

# **AMERICAN SAMOA'S COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY 2013-2017**



**Prepared By  
Territorial Planning Commission  
and  
Department of Commerce  
American Samoa Government**



**This Report was prepared under an Award from the  
U.S. Department of Commerce,  
Economic Development Administration**

**Award Number: 07-88-06616**

**December 2012**

**This Report was prepared by the American Samoa Government. The  
statements, conclusions, and recommendations are those of the authors and do  
not necessarily reflect the views of the Economic Development  
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## **AMERICAN SAMOA GOVERNMENT**

Pago Pago, American Samoa 96799

### **TERRITORIAL PLANNING COMMISSION**

In reply refer to:

**Serial No:** DOC-

#0447

### **Resolution of American Samoa's Territorial Planning Commission approving the 2012 Comprehensive Economic Development Strategy**

Whereas, The American Samoa Territorial Planning Commission is the duly constituted development planning agency, having been established by Public Law 15-64 in 1977; and

Whereas, The Territorial Planning Commission's specific responsibilities are to make, approve and change plans for the development of American Samoa and to apply for and receive grants from federal agencies and other resources; and

Whereas, The Territorial Planning Commission had previously approved earlier versions of American Samoa's Comprehensive Economic Development Strategy Year to become eligible for EDA assistance; and

Whereas, Department of Commerce with the Chairperson of The Territorial Planning Commission, Fiu Johnny Saelua prepared the 2012 American Samoa's Comprehensive Economic Development Strategy according to guidelines of the U.S. Economic Development Administration; Now, Therefore

Be it Resolved on the behalf of The Territorial Planning Commission of American Samoa, I, Fiu Johnny Saelua hereby formally approves and adopts this "American Samoa's Comprehensive Economic Development Strategy Year 2012" including the goals, projects, programs, priorities and policies specified therein.

Passed and approved this \_\_\_\_\_ day of March, 2013.

---

Fiu Johnny Saelua, Chairperson

Territorial Planning Commission

## Territorial Planning Commission Membership

Territorial Planning Commission members bring a great variety of skills, experience and geographical representation to the economic development process. TPC members are appointed by the Governor and confirmed by the legislature, per ASCA 10.0102.

<b>Name:</b>	<b>Current Position:</b>	<b>Planning District (PD) or Category:</b>	<b>Phone:</b>
High Talking Chief Fiu J. Saelua (S,M)	Assistant Director of AS Department of Education	PD #6 – Leone	633-5237
		PD #2	
		PD #3 – Auto	
		PD #4 – Pago Pago	
Robin Annesley (S,F)	Publisher, Samoa News (newspaper)	PD #5 – Tafuna	633-5599
		PD #1 – Manu’a	
Steven Shalhout (S,M)	Owner, Steven & Sons (retail store)	Public/Business Interest	699-6121
John Kruse (S,M)		Public/Business Interest	
Minnie Tuia (S,F)	P&T Associates (consultants)	Public/Business Interest	

LEGEND: S-Samoan / F-Female / M-Male

## Minority Representation on CEDS Committee

**Date:** August 1, 2012  
**State:** Territory of American Samoa  
**Prepared By:** Planning Division, Department of Commerce  
**Approved By:** Lelei Peau, Acting Director, Department of Commerce

### 1. Minorities in Area/District (*American Samoa*):

	Number	Percent
Male	29,264	51
Female	28,027	49
Total Population	57,291	100
<hr/>		
Samoan	50,545	88
Part-Samoan	1,991	4
Tongan	1,598	3
Asian (combined)	1,631	3
Other races	1,526	3
Total Population	57,291	100

*[Note: Data is from the 2000 Census. The 2010 Census revealed a population of 55,591, but the breakdown by gender and race was not yet available as this report was being written.]*

### 2. Executive Committee: (None)

### 3. CEDS Committee Members: (See Table 1 on previous page.)

### 4. CEDS Committee Summary:

Total Members: 9  
Minority Members: 9 (100 percent)

### 5. Method by which Minority Representatives were selected.

The members of the TPC (CEDS Committee) are chosen by the popularly-elected Governor according to the guidelines in Section 10.0102 of the American Samoa Code Annotated. Six of the members represent the overwhelmingly Samoan population of the territory's six planning districts. The other three members represent the private sector, which is also predominantly Samoan, as reflects the territory's population.

### 6. Plans and Time Schedule for making changes in minority representation.

Not Applicable

## Acknowledgments

In the conduct of this CEDS process, acknowledgments and appreciation are extended to a very large number in the American Samoa community.

Governor Lolo M. Moliga – A special acknowledge is due to the Governor for his continued leadership , encouragement and focused priority to improving the economic development of American Samoa with a purposeful vision towards the expanded projects to include agriculture, aquaculture, and the Manu’a development projects.

Governor Togiola Tulafono – A special acknowledgement is also due to the former Governor for his leadership and support of this project.

Also, a special thanks is due to the private sector business community, especially Mr. David Robinson, Chamber of Commerce Board Chairman and ASG officials who gave generously of their time to the preparation of this CEDS. They are listed in full in Appendix B - Instruments for CEDS Public Outreach.

The efforts of the American Samoa Government Department of Commerce staff and consultants is also acknowledged.

Keniseli Faalupe Lafaele, Director, Department of Commerce, ASG

Lelei Peau, Deputy Director, Department of Commerce, ASG

Lasiandra Hall, Economic Planner, Department of Commerce, ASG

Liné-Noue Memea Kruse, Acting Territorial Planner, Department of Commerce, ASG

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Cecila Reyna, Environmental Attorney, Department of Commerce, ASG

Malcolm D. McPhee, Economic Development Consultant  
Lewis Wolman, Business Development Consultant

### Abbreviations Used in this Document

ARRA	American Recovery and Reinvestment Act
ASCC	American Samoa Community College
ASDC	American Samoa Development Corporation
ASEAC	American Samoa Economic Advisory Commission
ASEPA	American Samoa Environmental Protection Agency
ASG	American Samoa Government
ASPA	American Samoa Power Authority
ASTCA	American Samoa Telecommunications Authority
ASVB	American Samoa Visitor Bureau
BLAST	Broadband Linking the American Samoa Territory Project
CEDS	Comprehensive Economic Development Strategy
CNMI	Commonwealth of the Northern Mariana Islands
DBAS	Development Bank of American Samoa
DHR	ASG Department of Human Resources
DMWR	ASG Department of Marine and Wildlife Resources
DOC	ASG Department of Commerce
DOE	ASG Department of Education
DOI	US Department of the Interior
DPA	ASG Department of Port Administration
EDA	US Economic Development Administration
FEMA	Federal Emergency Management Administration
GAO	US Government Accountability Office
GEAC	Governor's Economic Advisory Council
iPN	Internet Protocol Television
NCD	Non-communicable diseases
NEG	US National Emergency Grants
NGO	Non-governmental Organizations
OEDP	Overall Economic Development Program
OIA	Office of Insular Affairs, US Department of the Interior
PIF	Pacific Island Forum
PNRC	Project Notification and Review System
DMWR	American Samoa Department of Wildlife & Marine Resources
SBDC	Small business Development Center
SSA	Social Security Administration
TPC	American Samoa Territorial Planning Commission
WTO	World Trade Organization









# ***Executive Summary***

## **Introduction**

American Samoa's economy experienced serious deterioration beginning in 2007. In 2009 alone, 30 percent of its workers lost their jobs. Tuna canning industry employment was cut from 4,600 workers in 2007 to 1,600 workers in 2009. The ripple effects of these 3,000 lost jobs and the rising minimum wage resulted in layoffs affecting thousands more. This economic calamity was aggravated by a devastating tsunami in American Samoa on September 29, 2009, resulting in serious loss of life and property damage.

Temporary relief was provided by an increase of several hundred million dollars in federal spending in American Samoa from 2009 to 2012. This put many of the unemployed back to work at least temporarily since this increase in federal funds was temporary in character. This temporary increase in federal spending was from FEMA for disaster relief, the US Department of Labor for unemployment relief, and from the general US economic stimulus program.

American Samoa must prevent a resumption of this economic decline when this extraordinary increase in federal funding winds down beginning in 2012 or 2013. There are some encouraging signs especially in the fish processing industry, Pacific regional development and private and public sector cooperative efforts in development.

However, averting a resumption of that recession will require an extraordinary effort. That effort must include the exploitation of every economic opportunity, the removal or amelioration of every obstacle to those opportunities, and the best cooperative efforts of the full range of community interests, the business sector and government.

## **The Way Forward**

- American Samoa is in a favorable position for full economic recovery as it is concluding an important period in its economic history. During the several decade period of steady economic growth prior to 2007, it established most of the elements of a modern economy including: improvements in industrial and consumer support industries, higher education, a modern legal system, public facilities and services, and much else that characterizes modern economies.
- This growth period is nearing an end because it was based primarily on low wage, labor-intensive industries which are now moving operations to lower wage areas of the world. It was also based on favorable federal expenditures and economic incentives, which very well could decline in the future.
- The way forward is to recognize that the economic future is not in trying to recapture low productivity, low wage jobs of the past. The economic future is in marshaling all of the community's development energy and resources to build an economy that is capable of supporting the higher productivity industries and jobs of the future. This requires increased education, training, advanced investment and a receptive business environment.

- Those industries of the future include: the higher productivity segments of the fish processing industry, revitalization of the visitor industry, electronic/technology based industries, specialty manufacturing, commercial services (shipbuilding and repair, chandlery services, etc.) and import substitution. In general, it is the private sector that is responsible for identifying and capitalizing on opportunities for the production of goods or services in American Samoa especially for external markets.
- In general, it is the role of the public sector to remedy local conditions which obstruct those opportunities (i.e., the cost/availability of land, labor, transportation, utilities, taxation and other costs, and community receptiveness as reflected in license, permit and regulatory systems). This role also includes new initiatives in Pacific regional investment and trade, and building an improved economic relationship with the US.
- It would be a mistake to avoid the current state of contention between the public and private sectors in American Samoa even if it means confronting issues that cause discomfort. That this contention exists is based on a large number of conversations with business and government leaders. It is not known whether this is just part of the natural tension between the two or whether it has degenerated into something that could prevent essential public/private sector cooperation in the future. The latter possibility warrants a closer examination of the issue.
- However, there has been progress in this public/private sector economic relationship in recent years especially in the Governor's Economic Advisory Council, the cannery industry resurgence, and the successful cooperative efforts in achieving some relief from the federalization of the minimum wage. It is an issue that public and private sector leaders must continue to improve upon for the higher interests of American Samoa's future development.

To address these critical issues, the American Samoa Government selected this Comprehensive Economic Development Strategy (CEDS) format.

## **Chapter 1 - CEDS Planning Organization and Background**

**The CEDS Concept** - The Comprehensive Economic Development Strategy concept was designed by the US Economic Development Administration (EDA) to help communities formulate comprehensive economic development strategies. It includes economic analysis, development goals, economic opportunities and constraints, private sector participation, projects and programs, action plans, performance measures and monitoring.

**Economic Conditions and Trends in American Samoa** - The American Samoa economy doubled in size in the thirty years prior to 2007. The two basic forces driving that economic growth were then and remain today the cannery industry and federal government expenditures. Basic economic activity is that which results in new income to an area from such activities as exports, tourism, the federal government, remittances and other external sources. It is this new income that provides a region the basis for economic expansion. However, this continued lack of economic diversity left American Samoa vulnerable to severe economic shocks.

**American Samoa Starts Economic Descent in 2007** – First, in 2007 the US Congress amended the Fair Labor Standards Act and established a schedule to increase American Samoa's

minimum wage to the U.S. level of \$7.25 per hour. It would do this by applying \$.50 per hour increases every year for eight consecutive years, starting in 2008. This would virtually double American Samoa's minimum wage over an eight-year period. Thereafter, any increase in the US minimum wage would apply as well to American Samoa. Second, in 2009 it was announced that one of American Samoa's two canneries would be closed that year, eliminating approximately 2000 jobs. This closure was attributed in considerable part, but not exclusively, to the rising minimum wage. These minimum wage and cannery developments indicated that some form of serious economic downturn was imminent.

**American Samoa Temporarily Averts an Extended Economic Decline** - In 2011 the US Government Accountability Office (GAO) released its report on the performance of the American Samoa economy after imposition of the US minimum wage.

GAO found that employment in American Samoa had declined from 19,171 in 2008 to 15,434 in 2009, a 3737 or 19 percent decline. However, that estimate did not count the 2000 cannery jobs lost in 2009 because the data-base used by GAO included workers who were paid any wages during the year even if they were no longer working at the end of the year. Including those cannery closure job losses, the employment loss in 2009 was closer to 5737, a 30 percent decline in a single year. More alarming was the fact that the rising minimum wage was having adverse employment effects on industries other than the canneries. American Samoa's real GDP declined 1.7 percent in 2008 and 3.2 percent in 2009.

In addition, the 2010 US Census of population for American Samoa (55,519) caused some alarm because it was below the 2000 count (57,291) and well below what had been estimated locally for 2010.

Somewhat surprisingly, American Samoa's GDP signaled some economic recovery in 2010 with an increase of 1.7 percent. In addition, more recent ASG employment estimates indicated that employment rebounded from 14,108 jobs in 2009 to 19,285 in 2010. It was clear that there was at least going to be a pause in American Samoa's recession.

American Samoa was able to avert an economic disaster at least temporarily. This recovery is regarded as temporary because it was based on a massive increase in temporary federal spending. Further, the scheduled minimum wage increase issue had only been deferred from 2011 through 2014. It has not been resolved.

**Combined Efforts Lessen Effects of Economic Downturn** – There were, in fact, extraordinary federal expenditure increases in American Samoa in 2009, 2010 and into 2013. Local efforts were at least in part responsible for the massive infusion of federal economic and disaster recovery funds. Local efforts were also in part responsible for the Congressional deferral of annual minimum wage increases to 2015. Private and public cooperative efforts have resulted in several new initiatives including the reopening of the closed cannery on a limited capacity basis. They have also joined forces to revitalize American Samoa's marine railway (ship repair facility). Further, the experience has provided even more interest in public-private sector cooperation in economic development programs in general starting with creation of the American Samoa Visitors' Bureau to revitalize the territory's lagging tourism industry.

Between 2005 and 2008, federal expenditures in American Samoa averaged about \$250 million annually. However, federal expenditures in American Samoa rose from \$257 million in 2008 to \$381 million in 2009, an increase of 48 percent. In 2010 they rose to \$515 million, an increase of 35 percent. These are enormous increases, virtually doubling federal expenditures in two years. In fact, between 2005 and 2010 federal expenditures in American Samoa advanced at an annual average rate of 16 percent, double the rate of any other US territory and the US overall.

**Translating Federal Funding into Jobs** - Federal expenditure-related jobs in American Samoa rose by 3987 between 2008 and 2010, or about 70 percent of the minimum wage and cannery closure job losses (5737) referenced earlier. In the end, American Samoa averted a much more serious economic recession by gaining almost as many jobs as it lost between 2007 and 2010. Again, ASG employment estimates show total employment in 2010 rising to 19,285 jobs from a low of 14,108 in 2009.

As suggested earlier, these job impact estimates must be regarded as temporary. This means that without very aggressive and near term economic development efforts, job losses could resume in American Samoa in the very near future. In fact, they may already have done so.

**American Samoa's Economic Future** - The 35 years prior to the recent economic downturn had been very important for American Samoa's economy. It was a period during which American Samoa's economy matured into one that was capable of supporting a considerable industrial base with a much greater range of consumer and business products and services than existed in the early 1970s.

This long period of steady economic growth is changing for several reasons. First, American Samoa is finding it increasingly difficult to offer the tax incentives and relatively low wages that were available earlier in the period. Second, trends in world trade are reducing tariff and non-tariff barriers to the extent that American Samoa's conditional duty-free access to the US and exemptions from federal maritime laws are now less advantageous than they were earlier. Third, federal expenditure levels are likely to remain a serious potential deterrent for the foreseeable future due to continuing precarious US fiscal conditions.

## **Chapter 2 - Economic Development Opportunities and Constraints**

The purpose of this chapter is to identify the most promising economic opportunities and the most critical constraints to the full implementation of those development opportunities. As noted above, it is the role of the private sector to identify and pursue opportunities. It is the role of the public sector to make it as convenient as possible to invest in American Samoa and to mitigate or remove constraints that hinder the successful pursuit of investment opportunities.

### **Economic Development Opportunities**

American Samoa must first look to its comparative or relative cost advantages, or that which it produces most economically (fisheries and tourism goods and services). It must also look to its competitive or absolute cost advantages that might be formulated in some combination to exploit niche or specialty industry opportunities. Such advantages derive from its geographical characteristics, its US territorial status including federal grant support, federal and local tax exemptions, political stability, duty-free access to the US, Made-in-USA labeling, a relatively high standard of living, local immigration and customs control, marine transport law exemptions, and special minimum wage treatment which is now in question.

**Fishing industry** - Assets include proximity to fishing grounds, physical and human infrastructure, harbor and port facilities, fresh water resources, ship repair facilities, conditional duty-free access to the US, and special local and federal tax incentives.

**Visitor/tourism industry** - Assets include increasing cruise ship interest, regional transport connections, natural beauty, National Park and National Marine Sanctuary, eco and cultural tourism, pristine Manu'a islands and a robust Polynesian culture.

**Other industries** - After recognizing the critical role of these basic industries, American Samoa must decide what support or supply industry linkages make sense for these industries (packaging, sports fishing tours, hotel accommodations, etc.) Import substitution offers some opportunities especially in fisheries and agriculture. Then there is the most difficult matter of identifying other export industries in which American Samoa might compete. Governments and committees have attempted to come up with lists of such industries to little or no avail. In the end, it is the private sector with its knowledge of markets and production processes that is in the best position to identify private sector development opportunities.

### **International and Regional Opportunities**

The outside world is becoming a larger force in American Samoa's economic future. American Samoa has already experienced the effects of external forces on its economy. American Samoa has taken several important international and regional initiatives to take advantage of rising interest in regional economic cooperation among smaller Pacific states and renewed US economic interest in the Pacific.

For example, American Samoa and Samoa have recently resumed their economic development cooperation efforts. This has been prompted by Samoa's recent membership in the World Trade Organization and American Samoa's interest in regional markets, especially at a time of economic recession and the threat of population decline. There are significant opportunities for increased cooperation on two-way trade and investment between the two states. The Two Samoas conferred in October of 2012 to discuss these issues of economic importance to both states.

In addition to this initiative with Samoa, American Samoa was recently accorded observer status in the Pacific Islands Forum (PIF), the most prominent regional island development organization in the Pacific. This gives American Samoa formal recognition as a participant in Pacific economic development affairs. It will also expand opportunities for regional development.

At a 2012 PIC meeting, American Samoa was designated as part of a new Polynesian Leaders Group which also includes the Cook Islands, Niue, Samoa, Tonga, Tuvalu, French Polynesia and Tokelau. This Group aims to co-operate at a sub-regional level on shipping arrangements, communications development and, of course, trade and sustainable economic development.

In October 2012, American Samoa's governor and business community representatives visited the Republic of Indonesia and met with its president and foreign minister. They discussed mutual interests in trade, investment, technical assistance in agriculture and fisheries, tourism development and education. Furthermore, they wanted to explore the possibility for manufacturing using American Samoa's unique relationship with the US that enables goods and

products to enter into the US market duty-free. The foreign minister suggested advising the US State Department regarding the contents of their discussion in his meeting which will be held in Bangkok in November 2012. Both leaders agreed to continue dialogue in the future and to set a time-table for follow up on the issues to ensure their timely progress.

### **Economic Development Constraints**

The territory's small size and remote location pose severe cost constraints on access to overseas markets and sources of supply. While little can be done about many of these disadvantageous characteristics, a great many can be improved.

**Federal constraints** - Despite the aforementioned federal economic development benefits, the federal government is also capable of inflicting great harm on American Samoa's economic development. In fairness, this is often inadvertent as American Samoa's interests are sometimes lost in the tumult of larger competing interests in Washington DC.

This was made abundantly clear when Congress arbitrarily imposed the US minimum wage on American Samoa. The US minimum wage level was grossly out of line with American Samoa's economy. Without a formal political status, Congress may well continue to modify American Samoa's political status with such piecemeal and disruptive legislation. (See Appendix A for political status background.)

**Local constraints** - There are other constraints about which a great deal can be done. They include such matters as labor force education and training, land availability and cost, commercial finance availability and cost, physical infrastructure, and economic uncertainty and instability.

As earlier noted, this CEDS undertaking encountered much private sector allegation on the adverse effects of the American Samoa government on economic development. This was also referenced in a recent US Department of the Interior study on business climate conditions in American Samoa. It suggested the prime areas for improvement of the business climate as transparency, business license practices, and taxation and labor conditions. It also examined business practices, infrastructure, the legal system, land and financial infrastructure. This CEDS effort confirmed the DOI findings.

The data seem to suggest that local government is not as influential in the development process as the federal government or such traditional location issues as transportation, labor, markets, industrial sites, utilities, tax structure, and other factors long associated with industrial location.

Nevertheless, there are many reasons to take seriously these concerns about the attitudes and efficiency of local government and the community concerning economic development. At some level, they can be prohibitive especially as modern production methods of goods and especially services give investors many more location options.

The truth is that American Samoa's development effort would certainly benefit from a closer working relationship between the government and the business community as well as traditional leaders and community organizations. Community leaders at all levels must put American Samoa's interests above those of any particular sector, public or private.

### **Chapter 3 - Economic Goals and Objectives**

Chapters 1 and 2 provide some basic background information on American Samoa's history, economic conditions and development issues. From this analysis, a vision statement is forged in Chapter 3. This vision statement expresses the TPC's best understanding of the economic state of affairs and the preferences of the people of American Samoa in the future.

**Vision Statement** - American Samoa recognizes that the industries it has depended on in the past may not be the industries of its future. The economic development task ahead will become more, not less, difficult. American Samoa's vision for the future is not fundamentally different from that of any other people. People want better lives for themselves and their descendants. This means rising economic opportunity, education levels and all of that which provides a better general standard of living including improving nutrition, shelter, education, healthcare and various public services. Indeed, it includes the very leisure time required to enjoy the fruits of one's labor: religion, recreation, family affairs and many other pursuits. All of these things depend on a community's ability to generate sufficient income to provide for them. American Samoa has additional objectives related to its bond with the US, its own constitution and its distinctive culture.

#### **American Samoa's Development Goals**

1. Reduce the enormous gap between per capita incomes and GDP in the US and American Samoa.
2. Increase economic-base diversity for increased stability and rising income opportunities.
3. Expand and upgrade American Samoa's education, training and health institutions.
4. Preserve and protect the environment for a continued high quality of life.
5. Build a US-based political status that includes Western political and economic traditions, Samoan customs and language, and increasing political self-reliance and self-determination for American Samoa.

### **Chapter 4 - Community and Private Sector Participation**

The effort to engage the American Samoa community in the CEDS process began with the issuance of a press release in early May 2012. The press release appeared in the local newspaper, on the radio and on television. The press release was successful, in that most people contacted for the CEDS research were familiar with the process.

In preparing the 2012 CEDS, approximately 40 in-depth interviews were conducted with government officials (both territorial and federal) and private sector leaders. In addition to the individual interviews, consultations were held with the Governor's Financial Advisory Group, the Board of Directors of the American Samoa Chamber of Commerce and the co-chair of the Governor's 2008 Economic Advisory Council. Early in the process, a meeting was held with the TPC (CEDS Committee) to discuss approaches to the 2012 CEDS preparation.

