battle could stifle economic development on Tinian, two-thirds of which is undevelopable because it is controlled by the U.S. military.

"I think it does raise apprehension among potential investors who are coming to Tinian," said Francis X. Lame Bull, an attorney for the commission.

Lame Bull said that a prolonged battle in the Northern Marianas Supreme Court "could destroy gaming on Tinian."

But government officials say they are concerned that Hefner's ruling could leave the entire government open to lawsuits if the commission, which technically is a branch of the Northern Marianas government, was accused of mishandling money or improperly regulating casinos.

"There is the question of liability," said government spokesman Frank Rosario. "We want that issue to be settled."

In its appeal, the government is asking the Supreme Court to determine the scope of government liability for the actions of the commission, Rosario said.

Casino gambling was legalized by an initiative approved by Tinian voters in 1989. Voters on Rota will decide in November whether to legalize casino gaming on their island.

Audit

Continued from Page 1

curement policies. A 1982 federal law mandates that the inspector general periodically audit local programs in U.S. territories and commonwealths and assess their performance and spending practices.

"The commonwealth is challenging the sovereignty of the United States," Richards said after meeting Guerrero yesterday.

Guerrero and Guam's Legislature argue that the federal government has no business auditing internal records, claiming that such an audit would violate their right of self-government.

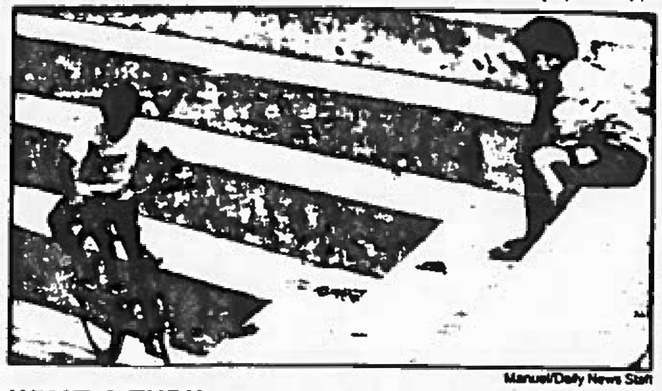
"We have no reservations about them auditing federal funds," Guerrero said Monday. "The only reservation I have is auditing local revenues."

But Richards said "it's virtually impossible" to segregate the millions of dollars in federal money that flows into Guam and Saipan each year from locally generated revenue.

Last month, Guerrero wrote to the inspector general's office and to U.S. Interior Secretary Manuel Lujan objecting to any federal audit involving local revenues. Last week, Guerrero met in San Francisco with Rep. George Miller, D-Calif., chairman of the House Interior and Insular Affairs Committee, to press his point.

On Guam, Sen. Frank R. Santos, D-Sinajana, last month sponsored a resolution calling on the U.S. Congress to change the Organic Act of Guam so that the inspector general's powers would be limited.

Richards said he saw the resolution as a "kind of vituperative response to our audit because it embarrassed them."



Manuel/Daily News Staff

WHAT A TURN — Jerome Apuron, 11, watches as Joelimar Tullao, 11, cuts the corner of the Tamuning baseball field bleachers next to Tamuning Elementary School yesterday.

Hay

Continued from Page 1

salary increases put into place by the boards of GEDA and GHC. He said those actions could be detrimental to the implementation of the study.

"These are directors who are granted pay raises by their boards, and again, the boards have the authority vested in them to establish the rates for their chief officers," Camacho said. "It's merely a matter of beating the clock."

Camacho said that, overall, he has found that autonomous agencies have not been very responsive to the Hay Group's recommendations.

"The autonomous agencies generally feel that because they earn their own money, they should be given the responsibility of determining how much their employees are worth," he said. "However we all work for the same government and they still draw upon the General Fund.

"The bottom line is that we're all in this together and there should be no differentiation or discrimination as far as how much a GovGuam employee should be paid — equity is really the main thing we're after right now."

Tony Leon Guerrero, the chairman of the board for GEDA, said the salary increase was based on Crisostomo's performance as an administrator.

Leon Guerrero said the Hay study did not evaluate performance but instead relied on numbers.

The board has always considered compensation based on performance, he said.

"I try to pay people what they're worth," Leon Guerrero said. "You get the people you pay for."

Crisostomo said the Hay Group had never evaluated the agency but seemed to base its evaluation on the number of people working within the agency.

He said he was never asked to submit any information or material that outlined the responsibilities of the agency.

"No one wants to pay attention to the duty of the job, only the numbers," Crisostomo said.

Leon Guerrero and Crisostomo said they had not spoken with the Civil Service Commission before about the salary increase.

GHC's president, Peter J. Leon Guerrero, was unavailable for comment yesterday. However, Robert John, the Housing Services administrator, said the office did an evaluation of the Hay study and found inadequacies in how the recommendations related to the corporation. One discrepancy was the Hay Group's evaluation of the manager position as a classified position when it is an unclassified position.

The office used the Hay methodology and came up with a salary range that the board could choose at its discretion, he said.

"It wasn't just a figure plucked out of the air," John said.

The board also had to decide whether to increase the salary or wait until Oct. 1 and approach the Civil Service Commission with the discrepancies.

The board debated for almost three hours before agreeing to increase the salaries, John said.

Whether the salaries will apply to future directors who replace those currently holding the jobs would be a legal question, John said.

Leon Guerrero said it would depend on the restrictions the law has applied.

Camacho said the current government of Guam classification and compensation system reflects more than 100 different pay systems. The Hay implementation would streamline the system and provide uniformity in the compensation process.

Salaries

Continued from Page 1

Committee on General Governmental Operations.

The government of Guam paid the Washington, D.C.-based Hay Group $500,000 to study the government's compensation and classification system. The group then offered recommendations that would create a uniform system for the classification and compensation of GovGuam employees. The study was completed in September of last year and will be implemented on Oct. 1.

The Civil Service Commission has been responsible for the oversight and implementation of the Hay recommendations.

Director Felix Camacho said the commission will offer testimony at today's hearing and plans to continue to recommend the salary level for Guam's lawmakers that was recommended by the Hay Group — $55,303.

"My only contribution at this point in time would be listen to what (senators) have to say and take it from there. Again, the commission will remain receptive to any comments that are made whether constructive or not," Camacho said. "We're hoping that this will be a working session and not a defensive position where we have to come in and defend ourselves again.

"I think we've been through this too many times already," he said.

Contrary to recommendations made by the Hay Group, senators proposed to increase their salaries to $80,850 in the 1992 fiscal budget, which the governor signed into law Sept. 15. Two days earlier, in an about face move under intense public pressure, senators passed Bill 319, which repealed the salary-increase provision. The repealing legislation still awaits the governor's attention.

During tomorrow's hearing, Camacho said he also will be on hand to listen to testimony from employees.