An online survey was created to give members of the public the opportunity to provide input to the CEDS process. In addition, an email went out to the 80 members of the Chamber of Commerce and the 20 members of Business and Professional Women of American Samoa with an invitation to complete the questionnaire.



Appendix B includes a copy of the press release, the newspaper ad, the online survey, the packet that was given to the interviewees, and a list of the interviewees. Lastly, a public service announcement was placed in the local media for ten days beginning on September 5, 2012 inviting the public to review the final draft document. This comment period closed October 6, 2012. However, the study group accepted detailed public comments throughout the course of the CEDS process.

## **Chapter 5 - Strategic Projects, Programs and Activities**

This chapter identifies projects, programs and activities that will implement the goals and objectives of the CEDS. It will do this by designing actions that take advantage of economic development opportunities identified in Chapter 2. At the same time, it will design actions to reduce the constraints to economic development identified in the same chapter.

Appendix C contains for each action listed below detailed explanatory information including the the desired outcome, project cost, lead organization, auxiliary organizations, funding source, start year and project duration.

These actions are in three basic categories

- I. Business Expansion
- II. Business Climate
- III. Economic Infrastructure

### **I. Business Expansion**

#### **1. Retain and Expand Tuna and Fishing Fleet Industry**

##### **Action Recommendations**

- a. Resolve US minimum wage issue.
- b. Resolve US corporate tax incentive issue.
- c. Revive alia fleet (local fishing boats) for modern conditions.
- d. Finance stretching of local longliners.
- e. Reclaim land on east side of harbor.
- f. Monitor and influence international fishing and trade agreements.

#### **2. Promote Visitor Industry Growth**

##### **Action Recommendations**

- a. Increase budget for tourism development per Tourism Marketing Plan.
- b. Increase budget for tourism promotion per ASVB marketing plan.
- c. Increase and improve ongoing tourism training.
- d. Increase number of cruise ship calls and maximize economic benefits.
- e. Develop new site for cruise ship docking.
- f. Ease restrictions on short-term visitors from Samoa.

#### **3. Increase Viability of the eCommerce Sector**

##### **Action Recommendations**

- a. Seek bandwidth expansion and cost reduction.
- b. Form eCommerce Task Force to attract operators/investors.
- c. Leverage opportunities provided by BLAST project.

#### **4. Increase Viable Import Substitution**

##### **Action Recommendations**

- a. Provide occasional equipment services to farmers (e.g., tillers, Bobcat).
- b. Subsidize feed and fertilizer.
- c. Assist Manu'a fishing co-op.
- d. Assist Manu'a farming co-op.
- e. Develop roads to agricultural lands.
- f. Develop westside market for fishermen and farmers.
- g. Replace imported labor with local labor.
- h. Enable greater pass rates on ASVAB tests (military enlistment exam).

#### **5. Increase Access to Capital and Assist Start-ups**

##### **Action Recommendations**

- a. Provide additional capital to Development Bank.
- b. Develop incubator facility with commercial kitchen for fledgling enterprises.

#### **6. Seek viable new export industries**

##### **Action Recommendations**

- a. Implement recommendations made by the Export Study now under consideration.

## **II. Business Climate**

#### **1. Federal Government**

##### **Action Recommendations**

- a. Promote consensus amongst Governor, Fono, and American Samoa's member of Congress on federal matters.
- b. Resolve the US minimum wage issue in American Samoa.
- c. Resolve US Corporate tax incentive policies toward American Samoa.
- d. Seek formal voice in US fishery negotiations, trade and other key policy areas.
- e. Remove prohibition against foreign air carrier service between US and American Samoa.
- f. Retain American Samoa Government control of immigration system.
- g. Petition the federal government to negotiate political status goals and policy principles.
- h. Petition the federal government to negotiate a federal economic policy for the territories.
- i. Establish economic content for any political status discussions the Federal Government.
- j. Seek avenues for modifying federal environmental laws applicable to American Samoa.

#### **2. Improve Territorial business climate (including capacity building)**

##### **Action Recommendations**

- a. Design an office dedicated exclusively to economic development and investment.
- b. Revise immigration law, policy and procedures to accommodate business labor requirements.
- c. Revise tax laws to reduce uncompetitive high tax rates.
- d. Improve education outcomes, job-ready technical skills and technological competence.
- e. Revise tax incentive law, policies and procedures to increase desirable business outcomes.
- f. Help businesses find suitable land to meet their requirements.
- g. Revise incorporation laws to make them more convenient and flexible.

- h. Revise business license law and procedures to ease burden on business.
- i. Explore privatization of government functions/authorities.
- j. Elevate Chamber of Commerce role as an economic development partner.
- k. Consider reconstituting Governor's Economic Advisory Council.
- l. Improve local healthcare facilities and services.
- m. Improve health of local populace.

### **III. Economic Infrastructure**

#### **1. Improve internal and external transportation of people and goods**

##### **Action Recommendations**

- a. Implement priority elements of the Port Master Plan including new cruise ship dock.
- b. Implement high priority elements of the Airport Master Plan.
- c. Implement Air Transport Study Recommendations (slated for 2013 completion).
- d. Maintain/improve private aiga bus system.
- e. Solve Manu'a sea transportation problems.
- f. Solve Manu'a air transportation problems.

#### **2. Lower the cost of electricity and utilities**

##### **Action Recommendations**

- a. Increase cost-effective power generation from alternative sources.

#### **3. Improve the harbor area commercial center**

##### **Action Recommendations**

- a. Integrate cruise ships with Fagatogo.
- b. Rehabilitate Rainmaker site.
- c. Improve the central bus terminal area.
- d. Initiate boardwalk project.
- e. Fagatogo renewal.

#### **4. Fisheries industry**

##### **Action Recommendation**

- a. Locate suitable site for StarKist cold storage building.
- b. Rebuild seawall to protect Tri-Marine site.
- c. Develop or designate dock for longliners and alias.

#### **5. Visitor industry**

##### **Action Recommendation**

- a. Rebuild cable car and make Mt. Alava improvements.
- b. Develop yacht moorings and conveniences.
- c. Invest in 100-ton lift for shipyard to serve yachts.
- d. Construct visitor center.
- e. Develop marina.

### **Chapter 6 - Plan of Action**

Chapter 6 demonstrates how the CEDS Plan of Action implements the goals and objectives. At the same time, it describes how the CEDS promotes economic development and opportunity in a manner that:

- Fosters effective transportation access.
- Enhances and protects the environment.
- Maximizes effective development and use of the workforce consistent with any applicable State or local workforce investment strategy.
- Promotes the use of technology in economic development, including access to high-speed telecommunications.
- Balances resources through sound management of physical development.
- Obtains and utilizes adequate funds and other resources.

The CEDS also contains a section that discusses the methodology for cooperating and integrating the CEDS with a State's economic development priorities. This is accomplished as the CEDS itself incorporates American Samoa's economic development priorities.

## **Chapter 7 - Performance Measures**

This chapter lists the performance measures that will be used to evaluate ASG's successful development and implementation of the CEDS including but not limited to the:

- Number of jobs created after implementation of the CEDS.
- Number and types of investments undertaken in the region.
- Number of jobs retained in the region.
- Amount of private-sector investment in the region after implementation of the CEDS.
- Changes in the economic environment of the region.

# ***Chapter 1 -***

## **CEDS Planning Organization and Background**

### **The CEDS Concept**

The Comprehensive Economic Development Strategy (CEDS) process was established with the passage of the Economic Development Reform Act of 1998. In this act, the CEDS process is a requirement for EDA public works and economic adjustment grants.

The CEDS process is an opportunity for American Samoa to take a fresh look at its economic development goals and future, economic opportunities and constraints, project priorities and costs, implementation plans and economic development organization conditions. In summary, the CEDS process and periodic updates represent a valuable tool for local communities in support of long-term economic development efforts. This is a most opportune time for American Samoa to assess its economic future as it faces the most challenging economic conditions in its brief modern history.

**The CEDS Committee** - American Samoa's Territorial Planning Commission (TPC) serves as the Comprehensive Economic Development Strategy Committee for the territory. The TPC was established in 1977 under Public Law 15-64. The TPC consists of nine members, one from each of six planning districts in American Samoa and three from the business community. Because of the TPC's longstanding responsibility for EDA planning requirements, members are selected with EDA representation requirements in mind.

TPC members are appointed by the Governor and confirmed by the Senate. The TPC is responsible for planning and coordinating economic and business development activities in American Samoa. It is also responsible for reviewing and approving American Samoa's Comprehensive Economic Development Strategy.

American Samoa's TPC is statutorily responsible for approving the Territorial General Plan, within which the CEDS program functions. Other elements of the Territorial General Plan include education, social services, housing, utilities and services, transportation, communications, recreation, conservation and cultural services. This is particularly beneficial because, as will become clear in this document, an economic development strategy affects and is affected by all of these components of the Territorial General Plan and its sub-plans.

**Staff Support** - Primary staff support is provided by the Department of Commerce with occasional assistance from outside consultants. Additional and valuable staff support is also available from other ASG agencies. For example, the American Samoa Power Authority, the Port Administration, Public Works and other agencies often provide helpful staff support especially for projects for which they have special expertise or primary responsibility.

### **Historical Background**

American Samoa is one of five main insular areas (possessions or territories) of the United States. The other four are Puerto Rico, Guam, the US Virgin Islands, and the Commonwealth of

the Northern Mariana Islands. There are other smaller, often more remote insular areas. They are primarily wildlife refuges and are uninhabited, although a few in the Pacific host some military installations.

These areas of the US differ culturally, politically and economically from the average US state. Each has a distinct culture and a unique historical and legal relationship with the United States. However, many quite rightly regard themselves as much a part of the US as any state. In many respects, it is only size, geography, or unusual political circumstances that have prevented them from becoming states.

The islands of American Samoa became part of the U.S. in 1900 and 1904. American Samoa is made up of seven islands with a total land area of 76 square miles. Located in the tropics, it is 14 degrees south of the equator and 160-173 degrees west longitude. This group of islands is some 2,300 miles southwest of Hawaii. Sydney, Australia is about 2,700 miles further to the southwest, while Auckland, New Zealand is only 1,600 miles southwest. American Samoa is the only United States territory south of the equator. It is the eastern part of a 290-mile long island chain, and shares the same heritage, traditions, language and culture with Samoa (formerly Western Samoa), an independent nation.

Tutuila, American Samoa's largest island is the center of government and business. Its famous Pago Pago Harbor is one of the Pacific's deepest and most sheltered harbors. Tutuila has an estimated 90 percent of the 55,519 (2010) total population of American Samoa. The other islands include Ofu, Olosega, and Ta'u in the Manu'a group located 60 miles east of Tutuila. Aunu'u is a small island one-quarter mile off the eastern shore of Tutuila. Rose Atoll is a wildlife refuge 60 miles east of Manu'a. Swain's Island, a member of the Tokelau island group, is 200 miles north of Tutuila.

The islands experience Southeast trade winds that result in frequent rains and a pleasant, warm, tropical climate. The year-round temperature ranges from 70 to 90 degrees, depending on the warmth of the surrounding ocean. The humidity averages about 80 percent during most of the year. The average rainfall at Pago Pago International Airport is 130 inches per year, while Pago Pago Harbor, only four and one-half miles away, averages 200 inches per year.

**Early History** - About 1500 B.C., people arrived in the Samoan Islands, after having navigated the Pacific Ocean in rafts. This astonishing achievement occurred at approximately the time of the Trojan War or the Exodus in Western history. Little is known about these people who were or were to become the Polynesians and who would populate the islands of the Central and Eastern Pacific from Hawaii to New Zealand and Samoa to Easter Island. It was not until 1973 that Samoan prehistory was dated back this far. In that year, some pieces of clay pottery were discovered during a dredging project near Mulifanua in Western Samoa. These pottery shards were made from clay found in the same area. Radiocarbon dating revealed that the pottery was made in about 1200 B.C.

This Lapita form of pottery is found throughout the Western Pacific from New Guinea to Samoa. It is named after an area in New Caledonia where the pottery was first discovered. Scientists believe that one group of people who made this type of pottery moved into the Pacific area about 4,000 years ago. The evidence is increasing, most recently in DNA analyses, that these people

originated in Southeast Asia up to 6000 years ago and reached the Pacific islands (including Taiwan) about 4000 years ago from which they embarked for the central Pacific.

By 400 A.D. the Lapita culture had evolved into a more recognizable Polynesian culture (Bellwood, 1978). However, the greatest feats of navigation ever undertaken were yet to come. The Polynesians then undertook expeditions to Eastern Polynesian (Tahiti, Hawaii, the Marquesas, Easter Island, and others).

Early settlements in Eastern Polynesia begin to appear between A.D. 300 and 700. They were probably settled initially from Samoa or Tonga. This migration to Hawaii, Tahiti and other eastern islands was probably completed by A.D. 1100, after which isolation gave rise to different Polynesian cultures as they are known today.

Samoa was first sighted by European explorers in 1722 and was visited again in 1768 and 1787. However, it was not until 1831 that Westerners took up residence in the Samoan Islands, the beginning of modern or recorded history in Samoa.

**Samoa Society** - It is not possible to capture in language the standards, complexities and nuances of different cultures. For many reasons, however, the effort is worthwhile. This is especially the case where distinct cultures come together. There is a need to encourage understanding, tolerance and, in general, promote a useful and productive accommodation of cultural diversity in our society.

Samoans have adhered to the fundamental elements of their language and culture to an extent unprecedented in most parts of the world. This adherence to Samoan language and culture is not just ceremonial. The Samoan people, particularly in their own lands, strive to retain as much of their communal or *aiga* (family) land and *matai* (chief) systems as possible. In this report, the term "*matai* system" refers to American Samoa's extended family and land-tenure systems as well.

The basic unit of Samoan society, the *aiga* or extended family group, is a group of people related by blood, marriage or adoption, varying in number from a few to several hundred who acknowledge a common allegiance to a particular *matai*. The *matai* possesses authority over the members of his family and regulates their activities. Family resources are under the authority of the *matai*. Traditionally, the *matai* consults the *aiga* before exercising his authority. Consultation and discussion are highly developed practices at every level of Samoan society.

Samoa's land and *matai* systems are ancient and complex. Each contains nuances that are not well understood by outsiders. In modern Samoa, special courts that rely substantially on Samoan oral history, tradition and custom adjudicate disputes concerning family lands and titles.

It is the *matai* system that is at the core of Samoan society and which gives meaning to other Samoan institutions including the economy. Again and again, from the deeds of session to more recent deliberations on political status, Samoans express a very strong preference for and commitment to the preservation of the *matai*, extended family and communal land system. The *matai* system contains a sense of social continuity, structure and order. To some extent, the title is independent of the holder. In addition, the rank of the title tends to order members of different descent groups. Most important however is that the system ties Samoans, their families, villages and other political subdivisions to Samoan society itself.

Cultural diversity was once thought of in the US as a temporary condition that would ultimately be replaced with full assimilation. There is reason to believe that this is wrong or at least a serious oversimplification. What seems to be emerging is some cultural assimilation and continued cultural diversity, something more akin to a cultural mosaic than a cultural melting pot. This distinction is becoming more accepted, and it has important implications. With the assimilation concept, it was the responsibility of minorities to master the majority culture and adopt it. With the cultural diversity model, there is a responsibility on the part of the majority to understand the cultures of its minorities in order to develop tolerance and an appreciation for diversity.

**The US and American Samoa** - The United States had an interest in Samoa from early settlements in the 1830s. The US government had a very strong interest in eastern Samoa, now American Samoa, primarily for its excellent harbor. US transport companies and land development interests were very active in Western Samoa, now the independent nation of Samoa.

The period between 1830 and 1900 was a difficult one for Samoa. Europeans and Americans never really fathomed the complex and sophisticated Samoan political process. Samoan civil wars were ignited or exacerbated by foreign influences in the political process and the introduction of modern weapons. These weapons were often exchanged for Samoan lands. In fact by 1890, Germany, England, America and France had claims to Samoan lands that were twice the entire land area of the Samoan Islands. At final adjudication, they received about 20 percent of Samoa's total land area.

The US entered into its first treaty with Samoa for the use of the excellent Pago Pago Harbor. This agreement was made in 1872, but the U.S. Senate never ratified it. In the 1870s, the Samoans were under a dual state of siege from their own civil wars and the competitive disruptions of the Western powers.

In 1877, the Secretary of State of Samoa, Le Mamea, visited President Hayes in Washington D.C. for the express purpose of offering Samoa to the U.S. through annexation or as a protectorate. Hayes was sympathetic to the plight of the Samoan people. He asked the Congress in his first annual message to consider the proposal. While Congress was in no mood for annexation, Hayes was able to obtain Senate ratification of a treaty under which the U.S. would obtain Pago Pago Harbor in return for U.S. peace and friendship.

This first treaty between Samoa and a major power increased the pressure on the part of England and Germany for treaties of their own. Increasing conflict led to the partitioning of Samoa in 1899. The U.S. obtained the islands of eastern Samoa. Germany assumed control of Western Samoa. England renounced their claims in Samoa for German concessions in Tonga, the Solomon Islands and West Africa. In 1900 the U.S. Secretary of the Navy established a naval station at Pago Pago. The leading chiefs of Tutuila ceded their lands to the U.S. in 1900. The Manu'a Islands ceded in 1904.

These deeds of cession speak of the promotion of the peace and welfare of the Samoan people, the establishment of a good and sound government, and the preservation of Samoan rights, lands, and culture. The deeds of cession, however, make no direct reference to the economy for the



good reason that at the time there was only what could be described as a subsistence economy. This has changed, and the people of Samoa quite understand that modern economic development has a very direct bearing on their ability to preserve their rights, lands and culture.

In accepting the deeds of cession in 1929, the U.S. Congress placed responsibility for civil administration of the territory with the Executive Office. The U.S. Navy had this responsibility from 1900 to 1951. Since 1951, the U.S. Department of the Interior has administered the territory. However, American Samoa is substantially self-governing today. It has its own constitution, its own legislature, its own elected governor and a non-voting representative in the US House of Representatives. American Samoa has made very rapid progress in political self-determination. However, all of this local authority is at the pleasure of the US Congress.

In 1830, there were no schools in Samoa. Children acquired necessary skills by working alongside adults performing traditional tasks. The first schools in American Samoa were pastors' schools and secular English language schools. The first English language school in American Samoa was established in 1904. The first high school was not established there until 1947. Education in American Samoa languished until the 1960's when, after considerable criticism, the US undertook a crash program to improve conditions in American Samoa. Not surprisingly, much of the focus of these improvements was to be in education on the quite reasonable grounds that education was the key to advancement of any form. The first post-secondary educational institution, a community college, was not established until 1970.

It was not until the Second World War that American Samoa was transformed from a subsistence economy to a cash, or commercial, economy. Unprecedented amounts of money were injected into the local economy during the war years of the 1940s in the form of wages and other federal expenditures. Local commercial activities expanded accordingly. This new economic prosperity was short lived. The end of the war and the withdrawal of the US Navy caused severe economic distress in the late 1940s and early 1950s. In the early 1950s a, large part of American Samoa's limited work force left for Hawaii on vessels provided by the US Navy.

These circumstances induced the US Navy to begin considering commercial development in the late 1940s. In 1948, the Secretary of the Navy ordered the governor of American Samoa to authorize the entry of commercial enterprise into American Samoa. A cannery was built on Navy property in Atu'u. The Rockefeller Foundation financed it. This operation closed in 1950, but the facilities became part of the base of cannery production that remains in American Samoa to this day.

Cannery operations represented entry into the modern economic world for American Samoa, but there was a great deal missing. In the early 1960s, concerns were rising about American Samoa; public reports described appalling conditions in education, infrastructure, health and other public services. The US responded with accelerated programs to improve conditions at all levels. By the early 1970s, rapidly rising federal expenditures financed education and training, roads, utilities, and healthcare. Private sector development activities were undertaken. The ASG-owned bank was sold to a US commercial bank. The American Samoa Development Corporation was formed to foster small business and operate the first 100-room hotel (the Rainmaker). At the same time, American Samoa began to seek other federal grants in addition to Congressional appropriations. By 1980, these other federal grants rose to 49 percent of federal expenditures, up from 12 percent in 1971. American Samoa had embarked on a path of modern economic development.

**Economic Conditions and Trends in American Samoa** – A 2007-2008 analysis of American Samoa's economy projected its development prospects based on alternative tuna cannery industry location conditions.<sup>1</sup> The work was primarily concerned with what the economic effects would be if there were serious reductions in or closure of cannery industry operations in American Samoa.

American Samoa now considers what it must do to recover from the employment losses unleashed by these events and what the future holds for its economy under the new order of economic conditions.

**The economic history outlined in this report is summarized below:**

In the thirty years prior to 2007, the American Samoa economy expanded at a fairly healthy rate, just above the US rate, at least as measured by employment. Despite the growth of the economy over that period, its structure had remained essentially the same. The cannery industry and government were then and remain the two basic forces driving American Samoa's economy.

The American Samoa economy virtually doubled in size over the thirty years. Led by canned tuna exports and federal financial aid, basic employment grew at a 2.6 percent annual rate. But job growth in the tuna canneries (4.3 percent) was much faster than job growth in local government supported by federal grants and expenditures (1.4 percent).

The tuna canneries and federal financial aid accounted for virtually all of the basic economic growth in American Samoa during this period. No other basic activity played a significant role in the economy's growth during the thirty-year period. Basic economic activity is that which results in new income to an area from such activities as exports, tourist expenditures, remittances, etc.

Import substitution played no significant role in American Samoa's economic growth during this period. Import substitution is the process by which an economy increasingly produces goods or services that were previously imported.

The only notable change in the structure of American Samoa's economy was the increased importance of the tuna canneries. The addition of 3,246 workers over the thirty-year period raised the fish processing's share of total employment in the territory from 16.5 percent to 26.2 percent, not counting the multiplier effect. Although federally-supported jobs in local government increased 1,103, their share of total employment fell from 27.7 percent to 18.9 percent.

This 30-year economic growth period was more than just the numbers. American Samoa's economy matured into one that was capable of supporting a considerable industrial base with a greater range of consumer and business products and services that did not exist in the 1970s.

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<sup>1</sup> American Samoa Government, Department of Commerce. Malcolm D. McPhee & Associates with Dick Conway and Lewis Wolman, *American Samoa's Economic Future and the Cannery Industry*, prepared for the under a grant award from the U.S. Department of the Interior, Office of Insular Affairs (February 2008).

In summary, relying almost exclusively on the tuna canneries and federal financial aid, the American Samoa economy expanded steadily over the thirty-year period. Employment doubled, the unemployment rate fell, and real per capita income has risen at about a 2 percent annual rate.

Perhaps because of its past success, the territory had not broadened its economic base. Since the 1970s, there has been virtually no increase in American Samoa exports other than canned tuna. It is also apparent that, with the exception of some recent hotel construction, the visitor industry had not experienced any significant growth. The inability of the American Samoa economy to diversify left it vulnerable to severe economic shocks to its base, the canneries and federal expenditures.

Concerns remained that American Samoa's cannery industry was vulnerable to rising US imports of canned tuna from such lower labor cost areas as Thailand, the Philippines and elsewhere. American Samoa canneries were known to be examining lower cost processing areas at least for some segments of their canning process.

In particular, if the recent legislated increases in the minimum wage were to cause a complete shutdown of the tuna canneries, American Samoa could lose forty percent of its jobs. Such a calamity would prompt efforts to create employment opportunities in other economic activities, such as call centers and tourism. But even if these initiatives were successful, it would take years before the American Samoa economy could fully recover.