However, he said, the Civil Service Commission has been receiving and resolving concerns of employees from various government of Guam agencies throughout the year. And the commission continues to open its doors to employees or agencies with concerns about the system.

Camacho produced a 40-page collection of communication between the commission and the Hay Group.

"This shows that we have, on an on-going basis, been working with the Hay Group on concerns that we have found and that other departments and agencies have brought to our attention," he said.

Concerns range from the classification of individual and group positions for various agencies to concerns about the study's philosophies and policies.

The commission already has committed its staff members and employees from the Department of Administration to provide orientation about the new system for government employees, Camacho said.

"Right now there is a lot of miscommunication and a lack of understanding on the impact of the Hay recommendations," he said. "We are providing information on the bill and its implications."

The commission also is working with the Bureau of Budget Management and Research so that the study can be smoothly implemented, he said.

Camacho said the study's implementation involved a two-part process. The first part resulted in methodology designed to objectively measure and evaluate jobs. That system already has been accepted and passed into law.

The second part involves the development of the pay policy, he said. That is where the commission is at now.

Barring concerns from employees and legislators, Camacho said he is confident that the study will be implemented Oct. 1.

The law gives the compensation system a five-year moratorium to prove that it can work for the government of Guam.

Joint Commercial Commission (JCC)

Joint Commercial Commission (JCC)

Briefing Paper

- The objective of JCC is basically to strengthen economic ties and promote commercial and economic ventures between U.S. and Pacific Islands through the creation of a forum (commission) to discuss trade and commerce issues.

- The U.S. proposes that membership in the commission be composed of those island countries invited to the President's meeting. Prime Minister Henry, on the other hand, proposes to extend membership to all Pacific Island countries.

- During the Annual PBDC meeting, it was recommended that OTIA be a part of the development and implementation of the Joint Commercial Commission, given the fact that it is heavily involved in the economic development of the Pacific. Involvement of OTIA will enhance U.S. interests further by developing closer economic relations. (See Attached)

- Further recommendations at the Annual meeting suggested that a compact amongst the island governments be established to create a regional effort in the development of a regional initiative.

- Governor Ada recommended that Governor Coleman be allowed to continue to pursue membership status in the JCC and a regional relationship to insular areas.

Pacific Basin Development Council

Suite 325 • 567 South King Street • Honolulu, Hawaii 96813-3070
Telephone (808) 523-9325 Facsimile (808) 533-6336

November 6, 1991

The Honorable George Bush
President of the United States
Executive Office of the President
1600 Pennsylvania Ave., NW
Washington, DC 20500

Dear Mr. President:

The purpose of this letter is to seek your support for the implementation of the Presidential initiative to establish a U.S.-- Pacific Island Nation Joint Commercial Commission (JCC).

As we noted in our letter of November 16, 1990, we designated Governor Peter Tali Colemen of American Samoa as our liaison with the Commission and related activities. Since our communique with you, we have continued to discuss the JCC within our organization and with other leaders in the Pacific Islands.

We continue to support the JCC effort and respectfully request that funding and other required resources be identified and made available for the formal implementation of the JCC. We are genuinely concerned that the momentum for your JCC initiative generated by the October 1990 meeting at the East-West Center with Pacific Island leaders may be lost unless the establishment of the commission is expedited.

We would like to request that the Assistant Secretary of Interior for Territorial and International Affairs be included, along with representatives of the Department of State and the Department of Commerce, as part of the U.S. delegation involved in the planning and development of the JCC. We have found that the involvement of the Assistant Secretary of OTIA in aviation bi-lateral negotiations to be very constructive in terms of territorial and commonwealth interests and concerns.

We would also like to express our keen interest in participating as full and equal members in the JCC which has been proposed by the leaders of the independent and freely associated states of our region. We have common economic interests with our Pacific Island neighbors. Individuals and corporations in our jurisdictions are already involved in trade with, and investment in, the independent and freely associated states of our region. Therefore, we feel that our involvement, as full and equal members, could do much to further the interests of the United States and the countries and territories of the Pacific.

We continue to support the other initiatives suggested in your October 1990 meeting and pledge to assist in the implementation of those efforts in any way you deem appropriate. We look forward to hearing from you.

Respectfully,

11-6-91
Date of Approval

LORENZO I. DE LEON GUERRERO
President and Governor of
Commonwealth of the Northern
Mariana Islands

JOSEPH F. ADA
Vice President and
Governor of Guam

WITNESSED BY:

Jerry B. Norris
Executive Director

JOHN WAIHEE
Secretary and
Governor of Hawaii

Carolyn K. Imamura
Director of Planning
and Programs

PETER TALI COLEMAN
Treasurer and
Governor of American Samoa

Pacific Basin Development Council

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November 6, 1991

The Honorable Stella Guerra
Assistant Secretary
Office of Territorial and International Affairs
U.S. Department of the Interior
Washington, D.C. 20420

Dear Assistant Secretary Guerra:

We would like to take this opportunity to thank you for the breakfast discussion that we had relating to the issues of trade and the Joint Commercial Commission. As you noted, in both our public and private meetings, we strongly feel that OTIA should take advantage of its "international" mandate as it relates to President Bush's proposed Joint Commission (JCC).

As Governor Coleman noted, recent activities within the world have accelerated change in a number of spheres that have major impact on the island in the Pacific. Given the fact that OTIA is heavily involved in economic development in the region, we feel that insights you can provide on the implementation of the JCC would be extremely helpful in furthering the Presidential initiative.

We request that your office become actively involved in the development of the Joint Commercial Commission concept and its implementation within the U.S. Federal Government. We would encourage you to coordinate your efforts with our individual island governments and with the staff of PBDC. We have a number of specific initiatives that could further the interests of the U.S. Federal Government in the implementation of the President's initiative.

We would be pleased to assist you in any way we can in your efforts to furthering U.S. interests in the development of closer economic relations between the U.S. and the independent and freely associated states of the Pacific region. Please let us know how we can be of further assistance.

Sincerely,

LORENZO I. DE LEON GUERRERO
President and Governor of
Commonwealth of the
Northern Mariana Islands

Date of Approval

The Honorable Stella Guerra
November 6, 1991
Page 2

JOSEPH F. ADA
Vice President and
Governor of Guam

WITNESSED BY:

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and Programs

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Governor of American Samoa

North American Free Trade Agreement (NAFTA)

North American Free Trade Agreement (NAFTA)

Briefing Paper

- The expansion of the trade areas covered by the General Agreement on Tariffs and Trade being discussed in the Uruguay Round (i.e., agricultural commodities, intellectual property rights, trade in services) will have little impact in Guam, but what impact there is should be beneficial.