During the course of that analysis, two stunning events occurred. First, by act of Congress, the US minimum wage was to be phased into American Samoa, virtually doubling it over an eight-year period. Second, one of American Samoa's two major tuna canneries announced its intention to shut down in 2009, in part as a result of the minimum wage increase.

American Samoa's worst economic fears began to materialize in 2007. In 2007, the US Congress decided to apply the US minimum wage to American Samoa through provisions in the U.S. Troop Readiness, Veterans' Care, Katrina Recovery, and Iraq Accountability Appropriations Act.

Previously, American Samoa's minimum wage, determined by US Department of Labor "Special Industry Committees," was substantially lower, by approximately one-half, than the US rate. Under the new law, minimum wage in American Samoa would increase in \$.50 increments per year until they reached the federal minimum wage. After the US minimum wage was reached, any additional increase in the US minimum wage would apply to American Samoa on the same schedule as for the 50 US states.

The 2007 law required minimum wage increases in May of 2008 and in May each year thereafter, until the American Samoa minimum wages reached the US level in 2016. However, the Consolidated Appropriations Act of 2010 included a provision delaying the minimum wage increases until September 30<sup>th</sup> of each year, beginning in 2010. However, Congress did suspend the \$.50 per hour minimum wage increases in American Samoa for 2010 and 2011. These increases will resume in September 2012 absent legislation to continue the suspension. (In fact this suspension was extended by Congress until 2015.)

The second shoe dropped in 2009 with the announcement that one of American Samoa's two canneries would be closed in 2009, taking with it approximately 2000 jobs. This closure was attributed in part to the rising minimum wage.

The referenced American Samoa, Department of Commerce economic report then goes on to project the possible economic and population effects of different scenarios for the future. Unfortunately, it appears now that American Samoa will suffer some form of the worst-case scenario in which by 2015 employment will fall to 12,200 and population to 56,000.

Obviously, even before the completion of this study, minimum wage and cannery developments on the ground indicated that some form of the worst-case scenario would prevail. All of this assured that American Samoa would indeed face a serious economic setback with no clear path to economic recovery in sight, especially with the prospect of serious wage inflation.

**American Samoa's Economy Turns Down in 2007** - That American Samoa was headed for some form of the worst-case economic scenario was soon confirmed. In 2011, the US Government Accountability Office (GAO) released its report on the performance of the American Samoa and CNMI economies after imposition of the US minimum wage in those two US territories.<sup>2</sup>

GAO, using Social Security Administration (SSA) employment data, found that employment in American Samoa had declined from 19,171 in 2008 to 15,434 in 2009, a 19 percent decline (Table 1). The GAO did point out that this decline did not include the 2000 lost cannery jobs due to the cannery closure in 2009. SSA counted those cannery workers as employed since they had been employed earlier in the year. The American Samoa Government (ASG) preferred to remove the 2000 cannery workers from the 2009 employment total because they were in fact no longer cannery employees by the end of the year. As a result, ASG regarded the employment loss in 2009 as closer to 5737, a 30 percent decline in a single year.

More alarming was the fact that the rising minimum wage was having adverse employment effects on industries other than the canneries. This was deduced from the fact that workers who had been employed at the closed cannery were still counted as employed in the 2009 GAO employment estimate. The remaining cannery did reduce employment by a few hundred in 2009. Hence, the 3737 employment decline estimated by GAO in 2009 was not substantially from the cannery industry. Further, only about one-third of the 2009 job loss could have been attributable to cannery multiplier effects because the multiplier for the canneries was only 1.5, or not more than 1000 of the GAO 3737 estimated jobs lost. Therefore, much of the 3737 employment decline in 2009 had to be in industries other than the canneries or industries heavily dependent on the canneries.

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<sup>2</sup> US Government Accountability Office, *American Samoa and the Commonwealth of the Northern Marian Islands: Employment, earnings, and Status of Key Industries Since Minimum Wage Increases Began*, GAO-11-427 (June 2011).

**Table 1**  
**GAO and American Samoa Total Employment Loss Estimates, 2008-2009**

	<b>2008</b>	<b>2009</b>	<b>Jobs Change</b>	<b>Percent Change</b>
GAO total employment estimates	19,171	15,434	3737	-19
ASG adjustment to above estimates*	19,171	13,434	5737	-30

\*Including cannery closure effects

Source: GAO-11-427 American Samoa and Commonwealth of the Northern Mariana Islands

(Pages 63-65) <<http://www.gao.gov/new.items/d11427.pdf>> and American Samoa Government, Department of Commerce. (GAO estimated that cannery employment fell 2724 from 4593 in 2007 to 1869 in 2010. ASG estimated that cannery employment fell 3080 from 4663 to 1553 in the same period.

As previously noted, the employment data GAO used were from the Social Security Administration (SSA). It is a byproduct of information it collects pertaining to administration of the Social Security system and is not designed to track employment trends. This SSA employment data was used because highly reliable and timely employment, labor force and population data is not available for American Samoa or, for that matter, for other smaller US territories. The 50 states have reasonably reliable information primarily because the US Department of Labor requires the collection of such employment, wage and salary and household survey data for unemployment and labor force information. This is required mainly in support of the US unemployment insurance program which does not apply to American Samoa.

It is unrealistic to think that American Samoa could generate quality information in this area on its own when the states cannot do it. A model for achieving this might be the work that created a system of income and product accounts (GDP) for American Samoa. This was a joint effort of the territories, the Department of the Interior, and the US Department of Commerce. GDP estimates are now available for American Samoa (2002-2010) and will be discussed below. A similar effort could be initiated with American Samoa involving the US Department of Labor to generate more reliable and timely employment and labor force information.

This lack of this employment, unemployment, labor force and population information causes American Samoa serious difficulties. For example, the US Department of Labor itself could not effectively respond to Congress's request for economic impact information on raising the minimum wage in American Samoa.<sup>3</sup> In fact, they relied on the impact estimates of the American Samoa Department of Commerce cannery study previously referenced. Even the GAO has had difficulty with employment data in its minimum wage impact analyses.

In addition, the US Census 2010 population count for American Samoa (55,591) caused some consternation because it was below the 2000 count (57,291) and well below what had been estimated locally for 2009 (69,000).

<sup>3</sup> US Department of Labor, Office of Assistant Secretary for Policy, *Impact of Increased Minimum Wage on the Economies of American Samoa and the Commonwealth of the Northern Marian Islands*: US Department of Labor, January 2008.

All that can be concluded from this is that the discrepancy is attributable to some combination of the inadequate local population estimating procedures and US Census undercounting. It seems evident now that the local population estimating procedures did not have the net-migration data or employment data necessary to estimate the net out-migration component of population estimates. Net outmigration almost certainly occurred between 2008 and 2010 based on the employment data examined above.

In addition, the 2010 US Census population count of 55,591 for American Samoa is more consistent with the historical relationship between employment and population than the other population estimates. Employment has held at about 26 percent of population in American Samoa since at least 1975.

So far, this report has focused on employment as a measure of economic activity mainly out of necessity as income and product account data has only recently become available as noted above. Fortunately, in 2011 Gross Domestic Product data became available for American Samoa for 2002 through 2009. GDP is a system of economic accounts that measures gross income and production for a state or a region, taking into account public and private consumption, investment, and net exports. It is almost universally regarded as the most comprehensive measure of an economy. Per capita GDP or personal income is regarded as the most comprehensive measure of the economic well-being of the resident population. Employment data gives no indication of the income levels of those employed.

Table 2 is generally consistent with the above employment analysis, but it sheds more light on actual conditions. American Samoa's GDP indeed began its slide in 2008 declining 2.0 percent that year and 4.7 percent in 2009. While employment underwent a very high decline in 2009, much of it occurred late in the year with the cannery closure. GDP measures production for the entire year.

Table 2 also shows that American Samoa's economy was growing steadily between 2002 and 2005, but it began to weaken in 2006 prior to the announcements concerning the minimum wage increases and the cannery closure. This may have been a factor concerning local population estimates between 2000 and 2010. For reasons cited above, local employment and migration data were not reliable and timely enough to produce reasonable population estimates.

American Samoa's per capita GDP estimates were undoubtedly understated for the latter part of the decade because of the high population estimates. The 2010 US Census population count of 55,519 was far below the 2009 local population estimates as high as 69,000. Per capita GDP for American Samoa rose from \$8754 in 2003 to \$9,315 in 2010, an annual average increase of 0.9 percent.

Declining or low-growing per capita income is not surprising given American Samoa's heavy dependence on the low wage, labor intensive cannery industry. In addition, US per capita income has remained four to five times as high as per capita income in American Samoa over the past thirty years or more.

These economic accounts tell us something else about American Samoa's economic future. In order to reduce this per capita production and income disparity with the US, American Samoa workers are going to require economic opportunities (businesses and jobs) that are more

productive. It is generally recognized that this is achieved by improvements in the application of capital and in education and training. Increases in productivity allow for increased earnings without forcing inflation.

**Table 2**  
**American Samoa Real Gross Domestic Product, 2003-2010**  
**(2005 Chained Dollars)**

	2003	2004	2005	2006	2007	2008	2009	2010
<b>Gross domestic product</b>	548	548	550	529	536	527	510	517
<b>Personal consumption</b>	356	371	367	362	356	352	348	345
<b>Private fixed investment</b>	14	18	21	20	20	20	17	23
<b>Change in private inventories</b>	10	8	-6	3	-7	-11	-7	-6
<b>Net exports</b>	-107	-107	-81	-88	-62	-75	-104	-109
<b>Exports</b>	577	485	507	474	479	475	374	313
<b>Goods</b>	547	456	480	448	456	452	352	291
<b>Services</b>	30	30	27	26	23	22	24	23
<b>Imports</b>	684	592	589	562	541	550	478	422
<b>Goods</b>	606	520	525	497	479	486	420	367
<b>Services</b>	79	72	64	65	63	64	59	56
<b>Gov. consumption/ investment</b>	270	258	250	239	228	243	273	290
<b>Addenda:</b>								
<b>Population (thousands)</b>	62.6	64.1	65.5	64.8	64.8	65.1	62.4	55.5
<b>Per capita real GDP</b>	8,754	8,549	8,397	8,164	8,272	8,095	8,173	9,315

Source: US Department of Commerce, Bureau of Economic Analysis  
[http://www.doi.gov/oia/press/2011/BEA\\_GDP\\_Data\\_AS\\_May\\_31.pdf](http://www.doi.gov/oia/press/2011/BEA_GDP_Data_AS_May_31.pdf)

**Infusion of Federal Funds Averts Economic Disaster in American Samoa** - This bleak employment and GDP analysis notwithstanding, there is a prevailing sentiment in American Samoa that things are not as bad as described above. There is considerable information to support this view.

This optimism that things are not yet as bad as feared is very likely based on the following. In 2008, the US entered into its most serious financial crisis and economic recession since the 1930s. This caused the Congress to pass a \$787 billion economic stimulus package in February 2009.

There is evidence that participation in this US economic recovery program and other federal spending programs slowed American Samoa's economic free fall. There were, in fact, massive and extraordinary federal expenditure increases in American Samoa in 2009 and 2010.

Between 2005 and 2008, federal expenditures in American Samoa averaged about \$250 million annually. However, federal expenditures in American Samoa rose from \$257 million in 2008 to \$381 million in 2009, an increase of 48.2 percent. In 2010, they rose to \$515 million, an increase of 35.2 percent. These enormous increases virtually doubled federal expenditures in two years. In

fact between 2005 and 2010 federal expenditures in American Samoa advanced at an annual average rate of 16 percent, double the rate of any other US territory and the US overall (Table 3).

**Table 3**  
**Federal Government Expenditures in Outlying Areas, 2005-2010**  
**(\$ millions)**

	<b>2005</b>	<b>2010</b>	<b>Annual Average Percent Change (2006-2010)</b>
<b>American Samoa</b>	243	515	16.2
<b>Guam</b>	1,413	2,012	7.3
<b>CNMI</b>	167	250	8.4
<b>Puerto Rico</b>	15,448	21,118	6.5
<b>Virgin Islands</b>	625	821	5.6
<b>US</b>	2,448,484	3,276,422	6.0

Source: *USA Census Bureau: Consolidated Federal Funds Report, Fiscal Year 2010*, Page 26

Table 4 demonstrates that almost 80 percent of federal expenditures in American Samoa are in grants compared with 21 percent for the nation. American Samoa lags far behind the rest of the nation in every other per capita federal expenditure category including retirement, other direct payments, procurement, and salaries and wages.

**Table 4**  
**Per Capita Federal Expenditures in the US and American Samoa FY 2010**

	<b>American Samoa</b>	<b>US</b>	<b>American Samoa Percent</b>	<b>US Percent</b>
<b>Population</b>	66,000	308,745,538		
<b>Total per capita expenditures</b>	\$7804	\$10,460	100.0	100.0
<b>Retirement/disability</b>	919	2,935	11.8	28.1
<b>Other direct payments</b>	224	2,633	2.9	25.2
<b>Grants</b>	6178	2,187	79.2	20.9
<b>Procurement</b>	385	1,605	4.9	15.3
<b>Salaries and wages</b>	97	1,099	1.2	10.5

Source: *USA Census Bureau: Consolidated Federal Funds Report, Fiscal Year 2010*, Page 23

Table 5 demonstrates that as of April 27, 2012 Recovery Act funds available to American Samoa were \$241.4 million, only \$130.0 million of which had been paid out. That leaves approximately \$111.4 million to be paid out in 2012 and beyond.



Table 5 also shows the range of federal agencies participating in the Recovery Act especially in agriculture, education, energy, health and human services, transportation, and environmental protection.

**Table 5**  
**US Recovery Act Spending for American Samoa,**  
**February 2009 to April 27, 2012**

<b>State/Territory</b>	<b>Funds Available</b>	<b>Funds Paid Out</b>
<b>American Samoa</b>	\$241,392,891	\$129,965,395
<b>Corp. for National/Community Service</b>	\$375,793	\$375,793
<b>Department of Agriculture</b>	\$86,126,821	\$5,666,544
<b>Department of Commerce</b>	\$1,900,496	\$457,681
<b>Department of Education</b>	\$58,233,879	\$46,081,014
<b>Department of Energy</b>	\$29,345,206	\$19,219,586
<b>Department of Health/Human Services</b>	\$15,733,301	\$13,807,617
<b>Department Housing/Urban Development</b>	\$1,376,451	\$1,018,413
<b>Department of Justice</b>	\$4,286,358	\$2,723,768
<b>Department of Labor</b>	\$705,489	\$705,489
<b>Department of the Treasury</b>	\$30,778,499	\$30,778,499
<b>Department of Transportation</b>	\$8,468,599	\$8,420,599
<b>Department of Veterans Affairs</b>	\$0	\$0
<b>Environmental Protection Agency</b>	\$4,036,999	\$685,392
<b>National Endowment for the Arts</b>	\$25,000	\$25,000
<b>Social Security Administration</b>	\$0	\$0

Source: *Recovery.gov* (U.S. government's official website that provides data related to Recovery Act spending)  
 <<http://www.recovery.gov/Transparency/agency/Pages/StateTotalsByAgency.aspx>>

This is a massive influx of special federal economic recovery funds to American Samoa. Considering total federal funds, the increase is even more telling. Table 6 demonstrates that federal funding rose to 84 percent of GDP in 2010 compared with 28 percent in 2002. The comparison in Table 6 is for general order of magnitude interest only. Federal expenditure and obligation data is not strictly comparable with GDP data.

**Table 6**  
**Federal Expenditures and GDP in American Samoa, 2002-2010**  
(\$ millions)

	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Federal Expenditures</b>	154	198	262	243	246	213	257	381	515
<b>GDP</b>	546	558	543	548	545	572	605	703	NA
<b>Expenditures/GDP (%)</b>	28.2	35.5	48.3	44.3	45.1	37.2	42.5	54.2	NA

The next step was to estimate the number of jobs associated with these increases in federal expenditures in American Samoa. American Samoa's economic model for 2002 yielded an estimate of both federal expenditures for that year and employment for the federal government and the American Samoa Government, and government authority employment supported by federal grants and expenditures.<sup>4</sup> That data produced a federal expenditure per employee of \$43,500. This number was adjusted to use a revised federal expenditure figure for 2002 (\$128 million to \$154) which yielded a federal expenditure per employee figure of \$52,830 for 2002. This figure was adjusted for inflation (US CPI) for the years 2003-2012 in Table 7.

Federal expenditure-related jobs in American Samoa rose by 3987 between 2008 and 2010, or about 70 percent of the minimum wage and cannery closure job losses referenced earlier (5737).

There are several observations about the job impact estimates in Table 7. In general, they must be regarded as temporary. The US Recovery program itself was, by definition, intended to be a short term response to what was regarded as a short term problem (the recession). Of course, there are debates about whether it was sufficient, whether it was warranted in light of its effect on the nation's indebtedness, or whether it was effective at all. There should not be much debate, however, about the employment effects of this federal spending in American Samoa.

New federal expenditures of this magnitude in American Samoa could hardly fail to compensate to an extent for the job losses earlier referenced. That is the good news. The bad news is that this federal expenditure largess is going to end one way or another and probably sooner rather than later. Pressures to reduce federal spending are not going away any time soon.

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<sup>4</sup> *American Samoa Government, Department of Commerce*. Malcolm D. McPhee & Associates with Dick Conway and Lewis Wolman, *American Samoa's Economic Future and the Cannery Industry*, prepared for the under a grant award from the U.S. Department of the Interior, Office of Insular Affairs (February 2008)

**Table 7**  
**Jobs Created by Federal Spending in American Samoa, 2002 – 2012**

<b>Year</b>	<b>Federal Expenditures (\$ Per Job)</b>	<b>Federal Expenditures (\$ millions)</b>	<b>Direct Jobs Created</b>	<b>Annual Job Change</b>
<b>2002</b>	52,830	154	2915	
<b>2003</b>	54,045	198	3664	749
<b>2004</b>	55,504	262	4720	1056
<b>2005</b>	57,391	243	4234	-486
<b>2006</b>	59,228	246	4153	-81
<b>2007</b>	60,886	213	3498	-655
<b>2008</b>	63,200	257	4066	568
<b>2009</b>	62,947	381	6053	1987
<b>2010</b>	63,954	515	8053	2000
<b>2011</b>	66,001	500e	7577e	-476e
<b>2012</b>	67,519	500e	7405e	-172e

Table 8 suggests that by 2010 the employment effects had indeed begun to offset, at least temporarily, some the earlier minimum wage and cannery closure job losses.

**Table 8**  
**GAO and American Samoa Total Employment Estimates, 2008-2010**

	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b>GAO total employment estimates</b>	19,171	15,434	NA
<b>ASG adjustment to GAO estimate*</b>	19,171	13,434	NA
<b>ASG annual estimates</b>	16,990	14,108	18,862

\*Including cannery closure effects

Source: GAO-11-427 *American Samoa and Commonwealth of the Northern Mariana Islands*

(Pages 63-65) <<http://www.gao.gov/new.items/d11427.pdf>>f and American Samoa Government, Department of Commerce.

## Summary

This analysis has important implications for American Samoa's economic future. It suggests a form for the Comprehensive Economic Development Strategy to best serve American Samoa's economic interests in the years ahead. That CEDS would take into account the following findings.

1. American Samoa is nearing the conclusion of an important economic period in its history. During that period American Samoa's economy matured considerably. It established most of the elements of a modern economy with a range of improvements in industrial and consumer support industries, higher education, a modern legal system, public facilities and services and much else that characterizes modern economies. This growth period, based primarily on low wage, labor intensive industries and federal expenditures, is rapidly nearing an end. American Samoa must seek a new economic direction for the future.
2. This three to four decade period of steady economic growth is coming to an end for several reasons. First, American Samoa is finding it increasingly difficult to offer the tax incentives and relatively low wages that were available earlier in the period. Second, trends in world trade are reducing tariffs and non-tariff barriers to an extent that American Samoa's conditional duty-free access to the US and exemptions from federal maritime laws are now much less advantageous than they were earlier.
3. American Samoa, as the US, is losing jobs due in part to rising competitive conditions in larger, low wage areas of the world that have benefited so greatly from the rise of freer trade world-wide.
4. World economic conditions are now as unstable as they have been in 70 years, but there is little consideration of any broad rollback in liberalized trade. If there were, it would likely be temporary.
5. The answer for American Samoa, as with the US, is to recognize that the economic future is not in trying to recapture old low productivity, low wage jobs. The economic future is in marshaling all of the community's development energy to build an economy that is capable of supporting the higher productivity industries and jobs of the future. There is no return. The world has changed.
6. All regions have their characteristic locational givens, most of which cannot be easily altered or removed. In American Samoa's case, these are severe distances from major markets and sources of supply, population and labor force size and capability deficiencies, and others. On the positive side are the natural beauty and abundant marine resources.
7. It is within this complex of given conditions that communities must forge economic development programs and policies focusing on conditions they can reasonably expect to influence. These are of two general forms. One is the demand side, the identification of goods or services that might reasonably be produced in American Samoa especially for external markets. The impetus for such opportunity identification is the private sector that is also responsible for the execution of such opportunities. The other is the supply side, the identification of local conditions that bear on the cost/supply practicability of these opportunities (land, labor, transportation, utility, taxes and other costs, community receptiveness, permits and regulations, etc.).
8. Hence, it is the purpose of this CEDS to determine (a) what inhibits the proper identification of future development opportunities and (b) what local conditions prevent full realization of those opportunities. This CEDS will then recommend actions to remove these impediments to economic development in American Samoa.

9. This is an extremely complex combination of issues and interests; however, some areas deal with them more effectively than others. It is the primary purpose of this CEDS effort to improve on these economic conditions for a more prosperous future for American Samoa. No single institution on its own can advance an economy, but the failure of only one can greatly inhibit or halt economic development. Energizing and guiding these institutions is the key to economic advancement. This CEDS work will involve the public and private sectors to help identify the best organizations, plans, programs and policies to improve the efficacy of American Samoa's future economic development efforts.
10. There is not a great deal of time. Things would be much worse in American Samoa today but for the massive increase in federal expenditures made in American Samoa as a result of the US Recovery act since 2009. When those funds begin to dry up, the full impacts of the rising minimum wage and the cannery industry's precarious position could deal a lethal blow to American Samoa's economy.

## ***Chapter 2 -*** **Economic Development Opportunities and Constraints**

This chapter is based on the findings of previous studies and extensive interviews with public and private sector leaders in American Samoa (See Appendix B.).

An effective economic development strategy must identify the economic opportunities that are the most likely to be successful. The most promising opportunities can be found in industries or economic activities in which American Samoa enjoys some comparative advantage or that which can be produced economically in the territory. They are economic activities that can be undertaken more efficiently than other economic activities in American Samoa. Traditionally, these comparative advantage industries in American Samoa have been fish processing and tourism, as well as manufacturing or services (including Internet-enabled services) that must be performed “in the USA” or have a specific advantage if performed in the USA.

Some advantages derive from American Samoa’s location and natural resources while others derive from the territory’s relationship with the United States. Advantages can also be created or enhanced through strategic initiatives undertaken by the government, the private sector or, ideally, both.

Evidence of the real-life power of this observation is found in the rapidity with which Tri-Marine took over the facilities vacated by Samoa Packing and created a new tuna cannery and fresh fish processing facility; the success enjoyed by the ASG Marine Railway after retaking possession of the dry dock facility; or restoration of salvageable portions of the Rainmaker Hotel. In these cases, American Samoa offered location and resource advantages, geo-political advantage and government assistance.

Developing basic industries often takes extensive involvement of the government to create the conditions needed by major investors (e.g., infrastructure, legal framework, tax incentives), but once basic industries have taken root, the private sector will naturally expand economic activity opportunistically. For example, many local businesses cater to the tuna canneries need for a wide variety of goods and services (e.g., fish stevedoring). Other local businesses will spring up to cater to tourists once a steady flow of visitors are coming to the territory (e.g., sports fishing charters).

In addition to export-oriented industries and tourism, American Samoa’s economy can benefit substantially from “import substitution”, or the local production of goods and services which would otherwise have to be imported. This provides jobs and incomes for local producers (e.g., farmers, fishermen, seamstresses, educators, web developers) instead of off-island producers. Food production and processing is but one of several promising areas for import substitution, and local food production has other advantages as well, including increased food security, which is an important consideration for a remote island chain such as American Samoa.

Then there is the most difficult matter of discerning the industries in which American Samoa might compete with other states in the region or elsewhere. Governments or committees have attempted to come up with lists of such industries over the years to little avail. This is primarily because identifying such opportunities is essentially the role of the investor or entrepreneur.

It is important for the government and the private sector to work closely and cooperatively to identify which economic activities are the most promising, and which constraints the most inhibiting. That effort will result in a set of priorities, which should be advanced through strategic action plans.

## Economic Opportunities

Since the first American Samoa CEDS was written in 2000, there have been three major efforts to identify promising opportunities for economic development for American Samoa.<sup>5</sup>

Each effort was undertaken by a different group using different methods, but it is noteworthy that they all identified approximately the same areas of opportunity. As earlier suggested, not all economic opportunities can be readily identified. Economic opportunities are infinite in the sense that they are based on ideas and knowledge and emerge and disappear with changing conditions in technology, trade, law and other circumstances.

In a country as large as the United States, free market capitalism<sup>6</sup> has proven to be superior in identifying the best opportunities at any given time. Yet, in a place as small and remote as American Samoa, it behooves the government and the private sector to work together to attract and channel desired investments. American Samoa has limited resources and must focus its efforts to align infrastructure investment, workforce development, and problem solving so that a theoretical opportunity can be transformed into a viable business proposition for private investors.

Therefore, it is important to identify and prioritize opportunities that are most readily achievable, that deliver the most income or jobs, and that help create a more diversified, stable and sustainable economy.

Some opportunities are dependent on an excellent harbor and one or more of its related assets: the existence of an up-and-running tuna cannery industry, proximity to fishing grounds, good shipping services and port infrastructure.

Others are dependent on the fiber optic submarine cable, which can help neutralize the handicap of American Samoa's physical remoteness for activities that can be accomplished digitally regardless of distance.

Tourism is dependent on the natural beauty of American Samoan islands, waters and culture.

Some opportunities arise from or are enhanced by federal laws and rules that provide an effective economic advantage to American Samoa. These opportunities can be combined in various ways to create economic advantages that can be exploited to create viable opportunities for private investment.

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<sup>5</sup> The American Samoa Economic Advisory Commission: *Transforming the Economy of American Samoa*: 2002. American Samoa Government: *American Samoa's Economic Future and the Cannery Industry*: 2007. The Governor's Economic Advisory Council: *A Focused Collaborative Approach to Economic Development*: 2008.

<sup>6</sup> Capitalism is a free market system relying substantially on private ownership, enterprise, profit and a role for government to ensure that markets are kept free and the right to private property and enterprise is secured.

The following lists the favorable existing conditions on which American Samoa's economic opportunities, strategies, and plans are based. Essentially, they define American Samoa's comparative advantage or that which it produces most economically. They also define those competitive advantages that might be formulated in some combination to identify and exploit support, niche or specialty industry opportunities.

### **Fish Processing and Canning Industry**

1. Proximity to fishing grounds
2. Harbor and port infrastructure for canneries and the vessels they rely on
3. Other existing infrastructure (e.g., water, electricity)
4. Fuel dock with competitive prices
5. Container yard
6. Safe and protected harbor
7. Fish can be directly offloaded by domestic and foreign vessels at docks located adjacent to packing plants
8. Experienced and efficient workforce
9. Headnote 3(a) (conditional duty-free access to US)
10. Special US corporate tax incentives
11. Local tax incentives

### **American Samoa Fishing Fleet Industry Support**

1. Full service 3,000-ton shipyard facility
2. Local machine shops
3. Purse seiner net repair yard
4. Stevedoring, provisioning, and other businesses supporting ships and ships' crews

### **American Samoa Visitor/Tourism Industry**

1. Cruise ship calls increasing
2. Proximity to Samoa, Tonga, Fiji, Cook Islands
3. Frequent air connections to Apia, Samoa
4. Natural beauty
5. National Park and National Marine Sanctuary
6. Natural and cultural tourism resources are very attractive
7. Regulations that help preserve the environment
8. Good scuba diving and great sports fishing
9. Hyperbaric chamber
10. 18-hole golf course
11. Attractive shopping to islanders, Australians, New Zealanders
12. Pristine Manu'a islands
13. Intact and robust Polynesian culture as tourist draw
14. Growing private sector cooperation with Samoa in visitor industry development

### **American Samoa as US Territory**

1. Federal support for infrastructure projects (e.g., airport, roads, water/sewer, etc.) and technical assistance
2. US postal system services
3. Federal support for disaster preparedness, mitigation, recovery
4. Political stability and US currency



5. Military opportunities for young people
6. Veteran's benefits and services for retired military, including PX, medical clinic, social services, education grants, business grants, housing financing
7. Army Reserve center
8. Made in USA label for goods produced in American Samoa
9. Observer status at Pacific Island Forum

#### **American Samoa's Physical Infrastructure**

1. Excellent protected harbor with shipping and fueling docks
2. Airport runways that can take wide body and heavy aircraft
3. Industrial park with roads and utilities
4. Fiber optic connection (with Honolulu/World and Samoa)
5. Industrial secondary support economy (shipping, machine shops, etc.)
6. Good water system and abundant water resources
7. Wastewater treatment plants
8. Solid waste pick-up and disposal in sanitary landfill
9. Advanced wireless telecom systems
10. Advanced telephone and Internet services

#### **American Samoa's Labor Force**

1. Two-year college with some four-year programs
2. Large number of capable people with local and outside training and education, including returned veterans
3. Lower wages than the US
4. Local control over immigration
5. Various workforce and training programs
6. Trade school offerings at high school and college level
7. In-depth recent labor pool study
8. English language strongly established
9. Very high literacy

#### **American Samoa's Financial Institutions**

1. Local Development Bank
2. Two full-service commercial banks
3. Federal business finance programs

#### **American Samoa's Athletic Prowess**

1. Local youth have recognized athletic prowess
2. Athletics infrastructure in place for hosting regional competition
3. Full member of the International Olympic Committee, and full membership in such international sporting bodies as IRB, FIFA, and other international and regional institutions

#### **American Samoa's Commercial Conditions**

1. Experience with modern manufacturing (e.g., StarKist Samoa, Tri-Marine)
2. No sales, value added or property taxes
3. Local tax incentives available
4. Prime Rainmaker hotel site available
5. American Samoa Code provides for an Economic Development Authority

6. English is the unofficial commercial language
7. Active Chamber of Commerce
8. Relatively low crime, corruption

#### **American Samoa's Other Qualities**

1. Exclusive Zone reserved for local fishermen
2. Intact Polynesian culture
3. Large amount of developable land in Manu'a
4. Development plans in place for port, airport, and tourism
5. Low level of present activity means good potential for various forms of import substitution (e.g., food, web development, etc.)

In addition to fisheries, ship/fleet support and visitor industry opportunities based on American Samoa's location and resource advantage, there are other areas of opportunity. The 2002 American Samoa Economic Advisory Commission report recommended development in the following sectors: agriculture, telecommunications, information technology, and selected areas of light manufacturing. These opportunities could be based on support linkages to the basic fisheries or visitor industries. They could be tied to some regional market or regional cooperation with another country in the region. They could be an import substitution opportunity.

In 2008, the Governor's Economic Advisory Council affirmed the primacy of fisheries, ship/fleet support and tourism to American Samoa. It recognized the cannery industry as a cornerstone of the American Samoan economy and stated that wage and tax issues that negatively affected the canneries must be addressed. It also recommended actions to bolster the visitor industry, which would open the door to increased local tourism-support business opportunities.

Other recommendations of the GEAC were to:

1. Implement specific strategies to increase local agricultural production through collaboration with the farming community, ASCC Land Grant, and the American Samoa Department of Agriculture;
2. Develop the local fishing industry through increased finance, infrastructure (onshore support facilities), and increased capacity to market fish locally; and
3. Pursue joint ventures with off-island investors related to manufacturing and ship repair for local and export markets.

There were two important points raised by this Governor's Economic Advisory Council report. One is that the private sector is in a strong position to identify economic opportunities that arise in the normal course of business. The other is that constraints to fulfilling those opportunities become apparent as private parties seek to expand their business activities. Constraints will be discussed later in this chapter.

#### **International and Regional Opportunities**

Economic development is not limited to immediate matters of supply and demand, or market and cost considerations. Economic development is the world in which an economy operates today and the world in which an economy will operate tomorrow.

American Samoa, like every other community in today's global economy, has experienced the reverberating effects of changing conditions in the US and around the world. American Samoa can exert more influence over its own destiny through involvement in international and regional initiatives. These initiatives could yield important economic development benefits in the near future especially with rising interest in regional economic cooperation among smaller Pacific states and renewed US economic interest in the Pacific.

For example, over the years American Samoa and Samoa have cooperated on topics of mutual interest to both states. These topics have included tourism, fisheries, agriculture, transportation, telecommunications, immigration and security, environmental protection, and many other areas of potential cooperation or collaboration.

Samoa recently became a member of the World Trade Organization, which will open new opportunities for export to, among other countries, the United States, to which American Samoa has special conditional duty-free access. In addition, about half of Samoa's exports go to American Samoa while less than one percent of their imports are from American Samoa. There are significant opportunities for increased cooperation on two-way trade in goods and services.

In May 2012, Samoa and American Samoa leaders agreed to an October 2012 meeting to discuss issues of economic importance to both states as well as to strengthen the political and social ties between the two. In addition to government leaders, private sector leaders were involved in the preparation for and participation in the October meeting, held in American Samoa. There are many important issues the two states share, many of which could be pursued more effectively with collaboration among the two states.

The leaders of the two governments have agreed on the need to address the most appropriate form of economic integration as American Samoa has legal limitations under federal law and Samoa has WTO obligations.

In addition to this initiative with Samoa, American Samoa was recently accorded formal observer status in the Pacific Islands Forum (PIF), a preeminent regional island development organization in the Pacific. This gives American Samoa recognition as a factor in the Pacific economic development affair; whereas previously, American Samoa only had access to the PIF through the United States, which is an Associate member of the PIF. Observer status will also expand opportunities for regional development. In fact, it already has.

For example, American Samoa attended the 43rd Pacific Islands Forum in the Cook Islands in 2012. At that meeting, American Samoa was designated as part of a new Polynesian Leaders Group which also includes the Cook Islands, Niue, Samoa, Tonga, Tuvalu, French Polynesia and Tokelau. This Polynesian Leaders Group aims to co-operate at a sub-regional level on shipping arrangements, communications development and, of course, trade and sustainable economic development.

The Forum drew delegates from more than 50 countries, including the prime ministers of Australia and New Zealand, and US Secretary of State, Hillary Clinton. The US interest in this Forum was described in the *Economist* magazine as follows:

“One reason for the new attention paid to the islands is Barack Obama’s “rebalancing” of America’s strategic posture towards Asia and the Pacific, an undeclared aim of which is to push back against expanding Chinese influence. Chinese soft loans to Tonga, Vanuatu, the Cook Islands and, more controversially, to the military regime in Fiji, have raised American eyebrows.”<sup>7</sup>

This may be of considerable economic importance for American Samoa as well as its island neighbors. Anything that raises the economic interests of the regional powers in the Pacific could inure to the benefit of the smaller countries in the region. Increased U.S. interest in the Pacific bodes well for American Samoa, which is the only US possession in the South Pacific, below the equator.

In addition, international and regional efforts will enable American Samoa to pursue the benefits of regional “industry clusters”, an area of high interest to the US Economic Development Administration. These clusters are geographic concentrations of interconnected firms and supporting organizations that represent a potent source of productivity and opportunity at a time of vulnerability to global economic competition. American Samoa’s size and isolation have discouraged such pursuits in the past.

### **Economic Development Constraints**

American Samoa has many economic assets, but it also has many constraints that hinder economic development and private investment. Obviously, the territory’s small size and remote location pose very significant natural constraints about which little can be done. However, many factors influencing American Samoa’s economic development can be influenced by human initiative and government action. It is these that will be focused on here.

The matter of identifying economic development constraints is not so difficult, but evaluating and remedying them is very difficult. The constraints we are concerned about are those which can be remedied by human initiative, as opposed to those that are fixed in some fashion by nature (distance, climate, size, etc.). The factors that lend themselves to local initiative are transportation, labor, industrial sites, utilities, government attitudes, tax structure, business climate, and community.

Where these issues constrain economic development, government or the community can act to remove or ameliorate them. In general, it is the role of the private sector to identify and pursue opportunities. It is often the role of the public sector to lessen or remove constraints to attaining those opportunities.

### **Federal Government Considerations**

As a US territory, American Samoa is part of the US federal system as explained in Chapter 1. It was also explained that American Samoa is unincorporated (not subject to all US Constitutional provisions) and unorganized (does not have a system of laws which form a government approved by Congress). Because no formal political status has been established for American Samoa, the US Congress has the Constitutional authority to apply US law to American Samoa at will.

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<sup>7</sup> *The Economist*. “More stars than cars: America pivots on the Pacific periphery.” September, 2012.  
<<http://www.economist.com/node/21561938>>

American Samoa is very different from the US economically, culturally, geographically and in many other respects. The application of federal laws and rules in American Samoa sometimes creates significant economic development constraints because the laws and rules were crafted for very different conditions.

American Samoa has also benefited from special provisions in federal laws, many of which were specifically designed to help the territory and took into consideration the different conditions therein. Examples of such special provisions were an exemption from federal corporate taxes on repatriated profits from territorial operations (repealed), territorial duty-free access to the US, special minimum wage level procedures (repealed), special marine transport law exemptions, and others.

Unfortunately, these US related economic development benefits have been eroding for decades. As indicated, some have been repealed; some have been weakened. At the same time, some especially onerous US laws applicable to American Samoa include rules governing allowable sulfur content in fuel oil, increases in the minimum wage, restrictions on foreign carriers interested in providing commercial air service, and others.

There is concern that local immigration and customs control in American Samoa could be federalized and result in severely adverse effects on the local labor market and a loss of local control over American Samoa's economic future. Whatever virtues federalization may have, there is no question that the manner and context of federalization sent the economy of Commonwealth of the Northern Mariana Islands (CNMI) into a tailspin from which it has yet to recover.

It was noted previously that the imposition of the US minimum wage was particularly damaging to American Samoa because the two economies were so different in size and character. For example, American Samoa's economy is only one-fifth as productive as the US economy on a per capita income or product basis.

It is also an important distinction that only about three percent of the US workforce earns at or near the minimum wage, whereas the comparable figure in American Samoa is 70 percent. The US minimum wage would have to approach \$20 per hour to affect 70 percent of the US workforce. The US economy could not bear such a high minimum wage, just as American Samoa's economy cannot bear the minimum wage increases approved by Congress in 2007. Changes in the minimum wage have relatively low effects in the United States, while changes in the American Samoa minimum wage can cause serious wage inflation and unemployment.

Labor costs in the labor-intensive tuna canning industry are the second highest cost for the canneries, representing about 15 percent of total production costs (only purchases of the fish to be canned costs more than labor for the tuna canneries.) That means that wage increases have a large and direct effect on the cost structure of the canneries. Whole fish and canned tuna are a worldwide commodity, and local canneries must compete against operations in low labor cost countries such as Thailand. American Samoa's canneries remain competitive thanks, in part, to favorable federal tariffs and tax provisions.

The imposition of a new minimum wage rate schedule for American Samoa was largely, although not exclusively, responsible for American Samoa's serious economic condition as noted

in Chapter 1. This includes the loss of one of its two canneries, a workforce reduction in the remaining cannery, the reduced viability of other economic opportunities (such as call centers), and the dimming of prospects for full economic recovery when extraordinary federal funding support runs its course and federal support returns to lower levels.

The federal government has the authority and the ability to impose devastating constraints on American Samoa's economy. This is not just the opinion of the territories. It is the view of Allen Stayman, former deputy assistant secretary of the US Department of the Interior for Territorial and International Affairs (now the Office of Insular Affairs).<sup>8</sup> In 2009, Stayman said that there are no policy-guiding principles for the unincorporated territories; there is no political status goal, and that places like American Samoa remain in a "status limbo, neither fully domestic nor foreign—a condition that complicates the development of solutions." Stayman said that trends in national tax, trade and wage policies toward the territories are maturing into crises with the CNMI likely to lose at least half of its 2005 economy by 2010, and American Samoa at serious risk of losing as much as 90 percent of its economy over the next five years." (Mr. Stayman was likely referring to 90 percent of American Samoa's private sector economic base, the canneries, and not 90 percent of the entire economy.)

Mr. Stayman concludes:

"Unless Island leaders can join with the Obama administration to develop targeted economic revitalization plans... and obtain needed Congressional support ... there will probably be significant economic contraction in the CNMI and American Samoa.... Under normal economic conditions, I would be confident that federal and Island policymakers, even without policy-guiding principles, would develop effective policies and muddle through. I am more concerned that federal officials may be unable either to find the necessary financial resources or focus their scarce time on creatively responding to the challenges of these territories."

Mr. Stayman very accurately describes current US policy toward its territories. His concern should be taken quite seriously. Muddling through is not an acceptable substitute for effective policy.

It is for these reasons that federal government is thought to have the potential to seriously constrain American Samoa's future economic development. The federal economic constraints, existing or potential, of greatest concern to American Samoa are outlined below.

### **Federal Constraints**

1. The American Samoa minimum wage issue remains unresolved. Fortunately, Congress has deferred it twice for two-year periods, most recently extending it to 2015. Five years of study by ASG, GAO, and the US Department of Labor have shown that Congressional action in 2007 to change the minimum wage law has had devastating effects on American Samoa's economy.
2. American Samoa and other territories have no formal access to US international trade policy formulation or negotiations.

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<sup>8</sup> Allen P. Stayman, *US Territorial Policy, Trends and Current Challenges*: (East-West Center, 2009)

3. US corporate tax incentive policies pertaining to American Samoa have not been resolved but continued with periodic and partial extensions.
4. American Samoa's air transport service to and from the US is severely restricted by US cabotage laws that prohibit foreign carriers from transporting passengers between American Samoa and other parts of the US, including the Manu'a islands.
5. Local control of immigration is only one serious controversy away from becoming a target for federalization. As has been seen in the CNMI, federalization could have devastating effects on the private sector, where approximately 80% of the work force are non-citizens.
6. The US has no political status goal, and therefore no policy-guiding principle for American Samoa to avoid the economic disasters that have befallen unincorporated territories such as the Commonwealth of the Northern Mariana Islands (CNMI).
7. A general federal policy on the territories would include not just economic development. It would also include education, healthcare, the environment, political status and other policy areas affecting economic development.
8. Without a congressionally approved formal political status, American Samoa is at the mercy of Congress's absolute authority over US territories. There is no political status quo for American Samoa. American Samoa's political status essentially changes each time the US Congress passes a law that applies to American Samoa.
9. Applicable U.S. environmental regulations can be difficult and expensive to comply with, especially compared to other locales lacking such regulations, and they are often considered inappropriate for American Samoa.

There are many other categories that could constrain American Samoa's future development. As previously noted, some are naturally occurring and relatively immutable while other constraints can be minimized through human initiative.

The remote location and small size of American Samoa are the main causes for some of the most significant constraints affecting economic development:

1. High cost and infrequent sea and air shipping which leads to difficulty in both obtaining raw materials and sending finished goods to overseas markets,
2. Limited land availability (an adverse condition that is compounded by American Samoa land laws, which were established long ago to protect Samoan culture and not promote modern economic activity).
3. High cost of fuel and electricity (electricity costs about four times as much in American Samoa as the US mainland, though the rates are comparable to electricity costs elsewhere in the South Pacific region).
4. High cost of business-level Internet services (American Samoa was recently cited as having the most expensive Internet in the USA).
5. Resident labor force is not always able to provide the specialized skills or unskilled labor needed.

#### **Constraints Affecting Visitor Industry**

1. High cost of air travel (made more difficult to relieve due to US commercial air carrier regulations).
2. Rainmaker Hotel site is in a seriously decayed state in the harbor area and prevents realization of the harbor area's full economic potential.
3. No mooring or convenience facilities for yachters.

4. Entry restrictions on Samoa citizens reduce visitors and shoppers.
5. Danger posed by stray dogs provides negative experiences and bad publicity to the territory.
6. Limited budget for American Samoa Visitor Bureau.
7. High airport and aircraft operating fees (e.g., landing fees, OT charges for ASG personnel, fuel, and maintenance) strain local carriers and contribute to high fares for travel to Apia and Manu'a.
8. Airstrip at Ofu, Manu'a is too short for most small planes.

#### **Constraints from Uncertainty and Instability**

1. Local wage levels are scheduled to increase substantially again in 2015 and following years, due to federal law governing minimum wage.
2. There is continuing concern about the future of the canneries, which would lead to further population decline, widespread unemployment, and decreased and more expensive shipping and utilities.
3. Federal funding levels may decline in the future.
4. Political status limbo limits American Samoa's ability to control its own destiny.
5. The drop in population from 2000 to 2010 shrinks the market for existing businesses and has implications for economic growth and new enterprises.
6. A drop in property values, due to a declining population.
7. Loss of thousands of jobs since 2007 (when minimum wage increases began) has resulted in adverse local business conditions, depleted local savings, and made local businesspeople less enthusiastic about taking on new risk.

#### **Workforce Constraints**

1. American Samoa's small size, remoteness and low wages mean it is difficult to match needed skills with available labor. Employers observe that hiring and retaining a reliable workforce is difficult for a number of reasons, and thus increases the difficulty of operating a business in the territory.
2. Though American Samoa wages are low compared to the US, local wage levels are much higher than in surrounding island states in the South Pacific region and in countries also competing for similar industries. This is especially true after three years (2008-2010) of \$.50 per hour increases in the minimum wage resulted in roughly a 50 percent increase in wages for 70 percent of the private sector work force. Existing federal law and policy is to gradually raise American Samoa's minimum wage to that of the rest of the US (a further 50 percent increase).
3. Many of the best and brightest American Samoa youth go off-island for higher education, but only a fraction of them return ("Brain Drain"), in part because wages in American Samoa are much lower than the US and opportunities are limited in American Samoa.
4. There is an insufficient number of American Samoans interested in low-level jobs (e.g., cleaning fish) or qualified for specialized or skilled positions (e.g., skilled tradespeople), which means employers must rely on immigrants to fill positions. Navigating American Samoa's immigration regime can be lengthy, uncertain and expensive for immigrants and employers alike.
5. Private sector employment is generally less desirable than public sector employment, leading to recruitment and retention problems for the private sector. The American Samoa Government generally offers better pay, benefits, security, prestige, flexibility, and retirement benefits. The data indicate that approximately 80 percent of the private sector



workers are immigrants, most of whom are only granted one-year work permits that must be renewed annually.