- The ongoing negotiations of the United States toward a North American Free Trade Agreement (NAFTA), a U.S.- Mexico Free Trade Agreement and an Andean Trade Preference Act are of considerable concern to Guam. Guam's trade preference with the U.S. under Headnote 3(a) is often tied to the trade preferences extended to foreign nations, subjecting our manufacturing sector to substantial instability in its governing regulations and overall business environment.

- The effects of NAFTA would most assuredly impact the infant manufacturing component of Guam's economy in the future. As Guam struggles to solidify its own trading relationship with the United States, such a free trade agreement would place our competing goods at a comparative disadvantage.

- Guam's experience in exporting has been limited to watch manufacturing and the garment industry. The former met its untimely demise with the imposition of U.S. quotas, while the latter industry is still being nurtured.

- Manufacturing incentives, such as our government's Qualifying Certificate Program, may neither be enough to offset such comparative advantages nor entice local entrepreneurs to develop manufacturing anticipating penetration of U.S. markets in the future.

- As a small percentage of domestic product, Guam's agriculture industry is primarily designed for local consumption. Effects anticipated from such comparative advantages in Mexico and Canada would be reduced tropical agricultural product prices and Guam losing its chance of developing any viable agricultural export industry.

- The short run effects on Guam created by NAFTA would be minimal. Although Guam does not foresee itself ever being in a position to truly compete with these larger and resource rich countries, the long run effects of having such a comparative advantage, may well preclude Guam from ever establishing any viable export industry. Such actions would make us further dependent on Asian economic markets and limit our potential to diversify.

- Both the Department of Commerce and The Guam Economic Development Authority are in agreement that any national trade program, the territories and commonwealths should be considered and part of the negotiation process, unlike the exclusion from the U.S.-Canadian Free Trade Agreement. Guam should always be recognized as an individual trading entity and should not be compromised in any way. (See Attached Briefing Paper from Department of Commerce)

GOVERNMENT OF GUAM
AGANA, GUAM 96910

DC-DIR-01.15.92P
MEMORANDUM

Date: January 15, 1992

To: Director, Bureau of Planning

From: Director of Commerce

Subject: Comments on Trade Agreements and International and Foreign Relations

I refer to the above subject and offer the following general comments that reflect our trade interests.

Peter R. Barcinas

Comments on Trade Agreements and International and Foreign Relations
by
Guam Department of Commerce
Prepared by Ms. Martha Rubic

1. Trade Negotiation Position. It is recommended that the position taken with respect to general trade provisions reflect an uncompromised approach in which Guam oftentimes is not included in country provisions. An example is seen in the recent passage of the Canada Free Trade Agreement whereby Guam was not referenced or included. The Commonwealth provision as provided for under the Trade Section reflects the type of Negotiation approach that allows for Flexibility and greater trade benefits to Guam as a trading partner.

   With respect to Consultation matters, Guam should hold the position that any policy or program that is negotiated on behalf of any country, any island nation should reflect the interests of Guam's trade position. Guam should always be recognized as an individual trading entity and should not be compromised in any way.

2. Trade Environment. It is important that the developments within the region focus on environmental, health, labor and safety conditions in any growing economy. In the case of Guam, this issue is critical as Pacific Rim/Asian Countries are placing greater attention on these factors. Guam is directly affected if such is a problem as the economies of these areas are directly related to what happens in the Guam/Micronesia market.

3. Sustained Economic Growth. It is only appropriate that the Government's trade position should incorporate a policy of sustained economic growth in its trade strategies as this will allow for greater returns on trade and investment activity. It is equally as important that these strategies recognize the highly sensitive Guam economy to that of the Asian Pacific Rim countries. Any direct developments in these areas or problems that may affect the Pacific region should be monitored closely as this is such a dynamic trade region.

Pacific Basin Development Council

Suite 325 • 567 South King Street • Honolulu, Hawaii 96813-3070
Telephone (808) 523-9325 Facsimile (808) 533-6336

November 6, 1991

The Honorable Carla A. Hills
United States Trade Rpresentative
Winder Building
600 Seventeenth Street, NW
Washington, DC 20506

Dear Ambassador Hills:

The purpose of this letter is to express our concern about the impact of the Uruguay Round of the GATT negotiations and the North American Free Trade Agreement on the American Flag Pacific Islands. We are also concerned about other trade and investment agreements in the Pacific Basin that would impact our respective areas.

Trade and investment have become a major focus of the Pacific Basin Development Council's deliberations. As you are aware from discussions with individual American Flag Pacific Island Governors, we have several specific concerns about what may result from the Uruguay Round and NAFTA. At our recent meeting in Saipan, we concluded that the trade and investment issues at stake are of such importance, a mechanism must be found to involve the American Flag Pacific Islands in current and futures US trade negotiations.

We will be holding our winter 1992 meeting in Washington in early February and would like to request a meeting with you at that time. If such a meeting would be agreeable, please contact our Executive Director, Mr. Jerry Norris, who will schedule the meeting.

We have all appreciated your attention to our trade concerns in the past and hope we can work more closely with you on matters of mutual interest in the future.

Sincerely,

LORENZO I. DE LEON GUERRERO
President and Governor of
Commonwealth of the
Northern Mariana Islands

Date of Approval

JOSEPH F. ADA
Vice President and
Governor of Guam

JOHN WAIHEE
Secretary and
Governor of Hawaii

PETER TALI COLEMAN
Treasurer and
Governor of American Samoa

WITNESSED BY:

Jerry B. Norris
Executive Director

Carolyn K. Imamura
Director of Planning
and Programs

The Pacific Islands and the New World Order:

Emerging Economic Independence

The Pacific Islands and The New World Order:

Emerging Economic Independence

Briefing Paper

- It is uncertain what the "New World Order" is all about or what role it will play in our society. Glimpses of the new order, however, are evident in the dramatic changes that have taken place in the past few years, both in politics and in economics. Such examples include the end of the Cold War, the decline of Communism in Western Europe, economic assistance to South America and the USSR, and the elimination of trade barriers.

- Whatever it brings, the economic and political changes may necessitate a greater degree of cooperation between the American Flag Pacific Islands and the independent and freely associated states in the region.

- It was suggested that the AFPI could initiate a Pacific-wide effort to assess the changes transpiring and the economic opportunities available to the region.

- Efforts can be focused on Global Security in the Pacific, Global Aid, Trade, and Investment Interests, Trade and Economic Cooperation Agreements, Environmental Issues, and Regional Cooperation within the Pacific. (See attached for information)

THE PACIFIC ISLANDS AND THE NEW WORLD ORDER: EMERGING ECONOMIC INTERDEPENDENCE

The "New World Order" has become a well used phrase in pronouncements on newly emerging economic and political relationships. It is not entirely clear what that order will be, but it is clear that some of the most dramatic political and economic changes in history have recently taken place or will take place in the near future. The Cold War has very quickly come to an end. Superpower rivalries have given way to the decline of Communism in Eastern Europe. The USSR, once a monolithic economic and political block, is breaking up, unique political relationships are emerging, and its people are facing a economic collapse. In the Middle East, attention has shifted from the invasion of Kuwait and Operation Desert Storm to a Peace Conference involving bitter military and political rivals brought together by the United States and the Soviet Union.

On the economic front, the world is currently in one of the most serious economic declines in the past decade. Countries in Africa continue to be unable to feed their people in the face of widespread famine. In South America, many countries maintain huge overseas debts, have run away inflation, and are unable to stimulate economic development. The Soviet Union, while once an aid donor, is now desperately seeking economic assistance from the US and European Community.

Another major economic trend which could have a significant impact on the new world order is the lowering of national trade barriers and the regionalization of trade relations. Negotiations on the General Agreement on Tariffs and Trade indicate that there is strong pressure from the US and other governments to lower or eliminate high tariffs and other barriers to trade. The European Economic Community is moving quickly toward economic integration in 1992. The US has embarked on the development of a North American Free Trade Agreement aimed explicitly at stimulating trade, investment, and economic expansion in that hemisphere.

A new world order is definitely emerging, but how the Pacific Islands fit into that order is anything but clear. The US and other donor countries have been primarily interested in the Pacific Islands for economic and strategic reasons. Now that the Russians are no longer coming, will they still be interested? Can the donor community still afford to provide development assistance to the Pacific Islands given the state of the world economy? Will the major donors who provide development assistance to the South Pacific turn their attention to Eastern Europe in hopes of avoiding an economic and political disaster of global proportions? Can the donor community turn its back on the continuing famine in Africa? Will the North American Free Trade Agreement and the economic integration of Europe present new obstacles to economic development in the Pacific Islands?

The new world order, what ever it is, could have serious economic consequences for all countries and territories in the Pacific Islands region no matter what their current political status or futures aspirations are. Indeed, changing global political and economic relationships outside our region may necessitate a greater degree of cooperation between the American Flag Pacific Islands and the independent and freely associated states in the region.

Clearly, as the strategic interest of our region declines, island governments could become more economically inter-dependent if they are going to fulfill their economic aspirations. The American Flag Pacific Islands could play an important role in spearheading a move toward greater economic integration in the Pacific Islands for benefit of all.

The American Flag Pacific Island governments could initiate a Pacific-wide effort to assess alternative futures for the Pacific Islands region in the new world order. This effort could focus on global economic and political trends that may necessitate and provide opportunities for a greater inter-dependent in our region. These trends include:

- o Changing Global Security Alliance and Security Interests in the Pacific;
- o Changing Global Aid, Trade, and Investment Interests and Implications for the Pacific;
- o Emerging Trade and Economic Cooperation Agreements and Access to European, North American , and Asian Markets for the Pacific Islands;

- Global Environmental Issues, the UN Conference on the Environment, and the Pacific Islands Region; and

- New Opportunities for Economic Cooperation and Regional Cooperation in the Pacific Islands;

This effort could involve a series of policy studies, regional workshops and a conference on Alternative Futures for the Pacific Islands in the New World Order. The policy studies could focus on global trends that have implications for the region. Reports could be developed as background studies for a series of workshops held in the Pacific Islands region. The workshops would allow countries and territories to analyze the major issues facing the region. An international conference could be organized as the culmination of this effort. The conference could result in regional agreements to address the major problems facing the region as a result of the emerging new global order. The conference could result in a declaration of Pacific inter-dependent to chart a preferred future countries and territories of the region.

Comparative Risk Analysis (CRA)

Guam Comparative Risk Analysis

Briefing Paper

- The Guam Environmental Protection Agency (GEPA) submitted a program proposal entitled Comparative Risk Analysis (CRA) in compliance with the recent implementation of the program by the U.S. Environmental Protection Agency (EPA).

- The goal of CRA is to (1) identify environmental problems specific to Guam; (2) implement guidelines to identify and to rank risk factors to human health and the environment which are regulated by EPA; and (3) develop recommendations with will address funding priorities.

- Results of the project will not only be used by policy makers and administrators in addressing strategies and priorities in the allocation of resources to address Guam's environmental problems but will also be used as a pilot project to other American Flag Pacific Islands.

- The organizational structure of CRA will consist of four distinct functional entities: (1) a Steering Committee; (2) a Project Management Team; (3) a Technical Advisory Panel; and (4) the Project Staff.

- The U.S. Department of Interior awarded a single grant of $75,000 to the Pacific Basin Development Council. A total of $25,000 each will be allocated to Guam, EPA and the Department of Interior in the implementation of a comparative risk analysis for Guam. (See attached grant form and project description)

United States Department of the Interior

OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20240

August 26, 1991

Mr. Norman L. Lovelace
Chief, Office of Pacific Island and
Native American Programs
U.S. Environmental Protection Agency
75 Hawthorne Street
San Francisco, CA 94105

Dear Mr. Lovelace:

Enclosed are two signed copies of an agreement to provide $25,000 to the Environmental Protection Agency for a conjoint technical assistance project. These funds will be used to prepare the Guam Comparative Risk Analysis.

All correspondence and billings should refer to TA-139.

Sincerely,

Stella Guerra
Assistant Secretary
Territorial and International Affairs

Enclosures

cc: Governor Ada

RECEIVED
SEP 05 1991
GOVERNOR'S OFFICE

"RECIPIENT'S COPY"

United States Environmental Protection Agency
Washington, DC 20460

EPA

Interagency Agreement/ Amendment

Part 1 - General Information

1. EPA IAG Identification Number: RW14955063-01-0

2. Other Agency IAG ID Number (If known):

3. Type of Action: New Agreement

4. Funding Location by Region: 9

5. Program Office Abbreviation: OEA

6. Name and Address of EPA Organization
USEPA, Region 9 (E-4)
75 Hawthorne Street
San Francisco, CA 94105

7. Name and Address of Other Agency
Territorial and International Affairs
Department of Interior
18th and C Streets, NW
Washington, D.C. 20240

8. Project Title
Guam Comparative Risk Analysis

9. EPA Project Officer (Name, Address, Telephone Number)
Norman Lovelace
USEPA, Region 9 (E-4)
75 Hawthorne St.
San Francisco, CA 94105
(415) 744-1599 or FTS 484-1599

10. Other Agency Project Officer (Name, Address, Telephone Number)
Darla Knoblock
OTIA, Department of Interior
18th and C Streets NW
Washington, D.C. 20240

11. Project Period: 07/15/91 - 12/31/92

12. Budget Period: 07/15/91 - 12/31/92

13. Scope of Work (Attach additional sheets, as needed)

Funds transfer to EPA for the purpose of enabling a single grant award to the Pacific Basin Development Council. Total grant is $75,000 consisting of $25,000 each from Guam, EPA and Department of Interior. Project is to perform a comparative risk analysis for Guam (project description attached).