6. Limited alignment of local workforce needs with vocational education, specialized training and scholarships.
7. No programs to build capacity in the maritime trades.

### **Land Constraints**

1. Acquiring land for development purposes is difficult. There is a limited land supply, and local land laws restrict the buying and selling and leasing of lands in order to protect Samoan custom.
2. There is a limited amount of land suitable for agriculture or aquaculture. Moreover, local farmers have difficulty competing against imported products from nearby Samoa, which has a lower cost of production and a much larger agricultural sector with much larger areas of agricultural land.
3. Land laws make it difficult to assemble large tracts of land for development.
4. Limited application of zoning inhibits rational land use and creates uncertainty about permissible adjacent land uses in the future, which can contribute to a decision not to go forward with an investment.
5. The limited Industrial Park land is being used for activities that do not require the special qualities of an industrial park. Community members also complain about other aspects of the Industrial Park, including difficulty getting industrial park leases.
6. Inability of foreigners to own land discourages investment.
7. Land laws restrict the ability of owners or lessees to use land as collateral, and thus constrain access to capital.
8. Suitable private commercial land is hard to identify and negotiate, for a variety of reasons, including vacant matai titles, uncertain boundaries, etc.
9. Land matters frequently end up in lengthy, costly and uncertain legal disputes.

### **Legal Infrastructure Constraints**

1. Individual and corporate tax rates in American Samoa are higher than those of the US and many other competing areas.
2. In addition to the corporate income tax, foreign corporations in American Samoa are subject to an additional 30 percent withholding tax on earnings for payments made to nonresident aliens (personal services, dividends, interest, rent, royalties, etc.).
3. Businesses dislike the government's use of an import duty (locally called an excise tax) because it means a considerable extra upfront expense that affects cash flow and may never be recouped if the imported item doesn't sell.
4. The process by which tax incentives are extended is considered overly political and opaque and prospective investors do not know what they will receive until well into the process.
5. Corporate formation can be difficult, uncertain and lengthy (especially for foreign companies), and may require expensive legal counsel.
6. There is no local legislation enabling Limited Liability Corporations or Limited Liability Partnerships, which are increasingly popular corporate forms.
7. The lack of a Universal Commercial Code reduces confidence of potential investors and makes transacting business more difficult, leading to higher transaction costs (e.g., local branches of transnational or national banks charge higher interests in American Samoa to cover the increased risk and cost of local operations).

8. Laws governing financial transactions require updating (e.g., acceptance of electronic signatures).
9. The government land-use permit system (PNRS) is considered time consuming, rigid and sometimes arbitrary.

### **Commercial Constraints**

1. It has become more difficult to borrow money in American Samoa as economic conditions have made banks more wary. Moreover, commercial interest rates at the commercial banks tend to be higher than those charged in the US due to higher cost of lending, including higher transaction costs (due in part to our unique land laws and limited legal infrastructure) and the inability to sell loans to other financial institutions.
2. The Development Bank has limited funds for business development.
3. Business support services are not well-developed in the territory, which is a drag on productivity.

### **Physical Infrastructure Constraints**

1. There is deteriorating or inadequate infrastructure and there are insufficient funds to resolve the shortcomings (e.g., roads, water/wastewater, port, airport, and others). A corrosive climate makes for expensive infrastructure maintenance and short life cycles.
2. Infrequent and unreliable Manu'a transportation hinders stability in the outer island group, which is a contributing factor to the 33 percent population decrease in the past 20 years. A government boat only calls in Manu'a every two weeks (and the service is not infrequently interrupted). Two of the three islands are not served by scheduled air service.
3. Limited land in harbor area is evidenced by inability to come up with a good solution to StarKist Samoa's high priority need for a new cold storage site.
4. The American Samoa healthcare system's shortcomings are sometimes a significant factor in the decision of some residents to move off-island, and might be a reason for investors to not pursue American Samoa opportunities (e.g., it makes recruiting top-level personnel much more difficult).

### **Territorial Government Constraints**

There was considerable opinion in the private sector interviews conducted for this project that local government was a serious detriment to economic development. The concerns of local business people are described in the previously referenced GAO reports (2010 and 2011), a Business Climate study (2006),<sup>9</sup> and the 2007 Cannery impact study.

These studies present no clear view of the effects of local government on economic development in American Samoa. None of these studies demonstrated that the local business climate was substantially responsible for the current condition of American Samoa's economy. Nor did they indicate that the business climate was a high priority determinant of economic activity levels in American Samoa. In addition, it was noted in Chapter 1 that American Samoa's economy grew at a fairly healthy and steady rate in the 30-year period prior to 2007.

However, business climate conditions, especially where severe, can almost certainly influence investment decisions. Investors in the US, for example, typically have many location options available to them depending on the industry. Such major cost considerations as transportation,

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<sup>9</sup>Jocelyn L.M. Doane and Sara Gray, US Department of the Interior, Office of Insular Affairs, *A private Sector Assessment for American Samoa*, August 2006.

labor, raw materials, markets, industrial sites, utilities, and others may be comparable in total over many locations. In such cases, the receptivity of government and the community becomes a factor as do such things as the local tax structure, schools, healthcare, amenities and other qualities that appeal to investors, management and workers.<sup>10</sup>

Therefore, the issue will be addressed here since private sector members reiterated these concerns during the outreach/interview phase of this CEDS preparation effort. The truth is that American Samoa's development effort would certainly benefit from a closer working relationship between the government and the business community as well as traditional leaders and community organizations. There is a need to leave no stone unturned in strengthening American Samoa's position in an increasingly difficult economic development process and rising competition.

Unfortunately, this issue must be examined in a highly contentious atmosphere in which often baseless and irresponsible political rhetoric abounds concerning the respective responsibilities of government and business for the nation's and American Samoa's economic woes. Under such conditions, there is unlikely to be any real improvement without some higher level of mutual understanding and respect.

The following is an effort to analyze the influence of local government on development in an effort to design effective programs, policies or actions.

#### **Local Government Policy Constraints**

1. It is often difficult for the private sector to compete with the pay and benefits of government employment.
2. There has been limited movement to privatize government activities that might be performed more efficiently and/or appropriately by the private sector (e.g., shipyard, ASPA fuel, ASTCA/iPTV, Manu'a sea and air transportation).
3. Current economic conditions make increased cooperation among agencies and branches of government even more important. It could have favorable effects on the quality of education, healthcare, public utilities, and other characteristics that can come into play in attracting investors and creating a favorable business climate.
4. The lack of a path to naturalization in American Samoa inhibits investment by the many local business people that are not US nationals or citizens (e.g., Samoans, Tongans, Filipinos, Chinese, New Zealanders, Koreans and others). Such businesspeople cannot be assured of a permanent home in American Samoa and are prohibited from owning land. In some cases, they are restricted from owning their own businesses, and operate through American Samoan "front" agents.
5. There is a concern that a considerable underground economy exists in American Samoa, meaning that workers are paid in cash without proper records, reporting or tax withholding. This has potentially serious implications for illegal activities of many kinds including violations of wage, tax, immigration, human trafficking and other laws that could threaten federalization of American Samoa's immigration and customs system.

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<sup>10</sup> Masood A. Badri, "Dimensions of Industrial Location Factors: Review and Exploration," (United Arab Emirates University, *Journal of Business and Public Affairs*, Volume 1, Issue 2, 2007.)

6. It is an expensive and timely process for a company to bring in needed labor, and the private sector considers the immigration process to be difficult, time-consuming, arbitrary and susceptible to corruption.

### **Government Services Constraints**

The last category is of considerable importance. It addresses how the private sector actually views the quality of government services.

1. Local business people believe that undertaking a major expansion or starting up a new business is frustrating and time-consuming. They experience difficulty acquiring most government approvals in a timely manner.
2. The private sector does not have high expectations of government that calls will be returned, letters or emails answered, and public information provided.
3. Government is a major buyer of goods and services, but the private sector lacks confidence that invoices will be paid in a timely manner, and that all vendors are treated according to the same rules.
4. Some forms of economic development require government investment, and the government finances are in such difficult condition that there is a very limited ability to make such investments.
5. The private sector has expressed a preference for examining the economic development process in American Samoa. This examination would review the respective roles of the public and private sectors and possibly recommend an organizational structure which recognizes these respective roles as well as the management, program, funding and professional requirements of such an organization.
6. Business license procedures are cumbersome and lengthy, and sometimes result in what is perceived as arbitrary denials (a joint public-private effort is already addressing this issue; reform legislation has been prepared for introduction in the legislature).
7. The government land-use permit system (PNRS) is considered time consuming, restrictive and arbitrary.
1. Government statistics are often untimely or unreliable. There is a need for better local statistical programs. There is also a need for the Federal Government to provide more of the same data to the territories that it provides the 50 states. This is especially the case for employment, unemployment, labor force and wage data.

## Chapter 3 - Goals and Objectives

Chapters 1 and 2 have provided some basic background information on American Samoa's history, economic conditions and development issues. From this analysis, a vision statement will be forged. This vision statement will express the TPC's best understanding of the economic state of affairs it and the people of American Samoa prefer for American Samoa in the future.

### Vision Statement

"American Samoa recognizes that the industries it has depended on in the past may not be the industries of its future. The economic development task ahead will become more, not less, difficult. American Samoa's vision for the future is not fundamentally different from that of any other people. People want better lives for themselves and their posterity. This means rising education levels and economic opportunity. Whatever it is that people include in a better life, it must be paid for one way or another. This includes improving nutrition and shelter, education, healthcare, and various public services. Indeed, it includes the leisure time required to enjoy the fruits of one's labor that might include religion, recreation, family affairs and many other pursuits. All of these things depend on a community's ability to generate sufficient income to provide for them. Certainly, the character of this vision must of necessity be somewhat vague. However, the target is a rising standard of living while serving the interests of the people in economic stability, the health and education of our people, the quality of our environment, and the preservation of our culture, language and lands."

American Samoa has additional objectives that are related to its bond with the US, its own constitution and its distinctive culture. These objectives concern greater economic self-reliance and political self-determination. American Samoa's constitution and its treaty with the U.S. make it the policy of the government to protect persons of Samoan ancestry against alienation of their lands and the destruction of the Samoan way of life and language. It provides for such protective legislation, and it encourages business enterprise among Samoans. Samoan people quite understand that without a strong measure of economic self-reliance and political self-determination, their way of life, traditions and language could be even more seriously endangered than they are now. American Samoa's vision for the future, therefore, entails the following goals and objectives.

**Table 9**  
**American Samoa Goals and Objectives**

<p><b>Goal One - Income and Production</b></p> <p>Develop American Samoa over time into a highly productive economy that produces income growth rates that begin to close the enormous gap between per capita incomes and GDP in the US and American Samoa.</p> <p><b>Objectives:</b></p> <ol style="list-style-type: none"> <li>1. Increase real per capita incomes.</li> <li>2. Increase proportion of higher productivity jobs.</li> <li>3. Increase export income.</li> </ol>
(Continued)

<p><b>Goal Two – Diversity and Opportunity</b></p> <p>Develop economic diversity in American Samoa over time to provide industries of increasing productivity for higher incomes and varied export markets to avoid single industry dependence.</p> <p><b>Objectives:</b></p> <ol style="list-style-type: none"> <li>1. Increase diversified external direct investment.</li> <li>2. Increase diversity in expansion of existing industries.</li> <li>3. Increase diversity in the formation of new companies or industries.</li> </ol>
<p><b>Goal Three – Human Resources Development</b></p> <p>Expand and upgrade American Samoa’s education, training and health institutions.</p> <p><b>Objectives:</b></p> <ol style="list-style-type: none"> <li>1. Increase basic and technical skills for higher productivity and earnings.</li> <li>2. Increase alignment between education and training curricula and economy’s labor needs.</li> <li>3. Increase knowledge of citizens, and increase education and training in general for youth to prosper elsewhere should they migrate for any reason.</li> </ol>
<p><b>Goal Four – Environmental Preservation</b></p> <p>Strengthen American Samoa’s environmental preservation and protection programs to ensure a continued high quality of life.</p> <p><b>Objectives:</b></p> <ol style="list-style-type: none"> <li>1. Support preceding goals to mitigate population pressures (reduced need for imported workers).</li> <li>2. Increase abatement procedures for all environmental concerns (air, water, land-use, energy, waste disposal, special impact areas, and others).</li> </ol>
<p><b>Goal Five – Cultural Aspirations</b></p> <p>Integrate the American Samoa society and new Western economic and political systems while at the same time preserving Samoan customs and language to the greatest extent possible.</p> <p><b>Objectives:</b></p> <ol style="list-style-type: none"> <li>1. Increase efforts to deal satisfactorily with American Samoa’s political status issues, especially those that can have a deleterious effects on its economy.</li> <li>2. Increase efforts to educate the American Samoa public on its political status conditions and alternatives.</li> <li>3. Increase American Samoan participation in economic development at all levels, including ownership, management and employment.</li> </ol>

A great deal of work has been done on most of these Goals and Objectives over the years, and they all are revisited in this new CEDS report. They include income, diversity, environmental and education goals. They have been the subject of much consideration, study and effort. All of the foregoing economic analysis, opportunities and problems, and other factors heretofore considered in this report are familiar to us.

There is one however, that has emerged quite recently and that is the relationship between American Samoa and the United States. That came to the fore because of the realization that US policy could have enormous adverse effects on American Samoa’s economy. This is especially true with the recent application of the US minimum wage to American Samoa.

Appendix A includes background information on political status conditions in American Samoa.

## ***Chapter 4 -*** **Community and Private Sector Participation**

The effort to engage the American Samoa community in the CEDS process began with the issuance of a press release in early May, 2012. The press release appeared in the local newspaper, on the radio and on television. The press release was successful, in that almost everyone contacted during the CEDS research phase was familiar with the process.

In preparing the 2012 CEDS, approximately 35 in-depth interviews were conducted with government officials (both territorial and federal) and private sector leaders. Most of the interviews were structured around seven questions, but many interviews targeted the specific sphere of interest of the interviewee.

In addition to the individual interviews, consultations were held with the Governor's Financial Advisory Group, the Board of Directors of the American Samoa Chamber of Commerce and the co-chair of the Governor's 2008 Economic Advisory Council. Early in the process, staff held a meeting with the TPC (CEDS Committee) to discuss approaches to the 2012 CEDS preparation.

An online survey was created to give members of the public the opportunity to provide input to the CEDS process. In addition, an email went out to the 80 members of the Chamber of Commerce and the 20 members of Business and Professional Women of American Samoa with an invitation to complete the questionnaire. Nine questionnaires were completed online and three respondents provided their names (John Enright, John Newton, Avaletalia Hunkin).

The Chamber of Commerce submitted a two-page letter with input for the CEDS, and two written comments were also received (James McGuire, Utu Abe Malae) during a 30-day public review and comment period publicized through a Public Notice advertisement in the Samoa News. That advertisement, published 10 times from September 5 to October 4, invited members of the public to visit the ASG Department of Commerce to review and comment on a draft of the CEDS.

See Appendix B for a copy of the press release, the two newspaper ads, the online survey, the packet that was given to the interviewees (including the seven questions asked of the vast majority of the interviewees), and a list of the interviewees.

In addition to this original work, many of the reports consulted to prepare the CEDS were prepared with extensive community involvement conducted with a wide range of commissioners, consultants and professional staff. The list of such reports includes:

1. The 2002 American Samoa Economic Advisory Commission, which held extensive hearings and utilized a survey instrument.
2. The 2007 Cannery Impact Study, which was prepared following dozens of interviews with public and private leaders.
3. The 2006 DOI business climate study, which was based on interviews with private sector representatives.
4. The 2008 Governor's Economic Advisory Council, which included approximately 15 active participants from the private sector from its 27-member roll. The GEAC was formed by executive order and given a two-year assignment that resulted in two reports.

5. The 2010 and 2011 General Accounting Office reports on the effect of the minimum wage increase in American Samoa. GAO staff conducted many interviews as part of their work.
6. The 2007 Political Status Commission, which held hearings throughout the community.
7. The 2011 Constitutional Convention, which included many public participants and was preceded by an extensive public outreach program.
8. The CEDS reflects the insights and guidance gleaned from the interviews and literature review, and thus reflects a wide array of community input.
9. American Samoa's strongest private-public partnership is the American Samoa Visitors Bureau, formed in 2009. Both the chairman of the ASVB board and the Bureau's Executive Director were interviewed.

All of the reports, interviews, surveys, letters and other research were carefully read, evaluated and considered by the authors of the CEDS and substantially influenced the final product. Where appropriate, the insights and suggestions received during the public participation phase of the CEDS process were incorporated directly into the report without attribution.



## ***Chapter 5 -*** **Strategic Projects, Programs and Activities**

This chapter identifies projects, programs and activities that will implement the goals and objectives of the CEDS. It will do this by designing actions that take advantage of economic development opportunities identified in Chapter 2. At the same time, it will design actions to reduce the constraints to economic development identified in the same chapter.

These actions are in three basic categories

- I. Business Expansion
- II. Business Constraints
- III. Economic Infrastructure

Appendix C includes additional explanatory information on the recommended initiatives, including the desired outcome, project cost, lead organization, other participating organizations, funding source, start year and project duration.

### **I. Business Expansion**

#### **1. Retain and Expand Tuna and Fishing Fleet Industry**

As recently as five years ago, approximately half of the 10,000 private sector workers in American Samoa were directly employed by the tuna canning industry. This figure does not include the indirect cannery employment of several thousand closely related jobs in the can-making plant, fish stevedoring companies, fishing boats, fishing boat net repair yard, shipyard and machine shops, fleet fueling and provisioning, container hauling, fish observers, etc. Nor does it include all the indirect jobs (e.g., busses, rental cars, hotels, restaurants, utility providers, etc.)

The number of tuna cannery workers has been in decline for the past half-decade. By 2010, cannery employment was down approximately 66 percent compared to 2007. In the past 2-3 years, tuna cannery employment has increased and about one-fourth of the lost jobs have been recovered as StarKist Samoa has increased its job rolls from a low of 1300 to 2100 at present. If Tri-Marine opens up a new tuna processing plant in late 2013 with 500-750 workers, as expected, tuna cannery employment will have rebounded to almost 3,000 workers, which is still well below the 5,000 workers employed ten years ago. Tri-Marine has indicated that it hopes to be able to hire several hundred additional workers after evaluating the success of the new plant.

The continued viability of the tuna industry in American Samoa is dependent on many factors, including the minimum wage, cost of utilities, taxation matters, supply of fish, global competition, trade and tariff developments, consumer demand, and other factors. However, there is no doubt that the fisheries industry in some form will remain an important segment of American Samoa's economic base for the foreseeable future if properly cultivated. Nor is there doubt that the federal government has the power to aid or injure the viability of American Samoa as a base of operations for the tuna industry and fishing fleet.

### **Action Recommendations**

- a. Resolve US minimum wage issue.
- b. Resolve US corporate tax incentive issue.
- c. Revive alia fleet (local fishing boats) for modern conditions.
- d. Finance stretching of local longliners.
- e. Reclaim land on east side of harbor.
- f. Monitor and influence international and regional fishing and trade agreements.

## **2. Promote Visitor Industry Growth**

Although it has been 40 years since there was a significant tourism industry in American Samoa, many American Samoans believe tourism has the greatest potential for significant economic contributions in the future. A new approach got underway in 2009 with the creation of the joint public-private sector American Samoa Visitors Bureau and the commissioning of a Tourism Master Plan. Significant progress has been made on several fronts the past few years (e.g., cruise ship recruitment, branding and external marketing, local industry training). However, there are still many important improvements that need to be made.

If the government is in favor of growing the visitor industry at this time, it must work together with the ASVB to develop the industry and promote the territory. It is unlikely that the visitor industry will take off without substantial increased funding for the ASVB and tourism infrastructure. Other competing areas (e.g., Samoa) with a lesser challenge than American Samoa have effective public-private partnerships and substantial development and promotion budgets.

### **Action Recommendations**

- a. Increase budget for tourism development per Tourism Master Plan
- b. Increase budget for tourism promotion per ASVB marketing plan.
- c. Continue, increase and improve ongoing tourism training.
- d. Increase number of cruise ship calls and maximize benefits of same through local programming.
- e. Develop new site for cruiseship docking.
- f. Ease entry restrictions on short-term visitors from Samoa.

## **3. Increase Viability of the eCommerce Sector**

Since 2009, American Samoa has had a fiber optic connection to the global Internet backbone, but that connection has not yet resulted in significant new economic activity despite serious enquiries from several potential investors. A coordinated, focused effort is necessary to “close the deal” and launch an eCommerce industry in American Samoa.

Realistically, it is probably not worth pursuing creation of an industry that relies on the Internet until and unless plans are in motion to expand the data capacity of the fiber optic cable(s) serving the territory. It will be difficult to lure Internet-reliant operations to locate in American Samoa until the concerns related to limited capacity, limited redundancy, and high cost are effectively addressed.

### **Action Recommendations**

- a. Seek bandwidth expansion and cost reduction.
- b. Form eCommerce Task Force to attract operators/investors.
- c. Leverage opportunities provided by BLAST project.

#### **4. Increase Viable Import Substitution**

Import substitution can have a beneficial effect on a local economy that is comparable to export activity. For example, a great deal of custom sewing is done in American Samoa, providing many jobs and reducing leakage of local funds on purchases of store-bought clothing from overseas. In addition to the financial benefit, American Samoa's security and resilience is increased by local production of needed goods and services, especially food and energy. There is a significant potential for American Samoa to provide more locally produced goods and services to replace expenditures that now primarily benefit off-island producers and leave the territory vulnerable to external disruptions. Food, energy, and education are three areas with great potential.

##### **Action Recommendations**

- a. Provide occasional equipment services to farmers (e.g., tillers, Bobcat).
- b. Subsidize feed and fertilizer.
- c. Assist Manu'a fishing co-op.
- d. Assist Manu'a farming co-op.
- e. Develop roads to agricultural lands.
- f. Develop west side market for fishermen and farmers.
- g. Replace imported labor with local labor .
- h. Implement programs to increase greater pass rates on ASVAB tests (military enlistment exams).

#### **5. Increase Access to Capital and Assist Start-ups**

Investment capital is the fertilizer that enables economic plans to germinate and blossom. There are limited sources of investment capital in American Samoa and the lack of capital is a significant economic development constraint, especially for local entrepreneurs.

##### **Action Recommendations**

- a. Provide additional capital to Development Bank.
- b. Develop incubator facility with commercial kitchen for fledgling enterprises.

#### **6. Seek viable new export industries**

Although there are significant constraints to development of new export industries in American Samoa, it should be possible to combine American Samoa's natural and manmade advantages (reviewed in Chapter 2) in such a way as to lure new investment.

##### **Action Recommendations**

- a. Implement recommendations made by the Export Study now under consideration.

## **II. Business Constraints**

Constraints of concern are those which can be remedied by human initiative, as opposed to those that are fixed in some fashion by nature (distance, climate, size, etc.). Location factors that lend themselves to local initiative are transportation, labor, markets, industrial sites, utilities, government attitudes, tax structure, business climate, and community receptiveness.

Where these issues constrain economic development, government or community can act to remove or ameliorate them. In general, it is the role of the private sector to identify and pursue

opportunities. It is the role of the public sector or the community to lessen or remove constraints to attaining those opportunities.