ALL CORRESPONDENCE AND BILLINGS SHOULD REFER TO TA-139.

14. Statutory Authority for Both Transfer of Funds and Project Activities
Intergovernmental Cooperative Act of 1968, Section 603 PL96-205, Economy Act 31USC 1535.

15. Other Agency Type: Federal

Funds	Previous Amount	Amount This Action	Amended Total
16 EPA Amount			
17 EPA In-Kind Amount			
18. Other Agency Amount		25,000	
19 Other Agency In-Kind Amount			
20 Total Project Cost		25,000	

21 Fiscal Information

Program Element	FY	Appropriation	Doc. Control No.	Account Number	Object Class	Obligation/Deobligation Amt.
X5XB20	91			1X5X09C029		

Part II - Approved Budget

EPA IAG Identification Number
RW14955063-01-0

22. Budget Categories	Itemization of This Action	Itemization of Total Project Estimated Cost to Date
(a) Personnel	$	$
(b) Fringe Benefits		
(c) Travel		
(d) Equipment		
(e) Supplies		
(f) Procurement /Assistance	25,000	25,000
(g) Construction		
(h) Other		
(i) Total Direct Charges	$ 25,000	$ 25,000
(j) Indirect Costs: Rate % Base $		
(k) Total (EPA Share 0 %) (Other Agency Share 100 %)	$ 25,000	$ 25,000

23. Is equipment authorized to be furnished by EPA or leased, purchased, or rented with EPA funds? (Identify all equipment costing $1,000 or more) ☐ Yes ☒ No

24. Are any of these funds being used on extramural agreements? (See item 22f) ☒ Yes ☐ No

Type of Extramural Agreement ☒ Grant ☐ Cooperative Agreement ☐ Procurement (Includes Small Purchase Order)

Contractor/Recipient Name (if known)	Total Extramural Amount Under This Project	Percent Funded by EPA (if known)
Pacific Basin Development Council	25,000	0

Part III - Funding Methods and Billing Instructions

25. ☐ Funds-Out Agreement **(Note: EPA Agency Location Code (ALC) - 68010727)**

☐ Disbursement Agreement

☐ Repayment — Request for repayment of actual costs must be itemized on SF 1081 or SF 1080 and submitted to the Financial Management Center, EPA, Cincinnati, OH 45268:

☐ Monthly ☐ Quarterly ☐ Upon Completion of Work

☐ Advance — Only available for use by Federal agencies on working capital fund or with appropriate justification of need for this type of payment method. Unexpended funds at completion of work will be returned to EPA. Quarterly cost reports will be forwarded to the Financial Management Center, EPA, Cincinnati, OH 45268.

☐ Allocation Transfer-Out — Used to transfer obligational authority or transfer of function between Federal agencies. Must receive prior approval by the Office of the Comptroller, Budget Division, Budget Formulation and Control Branch, EPA Headquarters. Forward appropriate reports to the Financial Reports and Analysis Branch, Financial Management Division, PM-226F, EPA, Washington, DC 20460.

26. ☒ Funds-In Agreement

☒ Reimbursement Agreement — ☐ Repayment ☒ Advance

☐ Allocation Transfer-In

Other Agency's IAG Identification Number	EPA Program Office Allowance Holder/Responsibility Center Number

Other Agency's Billing Address (Include Agency Location Code or Station Symbol Number)	Other Agency's Billing Instructions and Frequency
Darla Knoblock OTIA, Department of Interior 18th and C Streets NW Washington, D.C. 20240	EPA will request advance payment upon final execution of this agreement.

Part IV - Acceptance Conditions

EPA IAG Identification Number
RW14955063-01-0

27. General Conditions

The other agency covenants and agrees that it will expeditiously initiate and complete the project for which funds have been awarded under this agreement.

28. Special Conditions *(Attach additional sheets if needed)*

EPA will request advance payment upon final execution of this agreement.

Part V - Offer and Acceptance

Note: 1) For Funds-out actions, the agreement/amendment must be signed by the other agency official in duplicate and one original returned to the Grants Administration Division for Headquarters agreements or to the appropriate EPA Regional IAG administration office within 3 calendar weeks after receipt or within any extension of time as may be granted by EPA. The agreement/amendment must be forwarded to the address cited in item 29 after acceptance signature.

Receipt of a written refusal or failure to return the properly executed document within the prescribed time may result in the withdrawal of the offer by EPA. Any change to the agreement/amendment by the other agency subsequent to the document being signed by the EPA Action Official, which the Action Official determines to materially alter the agreement/amendment, shall void the agreement/amendment.

2) For Funds-in actions, the other agency will initiate the action and forward two original agreements/amendments to the appropriate EPA program office for signature. The agreements/amendments will then be forwarded to the appropriate EPA IAG administration office for acceptance signature on behalf of the EPA. One original copy will be returned to the other agency after acceptance.

EPA IAG Administration Office (for administrative assistance)	EPA Program Office (for technical assistance)
29. Organization/Address Office of Policy and Management USEPA, Region 9 (P-2-2) 75 Hawthorne St. San Francisco, CA 94105	30. Organization/Address Office of Pacific Island and Native American Programs (E-4) USEPA, Region 9 75 Hawthorne St. San Francisco, CA 94105

Certification

All signers certify that the statements made on this form and all attachments thereto are true, accurate, and complete. Signers acknowledge that any knowingly false or misleading statement may be punishable by fine or imprisonment or both under applicable law.

Decision Official on Behalf of the Environmental Protection Agency Program Office

31. Signature	Typed Name and Title	Date
Norman L. Lovelace	Norman L. Lovelace, Chief, Office of Pacific Island and Native American Programs	7/15/91

Action Official on Behalf of the Environmental Protection Agency

32. Signature	Typed Name and Title	Date
Deanna M. Wieman	Deanna M. Wieman, Director, Office of External Affairs	7/15/91

Authorizing Official on Behalf of the Other Agency

33. Signature	Typed Name and Title	Date
Stella Guerra	Stella Guerra, Assistant Secretary, Office of Territorial & International Affairs	August 26, 1991

Instructions

This form is to be used for all Funds-Out interagency agreements. It may be used for Funds-In interagency agreements if the other funding agency agrees to do so. It may not be used for policy agreements. However, if the other agency's instrument is used, it and any attachments thereto must reflect all the information contained in this form.

This form is to be used in conjunction with the Assistance Administration Manual and any other supplemental information.

1. The original agreement identification number will be assigned by the IAG administration/management office servicing the EPA program office initiating the action. If the original project is amended, cite only the first 10 characters of the original agreement number (e.g., DW81931013). The servicing IAG administration/management office will assign the amendment designator (e.g., -1).

2. Enter the other agency's IAG identification number *(if known)*.

3. Identify the purpose of this action using one of the following terms:

    New Agreement
    Increase in Funds
    Decrease in Funds
    Administrative Amendment

"Administrative amendment" is used to identify project period extensions, project officer changes, special condition changes, rebudgeting of funds, etc.

The four terms above are listed in order of priority, therefore, should an action involve multiple changes use the first term that appropriately identifies one of the changes.

4. Identify the regional location of the EPA program office disbursing/receiving funds (e.g., projects funded by EPA Headquarters and ORD laboratories will cite Region XI).

5. Enter the EPA GICS abbreviation for the program office. This should be at the Office Director or comparable level (e.g., OERR/HQ), except for EPA ORD laboratories (e.g., ERL/DUL).

6. Enter "Environmental Protection Agency" followed by the name and mailing address of the EPA organization responsible for technical management of the project. EPA offices should be identified at the Office Director or comparable level for Headquarters or the appropriate Regional Office.

7. Enter the name and mailing address of the other agency. Identify the Department and the appropriate organizational components within the Department (e.g., DHHS, PHS, Center for Disease Control).

Note: Use the appropriate Department of Energy area office for agreements with a DOE National Laboratory.

8. Enter project title. Be concise and use only the space provided. If Superfund site specific, include site location (e.g., city and State).

9. Enter the EPA Project Officer name, EPA mailing address, and telephone number.

10. Enter the other agency project officer name, other agency mailing address, and telephone number.

11. Enter beginning and ending dates of entire period expected to be needed to complete the project. This period of time should not be longer than 5 years. For projects requiring more than 5 years, appropriate justification must be submitted in the decision memorandum.

12. Enter the period of time this transaction will fund project activities. (Note: *budget period cannot exceed the period of appropriation.)*

13. Provide a complete description of the project work to be performed under the agreement. In jointly funded projects, the scope of work should describe specific responsibilities of the participating agencies, not just the portion funded by EPA. Additional pages should be attached as necessary.

14. Enter both the appropriate statutory authority that authorizes the interagency agreement mechanism and the appropriate statutory authority that authorizes project activities.

When entering into Funds-Out agreements with Federal agencies, cite (1) Economy Act of 1932, as amended (31 USC 1535) and/or other independent program authority and (2) the statutory authority that authorizes the project activities (e.g., Clean Water Act).

When entering into Funds-In agreements with State and local governments, cite (1) Intergovernmental Cooperation Act of 1968 (31 USC 6505) and, to the extent that the agreement involves contractor services, also cite appropriate cooperation authorities and (2) the statutory authority that authorizes the project activities.

For Funds-In agreements with Federal agencies, cite (1) Economy Act of 1932, as amended (31 USC 1535) and/or other independent program authority and (2) the other agency's statutory authority authorizing the project activities.

PROJECT DESCRIPTION

COMPARATIVE RISK ANALYSIS

FOR

GUAM ENVIRONMENTAL PROTECTION AGENCY

Prepared by:

Center for Development Studies,
University of Hawaii
and
Pacific Basin Development Council
Honolulu, Hawaii

June 1991

1.0 EXECUTIVE SUMMARY

Guam Environmental Protection Agency (GEPA) has proposed a Comparative Risk Analysis (CRA) for Guam which will build on the process recently implemented by the United States Environmental Protection Agency (EPA). The purpose of the Guam analysis is to assist the Government of Guam in setting priorities for environmental management. The goal of the CRA will be to systematically identify and rank risks to human health and the environment which are regulated by GEPA. Welfare effects will not be ranked or quantified as a separate category, but will be considered in connection with human health effects and ecological effects.

The results of the CRA will be used by policy makers and administrators as a common base for addressing the development of management strategies and assessing priorities in the allocation of resources to address Guam's environmental problems. The project will also serve as a pilot project for the other American Flag Pacific Islands of American Samoa, the Commonwealth of the Northern Marianas Islands and Hawaii.

The Center for Development Studies of the University of Hawaii and the Pacific Basin Development Council have developed a project designed to meet the needs of GEPA in achieving their goal. The CRA will (1) identify environmental problems specific to Guam; (2) rank the identified risks according to risks to human health and risks to the environment; and (3) develop recommendations which will address funding priorities which are consistent with risk reduction strategies identified in the CRA process.

The CRA Project will involve four distinct functional entities: a Steering Committee, a Project Management Team, a Technical Advisory Panel, and the Project Staff. The Steering Committee will consist of government of Guam department heads, legislators and community leaders and will establish the policies and priorities for the project. The project will be coordinated by the Project Management Team, consisting of senior representatives from the sponsoring agencies: USEPA, Pacific Basin Development Council, Guam EPA, and the Office of the Governor of Guam. Project Staff from the University of Hawaii and USEPA will be responsible for maintaining the project databases, providing the quantitative data analyses and producing the reports. The Technical Advisory Panel (TAP), consisting of staff from Guam EPA, other relevant Government of Guam agencies, University of Guam, University of Hawaii and USEPA will be responsible for supplying data to the Project Staff and reviewing the quantitative analyses.

2.0 INTRODUCTION

The United States Environmental Protection Agency (EPA) recognizes the need for approaching environmental problems in a systematic and integrated manner. The realization was first articulated in the 1987 EPA Report, Unfinished Business. In 1989, EPA Administrator William K. Reilly requested that the EPA Science Advisory Board (SAB) review and comment on the Unfinished Business. In September 1990, the SAB produced their report entitled, Reducing Risk: Setting Priorities and Strategies for Environmental Protection. The SAB report expanded on Unfinished Business but reached the same basic conclusions:

1. EPA should target its environmental protection efforts on the basis of opportunities of the greatest risk reduction.

2. EPA should attach as much importance to reducing ecological risk as it does to reducing human risk.

3. EPA should improve the data and analytical methodologies that support the assessment, comparison, and reduction of different environmental risks.

4. EPA should reflect risk-based priorities in its strategic planning process.

5. EPA should reflect risk-based priorities in the budget process.

6. EPA--and the nation as a whole--should make greater use of the tools available to reduce risk.

7. EPA should emphasize pollution prevention as the preferred option for reducing risk.

8. EPA should increase its effort to integrate environmental considerations into broader aspects of public policy in as fundamental a manner as are economic concerns.

9. EPA should work to improve public understanding of environmental risks and train a professional workforce to help reduce them.

10. EPA should develop improved analytical methods to value natural resources and to account for long-term environmental effects in its economic analysis.

Concurrent with the preparation of the SAB report, EPA conducted regional comparative risk projects to identify environmental problem areas and then rank those areas on the basis of risks posed to the environment and human health, and the social costs created by pollution (welfare effects).

assessment methods and on the strengthening of institutional capacity within GEPA, other Government of Guam agencies, the University of Guam and policy makers in the territory through participation in the CRA process.