## **1. Federal Government**

### **Action Recommendations**

- a. Promote consensus amongst Governor, Fono, and American Samoa's member of Congress on federal matters.
- b. Resolve the US minimum wage issue in American Samoa.
- c. Resolve US Corporate tax incentive policies toward American Samoa.
- d. Seek formal American Samoa voice in US fishery negotiations, trade and other key policy areas.
- e. Remove prohibition against foreign air carrier service between US and American Samoa.
- f. Retain American Samoa Government control of immigration and customs system.
- g. Petition the federal government to negotiate political status goals and policy principles for American Samoa.
- h. Petition the federal government to negotiate a general federal development policy for the territories.
- i. Determine economic development content for any American Samoa political status discussions or negotiations with the Federal Government.
- j. Seek avenues for modifying or customizing federal environmental laws and regulations applicable to American Samoa.

## **2. Improve territorial business climate (including capacity building)**

Local business climate constraints present a significant barrier to green-lighting new investment, by both off-island and local investors. The strategies below address the constraints most often identified by knowledgeable members of the private and public sectors.

### **Action Recommendations**

- a. Explore an office dedicated exclusively to economic development strategy, promotion and investment recruitment. Establish proper public and private sector roles in that office.
- b. Revise immigration law, policy and procedures to accommodate business labor requirements.
- c. Revise tax laws to reduce uncompetitive high tax rates.
- d. Improve education outcomes, job-ready technical skills and technological competence with a comprehensive approach that starts with pre-school and extends through college.
- e. Revise tax incentive law, policies and procedures to increase desirable business outcomes.
- f. Help businesses find suitable land to meet their requirements.
- g. Revise incorporation laws to make them more convenient and flexible.
- h. Revise business license law and procedures to ease burden on business.
- i. Explore privatization of government functions/authorities.
- j. Elevate Chamber of Commerce and private sector role as an economic development partner.
- k. Consider reconstituting Governor's Economic Advisory Council.
- l. Improve local healthcare facilities and services
- m. Improve ASCC by using ASG scholarships to encourage the best and brightest high school graduates to attend ASCC.

### **III. Economic Infrastructure**

#### **1. Improve internal and external transportation of people and goods**

There are few communities as dependent on good transportation options as American Samoa, which is a remote island group located thousands of miles away from the source of the imports on which it relies, markets for the goods it exports, and the rest of the nation to which it belongs.

Pago Pago Harbor's value as a port has been the foundation of American Samoa's economy (and political status) for more than 150 years. It is as important now as it was in the past. Although much money has been invested in the Harbor's infrastructure, there are emerging needs that require additional investment.

Internally, many American Samoa's workers and students depend on the private bus system for commuting.

And, finally, transportation services for the outlying Manu'a group of islands are inadequate for the resident population and economic development.

#### **Action Recommendations**

- a. Implement high priority, updated elements of the Port Master Plan (including new cruise ship dock, as listed previously).
- b. Implement high priority elements of the Airport Master Plan.
- c. Implement Air Transport Study Recommendations (slated for 2013 completion).
- d. Maintain private aiga bus system.
- e. Solve Manu'a sea transportation problems.
- f. Solve Manu'a air transportation problems.

#### **2. Lower the cost of electricity and utilities**

To become more competitive, American Samoa needs lower cost electricity from more cost-effective power generation from alternative sources.

#### **Action Recommendations**

- a. Increase cost-effective power generation from alternative sources.

#### **3. Improve the harbor area commercial center**

In the past few decades, a great deal of American Samoa's commercial activity has migrated to the western part of Tutuila. But the harbor area remains vitally important to the territory's economy and is in need of a 21<sup>st</sup>-century facelift. Fortunately, much of the needed improvements to the main road have been completed in the past few years and a new marketplace has been built, and thus the stage is set for further improvements.

#### **Action Recommendations**

- a. Integrate cruiseships with Fagatogo.
- b. Rehabilitate Rainmaker site.
- c. Improve the central bus terminal area.
- d. Initiate boardwalk project.
- e. Fagatogo renewal

#### **4. Fisheries industry**

##### **Action Recommendations**

- a. Locate suitable site for StarKist cold storage building.
- b. Rebuild cannery seawall to protect Tri-Marine site.
- c. Develop or designate dock for longliners and alias.

#### **5. Visitor industry**

##### **Action Recommendations**

- a. Rebuild cable car and make Mt Alava improvements
- b. Develop yacht moorings and conveniences.
- c. Invest in 100-ton lift for shipyard to serve yachts.
- d. Construct visitors center
- e. Develop marina

Please see Appendix C for specific Action Recommendation details.

## Chapter 6 - Plan of Action

The requirement for Chapter 6 is to demonstrate how the CEDS Plan of Action implements the goals and objectives. At the same time, it is to describe how the CEDS promotes economic development and opportunity in a manner that:

- Fosters effective transportation access
- Enhances and protects the environment
- Maximizes effective development and use of the workforce consistent with any applicable State or local workforce investment strategy
- Promotes the use of technology in economic development, including access to high-speed telecommunications
- Balances resources through sound management of physical development
- Obtains and utilizes adequate funds and other resources

The CEDS must also contain a section that discusses the methodology for cooperating and integrating the CEDS with a State's economic development priorities. This is essentially accomplished as the CEDS is American Samoa's economic development plan.

**Table 10**  
**Action Plan Implementation of CEDS Goals and Objectives**

<b>Project, Program or Action</b>	<b>Goal 1 Income and Production</b>	<b>Goal 2 Diversity/ Opportunity</b>	<b>Goal 3 Human Resources</b>	<b>Goal 4 Preserve Environs</b>	<b>Goal 5 Cultural Desires</b>
<b>I. Business Expansion</b>					
<b>1. Fisheries Industry</b>					
a. Resolve minimum wage issue	x		x		
b. Resolve US corporate tax incentive	x		x		
c. Revive alia fleet		x			x
d. Stretching of local longliners		x			
e. Reclaim land on east side of harbor		x		x	
f. Monitor fishing and trade agreements	x		x		
<b>2. Visitor Industry</b>					
a. Increase budget for the industry	x		x		
b. Increase budget for ASVB marketing	x		x		
c. Improve tourism training		x	x		x
d. Increase cruise ship calls					
e. New site for cruise ship docking					
f. Ease restrictions on Samoa visitors	x				x
<b>3. Promote ecommerce</b>					
a. Bandwidth expansion/ cost reduction	x	x			
b. Form eCommerce Task Force	x	x			
c. Leverage BLAST project	x	x			
<b>(Continued)</b>					

<b>Project, Program or Action</b>	<b>Goal 1 Income and Production</b>	<b>Goal 2 Diversity/Opp portunity</b>	<b>Goal 3 Human Resources</b>	<b>Goal 4 Preserve Environs</b>	<b>Goal 5 Cultural Desires</b>
<b>4. Import Substitution</b>					
a. Provide rental equipment to farmers	x	x			x
b. Subsidize feed and fertilizer	x	x			
c. Manu'a fishing co-op	x	x	x		x
d. Manu'a farming co-op	x	x	x		x
e. Develop roads to agricultural lands	x	x			
f. West side market for fish and farmers	x		x		x
g. Replace imported labor with locals	x		x		
h. Improve success rates on military tests	x		x		
<b>5. Increase capital/start-up assists</b>					
a. Increase ASDB capital	x	x	x		
b. Business incubator facility	x	x	x		
<b>6. Seek new export industries</b>					
a. Export study under consideration	x	x	x		
<b>II. Business Climate</b>					
<b>1. Federal Government</b>					
a. Local consensus on federal issues	x	x			x
b. Resolve US minimum wage issue	x	x	x		
c. Resolve US corporate tax policies	x	x	x		
d. Local voice US fisheries/trade policy	x	x	x		
e. Resolve US cabotage issue	x	x			
f. Retain ASG control over immigration	x	x	x		
g. Encourage US political status policy	x	x	x		x
h. US territorial policy needed	x	x	x		x
i. Consider political status content	x	x	x		x
j. US environmental laws and regs				x	x
<b>2. Local Business Climate</b>					
a. Design new economic organization	x	x	x		
b. Improve immigration law	x	x	x		x
c. Remedy high tax rates	x				
d. Strengthen education outcomes	x	x	x		
e. Revise tax incentive law	x	x			
f. Help businesses find land	x	x			x
g. Facilitate corporate formations	x	x			
h. Revise business license law	x	x			
i. Explore privatization		x			
j. Increase Chamber role in development	x	x			
k. Reconstituting GEAC	x	x	x		
l. Improve local healthcare			x		x
m. Education, scholarships, job readiness	x	x	x		
<b>III. Economic Infrastructure</b>					
<b>1. Improve internal/external transport</b>					
a. Execute port master plan	x			x	
b. Execute airport master plan	x			x	
c. Execute air transport service study	x	x	x		
d. Improve aiga local bus system	x		x		
		<b>(Continued)</b>			



<b>Project, Program or Action</b>	<b>Goal 1 Income and Production</b>	<b>Goal 2 Diversity/Opp portunity</b>	<b>Goal 3 Human Resources</b>	<b>Goal 4 Preserve Environs</b>	<b>Goal 5 Cultural Desires</b>
e. Solve Manua sea transport problems	x		x		
f. Solve Manua air transport problems	x		x		
<b>2. Lower electric and utility costs</b>					
a. Power from alternative sources	x			x	
<b>3. Harbor area commercial center</b>					
a. Integrate cruiseships with Fagatogo	x	x	x		x
b. Rehabilitate Rainmaker site	x	x	x		
c. Improve Central bus terminal			x	x	
d. Initiate boardwalk project	x	x		x	
e. Fagatogo renewal	x	x		x	
<b>4. Fisheries industry</b>					
a. Cannery cold storage facilities	x	x	x		
b. Rebuild cannery seawall	x	x	x		
c. Dock for longliners and alias	x	x			
<b>5. Visitor industry</b>					
a. Rebuild cable car	x	x	x		
b. Yacht moorings and conveniences	x	x			
c. Invest in 100-ton lift for shipyard	x	x			
d. Construct visitors center	x	x			x
e. Develop marina	x	x		x	

## Chapter 7 - Performance Measures

This chapter lists the performance measures that will be used to evaluate ASG's successful development and implementation of the CEDS including:

- Number of jobs created after implementation of the CEDS
- Number and types of investments undertaken in the region
- Number of jobs retained in the region
- Amount of private sector investment in the region after implementation of the CEDS
- Changes in the economic environment of the region.

As referenced in Chapter 1 American Samoa has much less solid economic information than do the States and some other US territories. While there is data on employment, it is not as valuable as that available in the US, most of which the states are required to collect as a part of the Unemployment Insurance program.

Employment data in the US is collected monthly; in American Samoa it is only collect annually. In addition, the US conducts monthly labor force surveys which produce information on unemployment. American Samoa does not have this capability.

However, this CEDS contains an action recommendation to work more closely with the US Department of Labor to provide better employment, unemployment and labor force information for American Samoa.

American Samoa has had success in working with the US Department of the Interior and the US Department of Commerce, Bureau of Economic Analysis in the preparation of Gross Domestic Product estimates for the territory. They are now available for 2002-2009.

From this database, American Samoa will add to the performance measure such income, expenditures, government, investment and other economic indices and trends.

**Table 11**  
**Action Plan Performance Measures**

<b>Project, Program or Action</b>	<b>Number of Jobs Created</b>	<b>Number/ Types Investment Created</b>	<b>Number of Jobs Retained</b>	<b>Private Sector Investment (\$)</b>	<b>Investment/ Business Climate</b>
<b>II. Business Expansion</b>					
<b>1. Fisheries Industry</b>					
a. Resolve minimum wage issue	x	x	x	x	x
b. Resolve US corporate tax incentive	x	x	x	x	x
c. Revive alia fleet	x	x		x	
d. Stretching of local longliners	x	x		x	
e. Reclaim land on east side of harbor	x	x		x	x
f. Monitor fishing and trade agreements	x		x		x
<b>(Continued)</b>					

<b>Project, Program or Action</b>	<b>Number of Jobs Created</b>	<b>Number/ Types Investment Created</b>	<b>Number of Jobs Retained</b>	<b>Private Sector Investment (\$)</b>	<b>Investment/ Business Climate</b>
<b>2. Visitor Industry</b>					
a. Increase budget for the industry					
b. Increase budget for ASVB marketing					
c. Improve tourism training	x	x		x	x
d. Increase cruise ship calls	x		x		
e. New site for cruise ship docking	x	x		x	
f. Ease restrictions on Samoa visitors	x	x			x
<b>3. Promote ecommerce</b>					
a. Bandwidth expansion/ cost reduction	x	x		x	x
b. Form eCommerce Task Force	x			x	x
c. Leverage BLAST project	x	x		x	x
<b>4. Import Substitution</b>					
a. Provide rental equipment to farmers	x		x		
b. Subsidize feed and fertilizer	x		x		
c. Manu'a fishing co-op	x		x	x	
d. Manu'a farming co-op	x		x	x	
e. Develop roads to agricultural lands	x			x	
f. West side market for fish and farmers	x		x	x	
g. Replace imported labor with locals	x				
h. Improve success rates on military tests	x				x
<b>5. Increase capital/start-up assists</b>					
a. Increase ASDB capital	x		x	x	x
b. Business incubator facility	x			x	
<b>6. Seek new export industries</b>					
a. Export study under consideration	x		x	x	
<b>II. Business Climate</b>					
<b>3. Federal Government</b>					
a. Local consensus on federal issues					x
b. Resolve US minimum wage issue	x			x	
c. Resolve US corporate tax policies	x				x
d. Local voice US fisheries/trade policy	x	x		x	x
e. Resolve US cabotage issue	x		x	x	x
f. Retain ASG control over immigration	x	x	x	x	x
g. Encourage US political status policy	x				x
h. US territorial policy needed	x				x
i. Consider political status content	x				x
j. US environmental laws and regs	x				x
<b>4. Local Business Climate</b>					
a. Design new economic organization	x	x	x	x	x
b. Improve immigration law	x				x
c. Remedy high tax rates	x				x
d. Strengthen education outcomes	x			x	x
e. Revise tax incentive law	x			x	x
f. Help businesses find land	x			x	x
<b>(Continued)</b>					

<b>Project, Program or Action</b>	<b>Number of Jobs Created</b>	<b>Number/ Types Investment Created</b>	<b>Number of Jobs Retained</b>	<b>Private Sector Investment (\$)</b>	<b>Investment/ Business Climate</b>
g. Facilitate corporate formations	x			x	x
h. Revise business license law	x			x	x
i. Explore privatization		x		x	
j. Increase Chamber role in development					x
k. Reconstituting GEAC					x
l. Improve local health care					x
m. Education, scholarships, job readiness					x
<b>III. Economic Infrastructure</b>					
<b>6. Improve internal/external transport</b>					
a. Execute port master plan	x			x	x
b. Execute airport master plan	x			x	x
c. Execute air transport service study	x			x	x
d. Improve aiga local bus system				x	x
e. Solve Manua sea transport problems	x			x	
f. Solve Manua air transport problems	x			x	
<b>7. Lower electric and utility costs</b>					
a. Power from alternative sources				x	x
<b>8. Harbor area commercial center</b>					
a. Integrate cruiseships with Fagatogo	x			x	x
b. Rehabilitate Rainmaker site	x				
c. Improve Central bus terminal	x			x	x
d. Initiate boardwalk project	x			x	x
e. Fagatogo renewal	x			x	x
<b>9. Fisheries industry</b>					
a. Cannery cold storage facilities			x	x	
b. Rebuild cannery seawall			x	x	
c. Dock for longliners and alias			x	x	
<b>10. Visitor industry</b>					
a. Rebuild cable car	x			x	
b. Yacht moorings and conveniences	x			x	
c. Invest in 100-ton lift for shipyard	x			x	
d. Construct visitors center	x			x	x
e. Develop marina	x			x	x

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## ***Appendix A -*** **American Samoa Political Status Review**

**Federal intervention in American Samoa's economy** – It is clear from Chapter 1 that American Samoa's economy has been adversely affected by actions of the federal government. These actions have included subjecting American Samoa to the US minimum wage, international trade policy, tax policy and others. Future actions could include applying US immigration and customs law on American Samoa which had seriously adverse effects on another US territory (CNMI). It is not that these concepts are inherently damaging. It is that they are applied in a manner and to an extent that they are severely damaging to American Samoa's economy which on a per capita basis is only about one fifth the size of the US economy.

US Congressional authority is clear. Article IV, Section 3 states:

“The Congress shall have Power to dispose of and make all needful Rules and Regulations respecting the Territory or other Property belonging to the United States; and nothing in this Constitution shall be so construed as to Prejudice any Claims of the United States, or of any particular State.”

This language has led one legal services group to state that:

“In the territories, Congress has the entire dominion and sovereignty, national and local, and has full legislative power over all subjects on which a state legislature might act. It may legislate directly with respect to the local affairs of a territory or it may transfer that function to a legislature elected by the citizens thereof, which will then be invested with all legislative power except as limited by the Constitution of the United States and acts of Congress.”<sup>11</sup>

The latter portion of this quote refers to organic legislation under which Congress delegates power to a territory except as limited by the US Constitution or Acts of Congress. Hence, formal political status requires an act of Congress describing the responsibilities and authorities of the Congress and the territories.

To date Congress has granted no formal political status to American Samoa. Instead, American Samoa operates under a 1929 law accepting the 1900 and 1904 American Samoa's Deeds of Cession. Title 48 U.S.C. Section 1661 (c) states:

“Until Congress shall provide for the government of such islands (American Samoa), all civil, judicial, and military powers shall be vested in such person or persons and shall be exercised in such manner as the President of the United States shall direct; and the President shall have power to remove said officers and fill the vacancies so occasioned.”

While not dealing with organic legislation per se, Congress has passed laws affecting American Samoa including the establishment of a non-voting Delegate to the House of Representatives for American Samoa. At Congress's urging, the Secretary of Interior issued an order to provide for an elected Governor and Lieutenant Governor in American Samoa.

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<sup>11</sup> Justia US Law <<http://law.justia.com/constitution/us/article-4/27-congress-power-over-territories.html>>

While most of these laws have been very beneficial to American Samoa's development, the potential for economic disaster is manifest as has been demonstrated in American Samoa as well as the Commonwealth of the Northern Marianas.

This issue has been included under Goal Five (Cultural Aspirations) primarily because one of the greatest concerns over the years has been how any change or formalization of American Samoa's political status might affect its culture, specifically the lands and titles system.

American Samoan attitudes toward changing their political status have remained remarkably stable over the years including the most recent report of the 2007 American Samoa Future Political Status Commission.<sup>12</sup>

The following is a statement from an American Samoa Second Future Political Status Commission in 1979:<sup>13</sup>

"The Commission is fully aware that the world cannot be kept away from American Samoa. Neither can American Samoa continue to stand apart forever from the rest of the world. New ideas cannot and must not be suppressed.... The Commission chooses to view it as the inevitable result of social change, which should neither be thoughtlessly embraced nor opposed. The new and the old must be mixed in a suitable blend. By retaining the fundamental principles of the old system and accepting a new, more democratic, political structure, American Samoa can gracefully become a part of the modern world, without casting its rich and long established heritage aside."

American Samoa's Constitution (Section 3) makes it the policy of the government:

"(To) protect persons of Samoan ancestry against alienation of their lands and the destruction of the Samoan way of life and language, contrary to their best interests. Such legislation as may be necessary may be enacted to protect the lands, customs, culture and traditional family organization of persons of Samoan ancestry and to encourage business enterprise by such persons...."

In 1986, American Samoa's Constitutional Review Committee recommended adding the following language to Section 3 of the American Samoan Constitution:

"No new small business in whatever form, except businesses not in direct competition with existing businesses owned and operated by persons born of American Samoan ancestry, shall be permitted to engage in business in American Samoa unless the majority ownership and control of such business is vested in persons of American Samoan ancestry."

This amendment was never enacted. The issue is raised because it remains a concern of American Samoans, and it has not been dealt with to any extent except for periodic court cases that have not been conclusive. It is important to economic development because, if economic development is seen as a threat to people, they are not likely to pursue it very aggressively.

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<sup>12</sup> *Final Report: The Future Political Status Study Commission of American Samoa*, January 2, 2007.

<sup>13</sup> Report from *The Second Future Political Status Study Commission to the Governor of American Samoa and the Sixteenth Legislature of American Samoa*, September 14, 1979.



American Samoa's 2007 Political Status report in many ways confirmed the finding of previous political status study commission reports.

It stated (page 42) that

“The Samoan public, from leaders to the rank and file, both on and off-island, overwhelmingly emphasized two major points.

- (a) American Samoa must remain part of the American family of states and territories;
- (b) be certain that a chosen status will not adversely affect customs and culture, and the perpetuation of the Samoan language.”

Nevertheless, the Commission's main recommendation is that

“American Samoa shall continue as unorganized and unincorporated territory *and that a process of negotiation with the US Congress for a permanent political status be negotiated.*”  
(Emphasis added)

This is new ground for American Samoa. While there remains a preference for the “status quo,” there is recognition that American Samoa's political status is changed with the passage of time and every federal law that applies to it. Hence, there is a need to negotiate a permanent political status with the US.

The idea of a political status quo in American Samoa may be a misconception given the power of Congress over the territories. There can be no such thing as a political status quo where the US Congress can create legislation affecting American Samoa's political status at its pleasure. In other words, the political status quo in American Samoa is what the US Congress says it is whenever it decides. This is US law. It is specified in the US Constitution.

In fact, the 2007 Future Political Status Commission pointed out that a specially tailored Act of Congress could retain the present political status and could reaffirm the special protective provisions for land and titles in the American Samoa Constitution.

There is much else of interest in this 2007 Political Status report. However, the recommendation that a process of negotiation with the US Congress for a permanent political status be initiated is among the most important from an economic development point of view.

**The United Nations Special Committee on Decolonization** - There is one more factor that might influence this process. It is called the UN Decolonization process.<sup>14</sup> There have been some recent developments on this as well in recent years.

In 1945, much of the world was made up of colonies and dependent territories ruled by a small number of colonial powers. The Charter of the United Nations proclaimed "the respect for the principle of equal rights and self-determination of peoples" as one of its basic purposes. Self-determination means that the people of a colony or a dependent territory decide about the future status of their homeland.

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<sup>14</sup> The United Nations and Decolonization. <[http://www.un.org/en/decolonization/questions\\_answers.shtml](http://www.un.org/en/decolonization/questions_answers.shtml)>

In the following decades, more than 80 colonial or non-self-governing territories became independent as a result of self-determination. Other territories chose free association, or integration with an independent state.

The UN still follows developments in the 16 non-self-governing territories that remain on its list several of which are US territories, including American Samoa. The UN body that oversees this work is the Special Committee on Decolonization (or the Committee of 24). The Special Committee on Decolonization:

1. Follows developments in the remaining 16 territories
2. Sponsors annual discussions of issues of concern to the peoples of the territories
3. Hears petitioners from the territories or others
4. May send visiting missions to territories to advance the decolonization process
5. Provides information regarding assistance from UN agencies to territories
6. Recommends that a territory be removed from the decolonization list

The Special Committee on Decolonization can help territories in a number of ways. It can lead them to sources of UN technical assistance. It can help design a program to work out a political status suitable to the US and American Samoa.

The options are generally those that have been employed in the past since the end of the Second World War as referenced above. There are three variations thereof.

1. **Free Association** is akin to the Compact arrangement negotiated with former US administered UN mandate colonies in the Pacific
2. **Integration** with the administering power or another independent State on the basis of complete equality between the peoples of the non-self-governing territory and those of the independent State
3. **Independence** represents unconditional separation from the administering power.