It is anticipated that the project will last 12 months from initiation to distribution of the Final CRA. The Staff will develop a detailed timetable in cooperation with the Director of GEPA. Major milestones in the CRA (see figures one and two) are:

- o Completion of the pre-survey.
- o Completion of the first series of workshops in Guam.
- o Completion of the list of environmental problem areas.
- o Completion of the Preliminary CRA.
- o Completion of the review of the Preliminary CRA.
- o Completion of the Final CRA.

3.1 PROJECT ORGANIZATION

The CRA Project will involve four distinct functional entities: (1) a Steering Committee; (2) a Project Management Team; (3) a Technical Advisory Panel; and (4) the Project Staff. Figure 2 is an organizational chart illustrating the functional relationships between the four entities.

The Steering Committee will consist of department heads, legislators and community leaders appointed by the government of Guam upon initiation of the project. The Steering Committee will provide a direct link between the Guam Comparative Risk Analysis project and Guam policy makers. The Steering Committee will work with the Project Management Team to determine the final project approach, process and objectives. The Steering Committee will have the authority to make the final rankings of environmental management priorities, identify, evaluate and recommend management strategies, and suggest budget priorities.

The project will be coordinated by a Project Management Team. The Management Team will perform a non-analytical, organizational role and will coordinate the project activities of the Project Staff, Technical Assistance Panel, and the Steering Committee. The Management Team will serve as a forum for addressing problems or conflicts which may arise in the course of the project. The Management Team will consist of Norm Lovelace (USEPA), Michael Hamnett (PBDC), Fred Castro (GEPA), and a representative from the Guam Office of Planning.

The Project Staff will be primarily responsible for facilitating the meetings, conducting research for the pre-analysis survey, providing the quantitative analysis and producing the project documents and reports. The Staff will

3.2.1 ECOLOGICAL RISK ANALYSIS APPROACH

The approach taken by the Guam CRA will be similar to that taken by the national risk project. For Guam, the following procedure will be used to produce a qualitative risk ranking. The suggested steps necessary to carry out the ecological risk analysis are:

	Task	Party Responsible
1)	Identify ecosystem areas.	TAP, Project Staff
2)	Identify stress agents of concern for each problem area, and available data for each.	TAP, Project Staff
3)	Analyze the impact of stress agents on the ecosystem under analysis.	TAP, Project Staff
4)	Estimate the uncertainties in Step 3.	TAP, Project Staff
5)	Aggregate across all ecosystems for each problem area.	TAP, Project Staff
6)	Rank the problem areas relative to one another in terms of ecological risk.	TAP, Project Staff, Steering Committee

<u>Guam CRA Approach</u>

Step 1: <u>Identify ecosystems of concern to Guam.</u>

The ecosystems of concern to Guam will be identified in workshops with the Steering Committee and Technical Assistance Panel drawing on their own knowledge, previous studies of Guam's physical environment, and lists generated from the pre-analysis survey.

Step 2: <u>Identify the stress agents of concern for each of the ecosystems.</u>

Project staff will work with the Technical Advisory Panel to identify and evaluate stress agents for each ecosystem. Stress agents will be analyzed in terms of toxicity, dispersion, and persistence and dominant pathways of each stress agent will be assessed.

Step 5: Aggregate Risk Estimates Across All Ecosystems for Each Problem Area.

The results of steps 3 and 4 will be used to aggregate the risk estimates for a given problem area across all ecosystems.

Step 6: Ranking of the Problem Areas.

The results of Step 5 will be used by the TAP to obtain a preliminary risk-based ranking of the problem areas. The preliminary rankings will be included in the Preliminary Report, which will be distributed to the Steering Committee for discussion and comment. The Steering Committee will use the risk-based rankings to determine the final rankings of environmental priorities based on risk and other economic, political, and social consideration.

3.2.2 HUMAN HEALTH (NON-CANCER) RISK ANALYSIS APPROACH

The non-cancer risk analysis will evaluate a number of different human health effects, including cardiovascular, developmental, and reproductive effects. All Risk analyses will be for the entire island.

The approach used for the Guam CRA is similar to that used by Region IX and the national comparative risk project (NCRP). The steps and areas of responsibility are:

	Task	Party Responsible
1)	Identify representative chemicals/agents	TAP, Project Staff
2)	Determine potency and severity	TAP, Project Staff
3	Assess exposure	TAP, Project Staff
4)	Characterize risk	TAP, Project Staff
5)	Estimate percentage of problem covered and uncertainty	TAP, Project Staff
6)	Rank Problem Areas	TAP, Project Staff

Step 1: Identify Representative Chemicals/Agents

Select a representative list (up to 10 or whatever is appropriate and manageable) of non-cancer causing chemicals/agents for each problem area and identify the likely sources of these chemicals on Guam.

3.2.3 HUMAN HEALTH (CANCER) RISK ANALYSIS APPROACH SUMMARY

The cancer risk analysis will estimate the cancer risks presented by each of the environmental problem areas for the purpose of ranking them relative to one another. The approach used for the Guam CRA is similar to that used by Region IX and the NCRP.

The steps and areas of responsibility are:

	Task	Party Responsible
1)	Toxicity Assessment Hazard Identification	TAP, Project Staff
2)	Dose/Response Assessment	
3)	Exposure Assessment	TAP, Project Staff
4)	Risk Characterization	TAP, Project Staff
5)	Estimate Uncertainty	TAP, Project Staff
6)	Ranking Problem Areas	TAP, Project Staff

<u>Guam Approach</u>

Step 1: <u>Hazard Identification</u>

The TAP will identify one to five indicator chemicals/substances that are representative of the problem area. The following factors will be considered for indicator chemicals/substances:

1. Availability of data on the chemical/substance
2. The EPA cancer classification for the chemical/substance , i.e. Class A, B1, B2, etc.
3. Chemicals/substances of low toxicity but of significant exposure
4. Other appropriate criteria unique to Guam

Step 2: <u>Dose/Response Assessment</u>

The potency slope factor (a) of each indicator chemical will be determined using (in order of preference):

1. EPA Integrated Risk Information Systems (IRIS) data;
2. Potency factors that EPA programs may have;
3. Any additional information available.

Step 5: Estimate Uncertainty

Evaluate in qualitative terms of high/medium/low the uncertainty of the analysis, taking into consideration the proportion of the risk encompassed by the chosen indicator chemicals, the quality of the data, extrapolation from animal studies to human health effects, the quality of exposure estimates, and extrapolations from samples to whole populations.

Step 6: Ranking of the Problem Areas.

The results of Step 5 will be used by the TAP to obtain a preliminary risk-based ranking by combining the health effects analysis of cancer and non-cancer health effects (see below).

3.2.4 COMBINING HEALTH EFFECTS ANALYSES

For the Guam CRA, cancer and non-cancer health effects will be combined and ranked via a consensus-building process among TAP members. The results of the risk-based rankings will be presented to the Steering Committee for their consideration in determining environmental priorities.

3.3 PROJECT COMPONENTS

3.3.1 PHASE ONE: PROJECT ORGANIZATION AND PRE-ANALYSIS SURVEY

OBJECTIVE: The objectives of Phase One are: (1) to establish the CRA Steering Committee and Technical Advisory Panel; and (2) to complete the pre-analysis survey. The results of the pre-survey will be used to identify the major environmental concerns of the various communities of Guam with interest in environmental management. These communities include the media, the Government of Guam, Federal agencies, academia, the private sector, and the general public.

APPROACH: The Government of Guam will appoint senior public servants, members of the Legislature and community leaders to the CRA Steering committee. The Steering Committee and Project Staff will establish a Technical Advisory Panel consisting of qualified personnel with knowledge about and access to the data needed for the ecological and health effects analyses.

The GEPA recognizes the impact that the public can bring to bear upon environmental issues in a close-knit community such as Guam. An understanding of current environmental concerns on Guam is essential to establishing a base line against which future changes in attitudes and behavior can be evaluated.

The TAP and Project Staff will be charged with the responsibility of producing the technical analysis of the risks to human health and the environmental for the problems identified in the first workshops. Qualitative data on risks as well as welfare effects will be considered as part of the analyses of human health and environmental risks.

The conclusions of the TAP will be forwarded to the Steering Committee for review and comment in preparation of the Preliminary CRA document.

The CRA Staff will produce the Preliminary CRA document. That document will contain: (1) presentation of the results of the pre-analysis survey; (2) an analysis of the problem areas as identified in the workshops and quantitative assessments; (3) a discussion of the ranking exercise in light of the pre-analysis survey, and; (4) a discussion of options for action based on the results of the Preliminary CRA.

3.3.3 PHASE THREE: PREPARATION OF THE FINAL CRA

OBJECTIVE: The objectives of Phase Three are: (1) to discuss the Preliminary CRA with the original workshop participants; (2) to present and discuss the results of the pre-analysis survey and budget analysis; (3) to discuss the comparative risk analysis produced by the TAP and Project Staff with the CRA Steering Committee and to respond to their comments; (4) to facilitate development of environmental priorities by the Steering Committee; (5) to begin the development of environmental management strategies for consideration by the Government of Guam; and, (6) to produce the Final CRA document.

APPROACH: The Preliminary CRA will be distributed to the TAP before the second series of workshops. The TAP workshop will be used to refine the comparative risk analysis, to identify serious data gaps, and to achieve a concensus on the risk analysis. The results of this effort will be presented to the Steering Committee who will be asked to establish a set of environmental priorities based on the risk analysis as well as other financial, economic, cultural, and political consideration. In Phase Three emphasis will be placed on working with the Steering Committee as the body responsible for developing a set of recommendations to the Government of Guam. The results of the technical analysis will be presented to Steering Committee workshop participants. The technical analyses will be discussed in light of the pre-survey, current fiscal trends, Federal and local legislation, opportunities for pollution prevention, the costs of utilizing available pollution prevention technologies, and the feasibility of implementing various environmental management strategies.

Figure 1: Milestones for Guam Comparative Risk Analysis

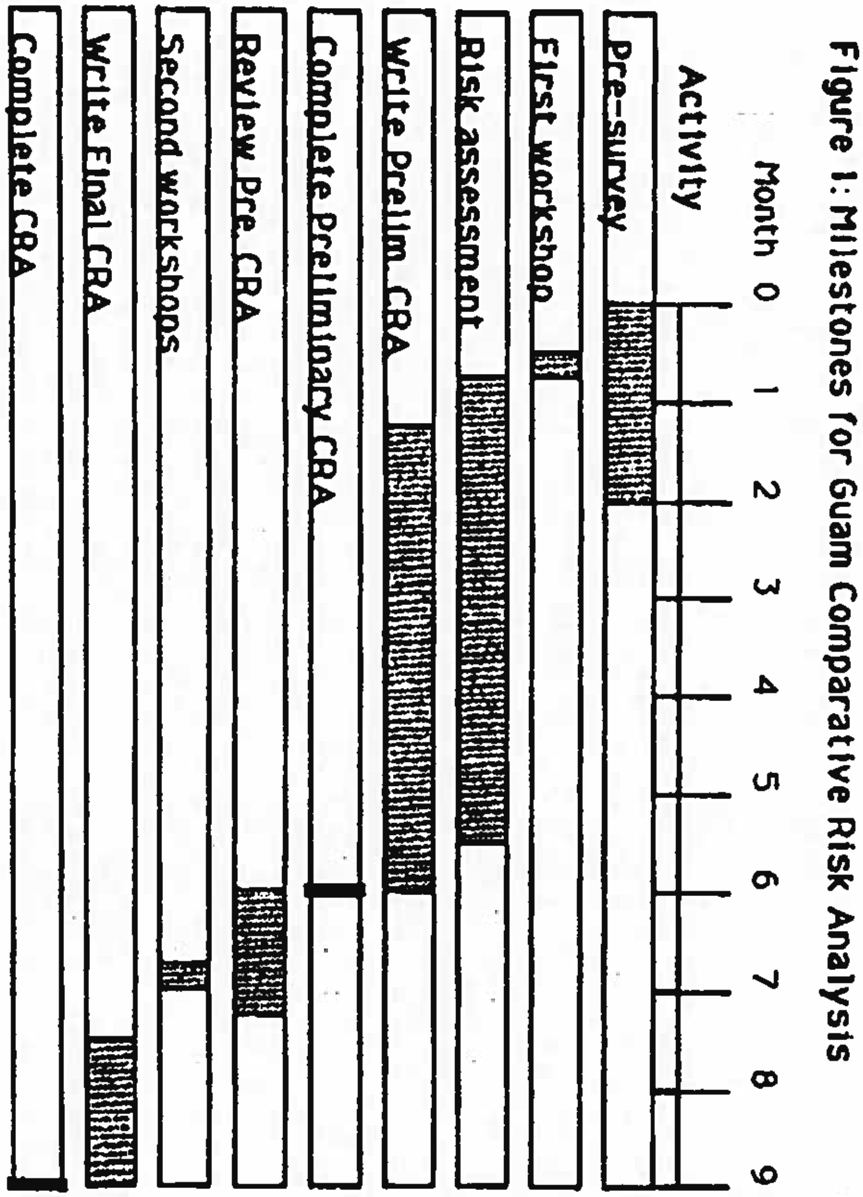

Figure 3: Organization Chart for Guam CRA