However, in 1970, a legal committee of the General Assembly stated that, in addition to these three options, the emergence into any other political status, as long as it is freely determined by a people, can also be considered a way of implementing the right of self-determination by that people.

This is language that perfectly meets the needs of American Samoa and would likely satisfy the US as well. In some respects both parties must be agreeable to such a process. There is nothing in the UN Charter that gives it any authority to dictate anything to the US concerning the decolonization process as unfortunate and misleading as that term might be.

There are a series of basic steps to initiate and navigate this process towards self-determination that is unnecessary to go into at this point. The important point is that this is a ready-made and convenient process that the US and American Samoa might consider to advance their political status objectives.

Historically, the US and American Samoa have taken the position that American Samoa's case does not fit the UN decolonization process and that American Samoa should be removed from the decolonization list. The US has maintained that the status of the Insular Areas regarding their

political relations with the federal Government was an internal United States issue, and not one that came under the purview of the Special Committee. The US also indicated that

“in accordance with its obligations under the Charter of the United Nations to provide regularly to the United Nations statistical and other information of a technical nature relating to the economic, social and educational conditions, the federal Government did submit annual updates on United States Territories to the Special Committee as a demonstration of United States cooperation as an administering Power...”<sup>15</sup>

Governor Togiola in an address to the Special Committee on Decolonization<sup>16</sup> expressed concern about future arbitrary action by the US Congress that could have devastating effects on American Samoa’s political advancement and its economy. He stated that nothing has been done to prevent such in the future. Other Federal actions have and could in the future cause serious problems for American Samoa including tax policy, international trade, regulation, and customs and immigration.

The Governor expressed concern that American Samoa could benefit greatly from the experience, expertise and programs of the United Nations in dealing with insular area economies, non-self-governing territories and economic development in general. He stated that

“We are Americans. Our relationship with the United States goes back 110 years and is responsible for our citizens’ overwhelming sense of patriotism toward the US. American Samoa has one the highest rates of enlistment per capita for the US armed forces. We enlist not only because of the excellent opportunities that the military offers for education, training and career, but also for our keen sense of loyalty to the US for their treatment of our people and the care that has been provided to our Territory over the years.... Like every state or territory in our union, we regard it as our right, indeed our duty, as Americans to stand up for our interests and democratic government. That is the American way.”

American Samoa’s US Congressman Faleomavaega has stated that it is time for the territory to look at options for becoming more autonomous.<sup>17</sup> He has welcomed recent calls made by American Samoa’s Governor for the territory to review its relationship with the United States and look at options to become more independent, including a Compact of Free Association agreement.

It was reported that some chiefs and community leaders were unhappy with the comments. They say it was made clear in a 2010 constitutional review that American Samoans didn’t want to change from their present status. Congressman Faleomavaega stated that people should be open to discussion about the options for becoming more independent.

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<sup>15</sup> United Nations A/AC.109/2011/12 General Assembly Distr.: General 7 March 2011 Special Committee on the Situation with regard to the Implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples, Page 11.

<sup>16</sup> W Written Statement of American Samoa Government for the Honorable Togiola T.A Tulafono, Governor By Lelei Peau, Deputy Director of Commerce. *A United Nations Caribbean Seminar on the Eradication of Colonialism. Kingstown, Saint Vincent and the Grenadines*, 31 May to 2 June 2011.

<sup>17</sup> Radio Australia News. “American Samoa’s congressman is calling for a review of the status of the territory.” [AFP: Torsten Blackwood] <<http://www.radioaustralianews.net.au/stories/201205/3505485.htm?desktop>>

Finally, there is concern about getting this issue dealt with adequately by Congress given its enormous schedule and work load. For example, the only way Congressman Faleomavaega was able to get a bill to defer minimum wage increases for two years, was to agree to strip out portions of the bill providing political status education grants and assistance for American Samoa and other territories.<sup>18</sup>

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<sup>18</sup> “Faleomavaega Provides Update Regarding Unanimous Consent Request for Minimum Wage Delays.” Washington DC. August 6, 2010.

## ***Appendix B -*** **Instruments for CEDS Public Outreach**

This appendix includes six items related to the public outreach for the preparation of the 2012 version of the CEDS:

1. Press Release
2. Newspaper ad seeking input
3. Online survey to receive input
4. Information packet sent to each interviewee (press release and questions)
5. Roster of interviewees
6. Newspaper ad providing opportunities for public review and comment

### **Press Release, May 3, 2012**

The Department of Commerce and the Territorial Planning Commission is undertaking the first major revision of American Samoa's Comprehensive Economic Development Strategy (CEDS) in more than a decade. This strategy is required by the U.S. Economic Development Administration (USEDA) to qualify American Samoa for economic development grants and technical assistance.

Over the last 40 years the US Economic Development Administration has helped finance key economic development projects in American Samoa including the Fagatogo Marketplace, the renovation of Lee Auditorium, the Industrial Park, Port facilities, and basic infrastructure (water, sewer and road projects).

This planning process provides an opportunity for American Samoa's public and private sector to take a fresh look at how economic development can be encouraged in the territory and to provide the rationale for federal financial support for major projects that can help create jobs. Research will be conducted on local economic conditions and trends. It will include interviews with a wide range of leaders in the private and public sectors to gather insights into the problems and opportunities that must be addressed. It will also consider goals and objectives, specific projects and programs and performance measures to track progress.

It is a very opportune time for American Samoa to undertake this CEDS review. Its economic future is clouded by international economic uncertainty and concerns about rising minimum wage levels in and future Federal funding for American Samoa.

A draft of the CEDS will be submitted to the Territorial Planning Commission later this year before being finalized and submitted to the USED A, which is funding the \$60,000 planning effort.

Malcolm McPhee and Lewis Wolman were selected for this work following a competitive bid process. They also authored the prescient 2007 report on American Samoa's economic future and the cannery industry which permitted American Samoa to get a head start on recovery from the cannery closure in 2009.

McPhee is a professional economist with extensive Pacific Island experience. Lewis Wolman, a former executive at Samoa News and Blue Sky Communications, has served as past president of the American Samoa Chamber of Commerce and is now the Chamber's vice-chairman.

#### **Newspaper Advertisement Seeking Input**

Published in Samoa News on May 16, 17, 18, 19, 21, 23, 25, 26, 29, 31 and June 1.

What are some GREAT ideas for improving the American Samoa economy?

The team that is updating American Samoa's Comprehensive Economic Development Strategy would like to hear your ideas for how we can create jobs and improve American Samoa's economy.

To submit your ideas online, visit our website:  
<http://tiny.cc/ooxbew>

To be interviewed about your great ideas, write:  
[ceds2012@gmail.com](mailto:ceds2012@gmail.com) or call 633-4790 (ask for Lewis).

*The privacy of all respondents will be respected.  
All responses will be treated as confidential.*

## The Online Survey Questionnaire

### American Samoa Economic Development Strategy Update

We welcome your ideas for helping create more jobs in American Samoa. This simple survey is your chance to be part of the community effort to develop a stronger economy. YOUR ANSWERS WILL BE CONSIDERED CONFIDENTIAL.

The Department of Commerce and the Territorial Planning Commission are updating American Samoa's Comprehensive Economic Development Strategy (CEDS).

This strategy is required by the U.S. Economic Development Administration (USEDA) to qualify American Samoa for millions of dollars of economic development grants.

As part of the update, the government has hired a contractor to gather ideas from a wide range of people about how to create more jobs in American Samoa. THE COMMENTS YOU PROVIDE IN THIS SURVEY WILL BE HELD IN CONFIDENCE BY THE CONTRACTOR.

A draft of the CEDS will be submitted to the Territorial Planning Commission later this year before being finalized and submitted to the USED.

If you are interested in learning more about this project, please write "ceds2102@gmail.com" or contact Lasiandra Hall at the A.S. Department of Commerce (633-5155).

**Start Survey!**

### American Samoa Economic Development Strategy Update

1. What sort of economic activity do you think can be developed here that creates new jobs?

**Submit**

## American Samoa Economic Development Strategy Update

2. What is holding American Samoa back from realizing our full economic development potential?

Submit

## American Samoa Economic Development Strategy Update

3. What projects would be truly helpful in helping encourage economic development?

Submit



## American Samoa Economic Development Strategy Update

4. What changes to American Samoa's laws, policies, attitudes, etc. would be truly helpful in helping encourage economic development?

Submit

## American Samoa Economic Development Strategy Update

5. Would you like to be contacted for an in-depth interview concerning economic development in American Samoa?

- ☐ Yes (please provide contact information on the following page)
- ☐ No.

Submit

## American Samoa Economic Development Strategy Update

### 6. Name and contact information (optional)

Name   
Company or organization   
Telephone   
Telephone (mobile)   
Email Address

Submit

### Information Packet

#### **Comprehensive Economic Development Strategy (CEDS)**

*Interview with Lewis Wolman of Malcolm McPhee and Associates,  
working for the Dept of Commerce and Territorial Planning Commission*

Lewis Wolman, 633-4790, ceds2012@gmail.com

Department of Commerce Liaison: Lasiandra Hall, 633-5155

[First page of packet is the press release found earlier in this document]

*NOTE: The phrase: “economic development” specifically refers to export-oriented job creation and economic activity, as opposed to local commerce which provides goods and services for residents.*

*Providing goods and services to the resident population is a very important part of American Samoa’s private sector, but the focus of the CEDS is on export-oriented or import-substitution economic development that brings more new dollars into the territory and/or keeps more dollars already here from leaking out.*

*There are two kinds of local economic activity that are the kind of economic development we are trying to encourage.*

*First, the visitor/tourism industry is considered an export activity because the dollars spent by visitors are new dollars from outside.*

*The second local economic activity we are trying to encourage is “import substitution”. That phrase refers to local consumers buying something produced in American Samoa that would otherwise have to be imported. Thus it is a form of economic development when a local consumer buys Tilapia from a local fish farmer instead of spending their money on imported food goods.*

1. What sort of economic activity can be developed here that creates new jobs (export or import substitution)?
2. What is holding us back from realizing our full economic development potential?
3. What projects (that USEDA might fund) would be truly helpful in helping encourage economic development?
4. What changes to our laws, policies, attitudes, etc. would be truly helpful in helping encourage economic development?
5. In thinking about economic development, what are your thoughts concerning the Manu’a islands (consider a 5-10 year timeframe)?
6. Please comment on which of the following economic activities you think should be a high priority as American Samoa pursues economic development.  
*(If you prefer a different activity, please indicate).*
  - Tourism
  - Marina
  - Agriculture
  - Aquaculture
  - Information processing/eCommerce/call centers
  - Manufacturing/assembly
  - Tuna canneries
  - Cannery- and fleet-related support
  - Improving general business environment (e.g., taxes, regulation, political status, immigration, land rules, leasing of government land)
7. Are there any other comments you would like to make?

#### **Question For Private Businesses:**

What have the last 3 years been like in your business as you have dealt with minimum wage increases, Samoa Packing closure, StarKist shrinking, increase in cruiseship calls, influx of federal funding such as NEG, ARRA, FEMA, 1602, other?

#### **Questions for ASG Officials:**

1. Please help us learn and document what is going on in the government that is relevant to economic development. E.g., programs, projects, legislation, regulation, infrastructure, projections of needs, budgets, expansion plans, MOUs, etc. We are interested in what is going on in each sector (e.g., agriculture, tourism, fisheries), as well as what is going on that transcends a sector-by-sector breakout.
2. We also need your help creating a baseline description of existing infrastructure capacity and prospects for meeting future infrastructure demands.  
*(As appropriate, discuss details, such as a full description, costs, benefits, investment needs, employment potential, specific constraints, barriers, execution, regulatory changes, legislative changes, policy changes, etc.)*

## Roster of Interviewees

Name	Affiliation
Howard Helg	VCX Wireless, Pago Plaza Management, iPasefika, Video Plaza, Chamber of Commerce
Ethan Lake	Origin Energy, Chamber of Commerce
Aaron Forsgren	Forsgren's
Lydia Faleafine-Nomura	U.S. Department of Interior
Sione Kava	American Samoa Petroleum Cooperative
Carlos Sanchez	American Samoa Shipyard Authority, Longliner Fishing Services
Brett Butler	StarKist Samoa
Jason Betham	Development Bank of American Samoa
Wally Thompson	Mariner
Dan King	CPA, Attorney
Aliimau JR Scanlan	Former Director of Commerce
Chris King, Peter Lefiti	Department of Port Administration
Ray Tulafono	Department of Marine and Wildlife Resources
Dave Haleck	Haleck Enterprises
Roy JD Hall, JR	Attorney, American Samoa Visitors Bureau Board Chair
Peter James	ARRA program, Governor's Office
Mel Purcell, Peter Gurr	Department of Agriculture
Easter Bruce and staff	Information Technology Division
David Vaeafe	American Samoa Visitors Bureau
David Robinson	Chamber of Commerce, Impex, Governor's Economic Advisory Council
Puleleiite Tufele	Manu'a Agriculture Coop
Dan Sullivan, Alfono Pete Galeai	Samoa Tuna Processors
Adolfo Montenegro	Blue Sky Communications
Hobbs Lawson	Bank of Hawaii
Evelyn Langford and staff	Department of Human Resources
Mapu Jamais	Maliu Mai, JROTC, Army Reserve, ASNOC
Steve Watson	Amerika Samoa Bank
Herb Thweatt	Small Business Development Center
Mark Hunsacker	CPA, Businessman
Utu Abe Malae	Former president, Development Bank of American Samoa
Steve Gibbons	National Park Service
Magalei Logovii, Toetasi Tuiteleapaga, Falema'o Phil Pili, Malemo Tausaga	Department of Treasury, Governor's Office, Territorial Office of Fiscal Reform, Capital Improvements Project, Budget Office
Lelei Peau, Lasiandra Hall, Alex Zodiagal, Ma'u Alipate-Leha	Department of Commerce
JD Hall	American Samoa Telecommunications Authority

Michael McDonald, Paula Stevenson-McDonald, Dennis Kanahale	Native Hawaiian Holding Corporation
Chamber of Commerce Board of Directors	Chamber of Commerce
Reupena Tagaloa	Territorial Energy Office

## **Newspaper Advertisement Inviting Public Review and Comment**

### **DEPARTMENT OF COMMERCE American Samoa Government Public invited to review draft of new Comprehensive Economic Development Strategy (CEDS) for American Samoa**

(The advertisement ran for 10 days between September 7 and October 4, 2012.)

Every five years the US Economic Development Administration requires a major update of a community's CEDS as a requirement for EDA public works and technical assistance grants.

ASG regards this as an opportunity to review its economic development policies, programs and priorities particularly under present unstable economic conditions.

EDA has been a major force in American Samoa's economic development for 40 years, having funded hotel, industrial park, port, and the market place and water and sewer utilities over that period.

Hundreds of people representing the private sector, the executive office and the legislature have been consulted in the preparation of this CEDS. This consultation process will continue through the final completion and approval of the process.

We want to make sure that there is an opportunity for the public to contribute to this process as well. For this reason, we are making a draft of the document available for public review and comment.

The document will be available for review between September 05 and October 05, 2012.

For document review arrangements please contact:  
Lasiandra Hall at 633-5155 x240

Please submit review comments to Lasiandra Hall at lasiandra.hall@.doc.as

## Appendix C - Detailed Strategic Projects, Programs and Activities from Chapter 5

This chapter identifies projects, programs and activities that will implement the goals and objectives of the CEDS. It will do this by designing actions that take advantage of economic development opportunities identified in Chapter 2. At the same time, it will design actions to reduce the constraints to economic development identified in the same chapter.

These actions are in three basic categories

- I. Business Expansion
- II. Business Constraints
- III. Economic Infrastructure

There are a series of project, program or actions listed under each category, each with a short explanatory narrative and tabular material identifying the problem, the desired outcomes, responsible organizations, the estimated costs, possible sources of funding and other pertinent information.

### I. Business Expansion

#### 1. Retain and Expand Tuna Industry Employment

- a. Resolve US minimum wage issue.
- b. Resolve US corporate tax incentive issue.
- c. Revive alia fleet (local fishing boats) for modern conditions.
- d. Finance stretching of local longliners.
- e. Reclaim land on east side of harbor.
- f. Monitor fishing and trade agreements.

<b>1a. Resolve US minimum wage issue</b>	
<b>Problem</b>	The scheduled resumption of \$.50/hour annual increases in the minimum wage starting in 2015 will act as a deterrent to businesses considering location in American Samoa or expansion in American Samoa. Minimum wage levels are of particular concern to the tuna industry, which has a high unskilled labor cost component and competes globally.
<b>Desired outcome</b>	Prevent rapid increases in federally mandated minimum wage and also give employers and investors a clearer picture of what the future will hold..
<b>Project</b>	Persuade Congress to accommodate unique circumstances of American Samoa and provide extensive local input into process.
<b>Cost</b>	\$0
<b>Lead organization</b>	Congressman's Office, Governor's Office
<b>Other organizations</b>	TBD <sup>19</sup>
<b>Funding source</b>	NA <sup>20</sup>
<b>Start year</b>	Immediate

<sup>19</sup> To Be Determined

<sup>20</sup> Not Available

<b>Duration</b>	Ongoing
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<b>1b. Resolve US corporate tax incentive issue</b>	
<b>Problem</b>	The tax credits under section 936 of the Internal Revenue Code expired for taxable years beginning after December 31, 2005. Section 30A of the Internal Revenue Code extends the Section 936 credits for American Samoa until January 1, 2012, subject to certain limitations. Corporations that were actively conducting business in American Samoa by 1995 who elected Section 936 status in the last taxable year before January 1, 2006, can claim a section 30A tax credit for taxable years that begin before January 1, 2012. StarKist's tenure in American Samoa may depend on the extension of this of this tax incentive beyond 2012.
<b>Desired outcome</b>	Extension of 30A tax credits for American Samoa indefinitely.
<b>Project</b>	Political efforts to persuade Congress to accommodate unique circumstances of American Samoa.
<b>Cost</b>	\$0
<b>Lead organization</b>	Congressman's Office, Governor's Office
<b>Other organizations</b>	TBD
<b>Funding source</b>	NA
<b>Start year</b>	Immediate
<b>Duration</b>	Ongoing

<b>1c. Revive alia fleet (local fishing boats) for modern conditions</b>	
<b>Problem</b>	Although alias have a dock, a market, and an exclusive fishing zone, there are very few alia still active, and thus there are few local fishermen earning a living fishing.
<b>Desired outcome</b>	Outfit alias so they can go out for longer trips and meet the requirements of Tri-Marine for high value fresh fish.
<b>Project</b>	Finance a private entity to develop a "mother ship" to help alias spend overnight at sea in a safe manner, also providing ice and other needs the kind of multi-day trips necessary to be commercially viable.
<b>Cost</b>	TBD
<b>Lead organization</b>	Development Bank, DMWR
<b>Other organizations</b>	Local fishing associations
<b>Funding source</b>	TBD
<b>Start year</b>	TBD
<b>Duration</b>	TBD

<b>1d. Finance stretching of local longliners</b>	
<b>Problem</b>	Only a finite number of local boats are allowed by the U.S. Western Pacific Fisheries Management Council to fish in American Samoa waters, and every license is already claimed and in use, but the licenses are underutilized because the local longliners are not as large as they could be.
<b>Desired outcome</b>	Stretch local longliners at local shipyard, creating temporary and long-term jobs.
<b>Project</b>	Provide funds to Development Bank to loan out for this initiative. Have boat owners repay the borrowed funds to DBAS.
<b>Cost</b>	TBD

<b>Lead organization</b>	DBAS
<b>Other organizations</b>	Shipyard
<b>Funding source</b>	USEDA
<b>Start year</b>	2013
<b>Duration</b>	36 months

<b>1e. Reclaim land on East side of harbor</b>	
<b>Problem</b>	Insufficient space exists on east side of harbor to meet all the requirements of the tuna and fishing industry.
<b>Desired outcome</b>	Accommodate and separate tuna and fishing needs, including container storage, from other Port users.
<b>Project</b>	Reclaim land on dead fronting reef.
<b>Cost:</b>	\$5 million
<b>Lead organization</b>	Department of Public Works
<b>Other organizations</b>	Army Corps of Engineers
<b>Funding source</b>	USEDA
<b>Start year</b>	2014
<b>Duration:</b>	36 months

<b>1f. Monitor fishing and trade agreements</b>	
<b>Problem</b>	The decision by multi-national companies to locate tuna industry operations in American Samoa depends on many factors, including continued access to regional fishing grounds by the US fleet and other fleets utilizing the American Samoa canneries, as well as continuation of duty advantages for tuna canned in American Samoa. Access and trade matters are governed by international agreements, but such agreements are the exclusive province of the U.S. Department of State.
<b>Desired outcome</b>	Fishing and trade agreements that ensure a steady supply of fish to the local tuna industry and provide competitive advantages for American Samoa as it seeks to attract business investment and expansion.
<b>Project</b>	Stay abreast of trade and fishing discussions and agreements that may affect American Samoa. Ensure relevant US agencies and personnel are aware of American Samoa's situation and influence US to accommodate American Samoa's needs.
<b>Cost</b>	\$0
<b>Lead organization</b>	Governor's Office, Congressman's Office.
<b>Other organizations</b>	Western Pacific Regional Fisheries Management Council.
<b>Funding source</b>	N/A
<b>Start year</b>	2012
<b>Duration</b>	Ongoing

## **2. Promote Visitor Industry Growth**

- Increase budget for tourism development per Tourism Master Plan.
- Increase budget for tourism promotion per ASVB marketing plan.
- Continue, increase and improve ongoing tourism training.
- Increase number of cruise ship calls and maximize benefits of those visits through local programming.
- Develop new site for cruiseship docking.
- Ease restrictions on short-term visitors from Samoa.



<b>2a. Increase budget for tourism development per Tourism Master Plan</b>	
<b>Problem</b>	The 2009 Tourism Master Plan included various recommendations for developing tourism in American Samoa, but few of those recommendations have been implemented due to a shortage of funds and the lack of a statutory government agency with clear lead responsibility for tourism development.
<b>Desired outcome</b>	More and better-developed facilities and programs in American Samoa that will attract and delight visitors. Government oversight and direction for American Samoa's tourism industry.
<b>Project</b>	Funding support for implementation of TMP components in concert with public-private agreement on how to develop the visitor-serving industry.
<b>Cost</b>	Project-based, ranging from \$20,000 (better signage) to \$10 million (e.g., Cable Car and Mt Alava improvements)
<b>Lead organization</b>	Designated ASG tourism agency
<b>Other organizations</b>	Commerce, Procurement, Public Works, ASVB
<b>Funding source</b>	USEDA
<b>Start year</b>	2013
<b>Duration</b>	Ongoing

<b>2b. Increase budget for tourism promotion per Tourism Master Plan.</b>	
<b>Problem</b>	The 2009 American Samoa Tourism Master Plan lays out a program for tourism development and associated tourism promotion. The recommended budget for the first year of TMP implementation is \$2.7 million, rising to \$3.8 million in year 2 and \$4.2 million in year 3. Instead of receiving \$10.7 million in the past three years, ASVB has received just \$.8 million in local funding and \$.3 million in special federal grants.
<b>Desired outcome</b>	Increased number of tourists as a result of an effective sales and marketing campaign.
<b>Project</b>	Secure additional funding for ASVB to carry out the "road map" contained in the Tourism Master Plan.
<b>Cost</b>	\$10.7 million (year one through three), less other funds secured by ASVB.
<b>Lead organization</b>	ASVB
<b>Other organizations</b>	Governor's Office, Budget Office, Fono, Commerce
<b>Funding source</b>	USEDA
<b>Start year</b>	2013
<b>Duration</b>	12 months

<b>2c. Conduct ongoing tourism training</b>	
<b>Problem</b>	Lack of advanced skills in many aspects of hospitality industry holds back progress. Training is needed in customer service, guiding, marketing, commissionable sales, etc.
<b>Desired outcome</b>	A corps of visitor industry workers equipped with the skills needed to support and expand the territory's hospitality industry.
<b>Project</b>	Ongoing series of seminars and classes, taught by both local and off-island personnel, under the direction of the public-private ASVB.
<b>Cost</b>	\$200,000/year
<b>Lead organization</b>	AS Visitors Bureau

<b>Other organizations</b>	DHR Workforce Investment
<b>Funding source</b>	DHR Workforce Investment, USED A
<b>Start year</b>	2013
<b>Duration</b>	Ongoing

<b>2d. Increase number of cruiseship calls</b>	
<b>Problem</b>	Although the number of cruise ship calls has increased significantly in the past few years (from less than 10/year to more than 20/year), the calls are based primarily on round-the-world cruises and not repeating regional cruises.
<b>Desired outcome</b>	More cruise ship calls, including regular cruise ship calls based on regional cruises.
<b>Project</b>	AS Visitors Bureau (a public-private partnership) will continue to work with cruise operators to make Pago Pago a regular, recurring port of call, and to add more American Samoa ports of call.
<b>Cost</b>	Included in ASVB budget found above
<b>Lead organization</b>	ASVB
<b>Other organizations</b>	Port Administration, Immigration
<b>Funding source</b>	Included in ASVB budget found above
<b>Start year</b>	2013
<b>Duration</b>	Ongoing

<b>2e. Develop new site for cruiseship docking.</b>	
<b>Problem</b>	There is only one place where cruiseships can presently dock in American Samoa: the main dock. Non-cruise ship operations at the dock must be suspended when a cruiseship is visiting and there is substantial disruption to a wide variety of port operations (including movement of containers). Increased numbers of cruise ship calls are making the problem more consequential. In addition, the main dock environment is not conducive to a pleasant tourism experience.
<b>Desired outcome</b>	Development of a new site for cruise ship docking that does not disrupt Port operations and provides visitors with a positive tourism experience.
<b>Project</b>	Implement new cruise ship dock component of Port Master Plan.
<b>Cost</b>	\$10 million.
<b>Lead organization</b>	Port
<b>Other organizations</b>	US Army Corps of Engineers
<b>Funding source</b>	USED A
<b>Start year</b>	2014
<b>Duration</b>	18 months

<b>2f. Ease restrictions on short-term visitors from Samoa</b>	
<b>Problem</b>	Samoa citizens wishing to visit the territory must conform to immigration control requirements that are expensive, difficult and burdensome. As a result, there are significantly fewer visits and shopping trips than would otherwise be the case.
<b>Desired outcome</b>	More visitors from Samoa travelling to American Samoa for shopping and other reasons.
	Revise Immigration rules and procedures, balancing protection of

<b>Project</b>	borders with welcoming bona fide short-term visitors.
<b>Cost</b>	\$0
<b>Lead organization</b>	Attorney General, Two Samoa Economic Integration Team
<b>Other organizations</b>	AS Visitors Bureau
<b>Funding source</b>	TBD
<b>Start year</b>	2013
<b>Duration</b>	6 months

### 3. Increase Viability of the eCommerce Sector

- a. Reduce or subsidize Bandwidth costs.
- b. Form eCommerce Task Force to attract operators/investors.
- c. Leverage opportunities provided by BLAST project.

<b>3a. Bandwidth expansion and cost reduction</b>	
<b>Problem</b>	Bandwidth costs in American Samoa are the highest in the U.S. These costs make development of eCommerce (or any use of significant bandwidth or connectivity speeds) cost-prohibitive. Moreover, the capacity of the current fiber optic cable will be reached in 2-4 years, which will deter investors from starting up Internet-dependent businesses in the territory. Some businesses (e.g., call centers) also require fiber optic redundancy, which American Samoa lacks.
<b>Desired outcome</b>	i) Reduction in bandwidth costs to a level that keeps American Samoa competitive. ii) A road map to increased capacity so there is no foreseeable choke point. iii) A road map to redundancy so that deterrent is eliminated.
<b>Project</b>	i) If necessary, AS should consider subsidizing bandwidth for businesses engaged in eCommerce or significant productivity enhancement. ii and iii) Pursue new fiber optic cable to supplement existing ASH cable.
<b>Cost</b>	Variable
<b>Lead organization</b>	Economic development agency
<b>Other organizations</b>	NA
<b>Funding source</b>	USEDA, Federal rural development agency, Federal rural bandwidth initiative
<b>Start year</b>	2014
<b>Duration</b>	Ongoing

<b>3b. Form eCommerce Task Force to attract operators/investors</b>	
<b>Problem</b>	Although most of the constituent components of an Internet-enabled back-office eCommerce operation exist in American Samoa, no operator has yet been willing to proceed with a business start-up here.
<b>Desired outcome</b>	Commitment of investor to begin an eCommerce business in American Samoa.
<b>Project</b>	Creation of a task force to identify “what it will take” to persuade a potential operator to commit to American Samoa (e.g., bandwidth subsidy, tax incentive, subsidized on-the-job training), and to determine if the benefits that flow from creating the necessary conditions is worth the cost to the territory.
<b>Cost</b>	\$0

<b>Lead organization</b>	Economic development agency
<b>Other organizations</b>	DHR/Workforce
<b>Funding source</b>	N/A
<b>Start year</b>	2013
<b>Duration</b>	24 months

<b>3c. Leverage opportunities provided by BLAST project</b>	
<b>Problem</b>	As the BLAST project gets built out in 2013 and 2014 with fiber-to-the-premises and VLAN capabilities, no action plans are in place to use this new capability to make economic development progress, and no agency is engaged in thinking about how the BLAST capabilities can be leveraged to create jobs and economic development.
<b>Desired outcome</b>	New economic development activities that make use of the new capabilities provided by BLAST project, such as home-based or centralized eCommerce workplaces.
<b>Project</b>	Create a strategy for using BLAST capabilities in support of home-based or centralized eCommerce jobs.
<b>Cost</b>	\$0
<b>Lead organization</b>	Economic Development agency
<b>Other organizations</b>	ASTCA
<b>Funding source</b>	N/A
<b>Start year</b>	2013
<b>Duration</b>	24 months

#### 4. Increase Desirable Import Substitution

- a. Provide occasional equipment services to farmers (e.g., tillers, bobcat).
- b. Subsidize feed and fertilizer.
- c. Assist Manu'a fishing co-op.
- d. Assist Manu'a farming co-op.
- e. Develop roads to agricultural lands.
- f. Develop west side market for fishermen and farmers.
- g. Replace imported labor with local labor.
- h. Improve success rates on local military exams.

<b>4a. Provide occasional equipment services to farmers (e.g., tillers, Bobcat)</b>	
<b>Problem</b>	Most farms in American Samoa are too small to justify purchase of expensive equipment that is only needed on an occasional basis. However occasional use of such equipment can provide a big productivity boost to local farmers.
<b>Desired outcome</b>	Increased local production of produce due to an expanded number of acres under highly productive cultivation.
<b>Project</b>	Department of Agriculture to obtain the kind of equipment (e.g., tillers, Bobcat) that farmers occasionally need, and then charge an affordable fee for the use of that equipment to farmers involved in DOA programs.
<b>Cost</b>	\$150,000
<b>Lead organization</b>	Department of Agriculture
<b>Other organizations</b>	Land Grant
<b>Funding source</b>	USEDA, USDA, TBD
<b>Start year</b>	2013

<b>Duration</b>	18 months
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<b>4b. Subsidize feed and fertilizer</b>	
<b>Problem</b>	Animal feed and plant fertilizer are so expensive that American Samoa farmers produce lower yields of meat, eggs and produce because they can't afford the level of feed and fertilizer that would maximize their production.
<b>Desired outcome</b>	Increases in number of farmers, farms, and production, leading to increased production of locally-raised foods
<b>Project</b>	Fund animal feed and plant fertilizer brought in by Department of Agriculture (or a private partner, under a public/private partnership).
<b>Cost</b>	NA
<b>Lead organization</b>	Department of Agriculture
<b>Other organizations</b>	NA
<b>Funding source</b>	Local funds
<b>Start year</b>	2013
<b>Duration</b>	Ongoing

<b>4c. Assist Manu'a fishing coop</b>	
<b>Problem</b>	Expansion of the fishing industry in the Manu'a Islands will not take place until several hurdles are overcome, including access to fuel, ice and advanced fishing and fish-handling techniques. Plus, transportation, distribution, marketing, and handling of payments.
<b>Desired outcome</b>	More Manu'a fishermen making more money. More locally-caught fish in local diet.
<b>Project</b>	Assist ongoing efforts to create a coop for Manu'a fishermen.
<b>Cost</b>	\$100,000
<b>Lead organization</b>	DMWR
<b>Other organizations</b>	TBD
<b>Funding source</b>	Western Pacific Fisheries Management Council
<b>Start year</b>	2012
<b>Duration</b>	3 years

<b>4d. Assist Manu'a farming coop</b>	
<b>Problem</b>	Manu'a farmers have the same hurdles as Tutuila farmers to overcome, plus remote location, transportation, distribution, marketing, and handling of payments.
<b>Desired outcome</b>	More Manu'a families earning more money from farming activities that provide food for local consumption or export.
<b>Project</b>	Newly formed coop seeks funding for a comprehensive farm-to-table project.
<b>Cost</b>	\$70,000
<b>Lead organization</b>	Development Bank of American Samoa
<b>Other organizations</b>	Department of Agriculture
<b>Funding source</b>	USED A
<b>Start year</b>	2013
<b>Duration</b>	12 months

<b>4e. Develop roads to agricultural lands</b>	
<b>Problem</b>	Potential agricultural land is unutilized due to a lack of road access.
<b>Desired outcome</b>	Increased local production of produce due to an expanded number of acres under cultivation.
<b>Project</b>	Identify areas where agricultural production would expand if there were better access for vehicles and, where feasible, develop farm roads to reach those areas.
<b>Cost</b>	TBD
<b>Lead organization</b>	Department of Agriculture
<b>Other organizations</b>	Department of Public Works, Samoan Affairs
<b>Funding source</b>	USEDA, USDA
<b>Start year</b>	2013
<b>Duration</b>	Ongoing

<b>4f. Develop west side market for fishermen and farmers</b>	
<b>Problem</b>	Newly developed Fagatogo marketplace is far away from population centers, and has insufficient parking. Thus sales are not maximized.
<b>Desired outcome</b>	Additional market outlet for local farmers and fishermen, located near residential population centers and other retail shopping, with adequate parking.
<b>Project</b>	Create a public/private partnership to develop a produce and fish market on the west side of the island.
<b>Cost</b>	\$500,000
<b>Lead organization</b>	Economic development agency
<b>Other organizations</b>	Department of Agriculture
<b>Funding source</b>	USEDA
<b>Start year</b>	2014
<b>Duration</b>	24 months

<b>4g. Replace imported labor with local labor</b>	
<b>Problem</b>	Jobs in American Samoa are being filled with foreign nationals even as high unemployment of American Samoans persists, due to an imbalance between supply and demand at prevailing wages.
<b>Desired outcome</b>	American Samoans in full employment.
<b>Project</b>	Analyze unemployment and hiring patterns in order to devise strategy.
<b>Cost</b>	\$0
<b>Lead organization</b>	Economic development agency
<b>Other organizations</b>	Department of Human Resources, Immigration Office
<b>Funding source</b>	N/A
<b>Start year</b>	2013
<b>Duration</b>	18 months

<b>4h. Improve success rates on local military tests</b>	
<b>Problem</b>	Many American Samoans wish to enlist in the U.S. Armed Forces and thereby earn a livelihood and a skill, but too many potential enlistees are not allowed in the Armed Forces because they score too low on the ASVAB test.
	A higher percentage of young people who want to join the US

<b>Desired outcome</b>	Armed Forces passing the ASVAB, thereby able to enlist, earn a livelihood, and gain a skill. Veterans are one of American Samoa's greatest assets.
<b>Project</b>	ASVAB boot camp classes designed to help enrollees pass ASVAB tests (and, not incidentally) make up for educational deficiencies affecting job readiness.
<b>Cost</b>	\$200,000/year
<b>Lead organization</b>	ASCC
<b>Other organizations</b>	ASDOE, JROTC, US Armed Forces recruiters.
<b>Funding source</b>	TBD
<b>Start year</b>	2014
<b>Duration</b>	Ongoing

## 5. Increase access to capital and help start-ups

- a. Provide additional capital to Development Bank.
- b. Develop incubator facility with commercial kitchen for fledgling enterprises.

<b>5a. Provide additional capital to American Samoa Development Bank</b>	
<b>Problem</b>	Unlike commercial banks, the Development Bank's charter encourages lending to new business ventures. There will be greater demand for such lending as economic development becomes a higher priority and greater necessity in American Samoa, yet DBAS funds and other sources of seed capital are limited, and the limited funds available are not always used in a manner that directly supports established economic development priorities.
<b>Desired outcome</b>	Expanded borrowing options for local businesses that are engaged in export, import substitution or tourism economic activities.
<b>Project</b>	Provide funds to the Development Bank to be used for local businesses that are engaged in export, import substitution or tourism economic activities consistent with CEDS goals. Repayment would be made to the Development Bank and used for similar lending in later years.
<b>Cost</b>	\$1 million/year
<b>Lead organization</b>	Development Bank of American Samoa
<b>Other organizations</b>	Economic development agency
<b>Funding source</b>	USEDA
<b>Start year</b>	2013
<b>Duration</b>	Five years

<b>5b. Develop incubator facility with commercial kitchen for fledgling enterprises</b>	
<b>Problem</b>	As in many other locales, many locals with an entrepreneurial spirit have the will but lack the logistical means to start a business. Moreover, American Samoa has very few options for appropriate commercial real estate for such start-ups and the start-ups also often lack the complete suite of business skills to get their idea off the ground. Development of an Incubator Facility will provide a place and a supportive environment for start-ups. By including a time-shared commercial kitchen, food-oriented start-ups will have a chance to launch without making an unaffordable initial commitment to equipment.

<b>Desired outcome</b>	An opportunity for fledgling entrepreneurs to start up their businesses, take root, and expand into conventional commercial spaces after proving their business model and receiving training and assistance to increase the likelihood of sustainability.
<b>Project</b>	Provide funds to a public/private partnership to develop an Incubator Facility in an existing or new building to house start-up companies, provide training and business services support, and to offer commercial kitchen facilities on a time-shared basis for food-oriented enterprises.
<b>Cost</b>	\$500,000
<b>Lead organization</b>	Economic Development agency
<b>Other organizations</b>	SBDC
<b>Funding source</b>	USEDA
<b>Start year</b>	2013
<b>Duration</b>	Five years

## 6. Seek new export industry opportunities

- a. Continue efforts to fund export opportunity study.

<b>6a. Continue efforts to fund export opportunity study</b>	
<b>Problem</b>	Identifying viable export businesses for American Samoa (beyond Fisheries and Tourism) requires a careful calculus that looks at wages, transportation requirements, utility requirements, telecom requirements, international trade and tariff rules, USA procurement rules and other factors. Relying on common sense will not suffice, and American Samoa cannot rely on private companies to perform this research either. Specialized analytic skills will be needed to identify how American Samoa's comparative advantages can be combined to create viable business opportunities.
<b>Desired outcome</b>	Credible analysis and findings on what specific forms of manufacturing and services can be profitably undertaken in American Samoa, in order to maximize the effectiveness of American Samoa's investment recruitment efforts.
<b>Project</b>	Identify viable manufacturing and services that can be performed in American Samoa, as well as a methodology for analyzing proposals, for use in the territory's investment recruitment efforts.
<b>Cost</b>	\$90,000
<b>Lead organization</b>	Department of Commerce
<b>Other organizations</b>	
<b>Funding source</b>	USEDA
<b>Start year</b>	2013
<b>Duration</b>	12 months

## II. Business Constraints

### 1. Federal Government Constraints

- a. Promote consensus amongst Governor, Fono, and American Samoa's member of Congress on federal matters.
- b. Ensure effective representation of territorial government in Washington, D.C.
- c. Resolve the US minimum wage issue in American Samoa.
- d. Resolve US Corporate tax incentive policies toward American Samoa.



- e. Seek formal American Samoa voice in US trade and other key policy areas.
- f. Remove prohibition against foreign air carrier service between US and American Samoa.
- g. Retain American Samoa Government control of immigration system.
- h. Seek US political status goals and policy principles for American Samoa.
- i. Seek a general federal policy for the territories.
- j. Seek political status economic content for stability.
- k. Seek avenues for modifying federal environmental laws and regulations applicable to American Samoa.

<b>1a. Promote consensus amongst Governor, Fono, and American Samoa's member of Congress.</b>	
<b>Problem</b>	Experience has proven time and again that the most effective way to make progress advancing an agenda in Washington, DC at the political (Congressional) and executive level is with a unified message supported by American Samoa's Governor, Fono, and Congressman. Such unity is not always present when the Governor or Congressman have initiatives that require federal review and approval, or when responding to federal actions.
<b>Desired outcome</b>	Progress in advancing an agenda that will increase the prospects of economic development in American Samoa by easing federal constraints to economic development and increasing federally derived benefits to investing in the territory.
<b>Project</b>	Creation of a federal agenda with unified support from American Samoa's Governor, Congressman and Fono.
<b>Cost</b>	\$0
<b>Lead organization</b>	Governor's Office, Congressman's Office, Fono
<b>Other organizations</b>	Economic Development agency
<b>Funding source</b>	N/A
<b>Start year</b>	2013
<b>Duration</b>	Ongoing

<b>1b. Resolve the US minimum wage issue in American Samoa</b>	
<b>Problem</b>	The American Samoa minimum wage issue remains unresolved in that, absent further action from Congress, minimum wages will start rising again in 2015 and continue rising until the minimum wages in American Samoa reach the US minimum wage. Studies over the past five years by ASG, GAO, and the US Department of Labor have confirmed the likelihood of disastrous effects on American Samoa's economy from minimum wage increases that are presently required in federal law, which were approved by Congress with little or no local input.
<b>Desired outcome</b>	A minimum wage scheme that is acceptable to Congress, the federal government, the local government and the American Samoa community, which preserves economic development opportunities and leads to higher levels of prosperity for American Samoa's workers.
<b>Project</b>	Work with DOI and DOL to design an acceptable solution to take to Congress.
<b>Cost</b>	\$0
<b>Lead organization</b>	Governor's Office
<b>Other organizations</b>	Congressman's Office, Fono, DHR, Economic Development

	agency.
<b>Funding source</b>	N/A
<b>Start year</b>	2013
<b>Duration</b>	24 months

<b>1c. Resolve US Corporate tax incentive policies toward American Samoa</b>	
<b>Problem</b>	US corporate tax incentives pertaining to American Samoa have not been resolved but been continued to be renewed on an ad hoc basis.
<b>Desired outcome</b>	Make American Samoa's 30A tax exemptions permanent and ensure that the tax exemption measures endorsed by Congress will effectively assist investment recruitment efforts. .
<b>Project</b>	Work with DOI and IRS to create an acceptable proposal for review by Congress.
<b>Cost</b>	\$0
<b>Lead organization</b>	Governor's Office
<b>Other organizations</b>	Economic Development agency, ASG Tax Office, Congressman's Office.
<b>Funding source</b>	N/A
<b>Start year</b>	2013
<b>Duration</b>	24 months

<b>1d. Seek formal American Samoa voice in US trade and other key policy areas</b>	
<b>Problem</b>	American Samoa and other territories have no formal access to US international trade policy formulation or negotiations. International agreements have had and may again have significant economic effects on the economies of American Samoa.
<b>Desired outcome</b>	Promotion of American Samoa interests in international trade agreements, and avoidance of harm to American Samoa interests.
<b>Project</b>	Continuous efforts to ensure that American Samoa's voice is heard and needs accommodated by the US as it negotiates and implements international agreements.
<b>Cost</b>	\$0
<b>Lead organization</b>	Governor's Office
<b>Other organizations</b>	
<b>Funding source</b>	NA
<b>Start year</b>	2013
<b>Duration</b>	Ongoing

<b>1e. Remove prohibition against foreign air carrier service between US and American Samoa</b>	
<b>Problem</b>	American Samoa's air transport service to and from the US is severely restricted by US cabotage laws that prohibit foreign carriers from transporting passengers between American Samoa and other parts of the US.
<b>Desired outcome</b>	Cabotage waivers that recognize American Samoa's unique geographic conditions and promote additional options for travelers and freight that are headed to or from American Samoa.
<b>Project</b>	Follow through on recommendations from the Air Transport Marketing Study now underway (funded by USDOJ).

<b>Cost</b>	\$0
<b>Lead organization</b>	Governor's Office
<b>Other organizations</b>	Congressman's Office, Economic Development agency
<b>Funding source</b>	N/A
<b>Start year</b>	2013
<b>Duration</b>	12 months

<b>1f. Retain American Samoa Government control of immigration system</b>	
<b>Problem</b>	Local control of immigration is an important advantage to American Samoa especially in view of its limited labor force skill range and the need to bring in skilled workers and management for many industries. American Samoa may be only one serious controversy away from becoming a target for immigration federalization.
<b>Desired outcome</b>	Changes to immigration law and procedures that protect US interests while advancing American Samoa's ability to accommodate business needs in an effective, transparent fashion.
<b>Project</b>	Rewrite immigration law and procedures for Fono review and approval.
<b>Cost</b>	\$20,000
<b>Lead organization</b>	Dept of Legal Affairs
<b>Other organizations</b>	Economic Development agency, Dept of Homeland Security
<b>Funding source</b>	USEDA
<b>Start year</b>	2013
<b>Duration</b>	12 months.

<b>1g. Seek US establishment of political status goals and policy principles for American Samoa</b>	
<b>Problem</b>	The US has no political status goal for its unincorporated territories, and therefore no policy-guiding principle to avoid the economic disasters that have befallen American Samoa.
<b>Desired outcome</b>	A federally-recognized political status for American Samoa that is locally supported, protecting American Samoan interests and creating a framework for economic, social, cultural and historic progress.
<b>Project</b>	Further review of political status options and public's desires for change.
<b>Cost</b>	\$0
<b>Lead organization</b>	Governor's Office
<b>Other organizations</b>	Fono, Congressman's Office, ASEPA
<b>Funding source</b>	N/A
<b>Start year</b>	TB2013
<b>Duration</b>	Ongoing

<b>1h. Seek a general federal policy for the territories</b>	
	A federal policy on the territories would include not just economic development. It would also include education, health care, the environment, political status and other policy areas affecting economic development. American Samoa's unincorporated and unorganized status, small size, remoteness and other unique qualities call for special consideration. The

<b>Problem</b>	current federal suit regarding citizenship for American Samoan-born persons) could lead to many changes. They include federalization of immigration, border control, taxation, customs and more comprehensive application of the U.S. Constitution, which could potentially affect land and titles law, as well as economic development.
<b>Desired outcome</b>	Increased economic stability
<b>Project</b>	TBD
<b>Cost</b>	TBD
<b>Lead organization</b>	TBD
<b>Other organizations</b>	TBD
<b>Funding source</b>	TBD
<b>Start year</b>	TBD
<b>Duration</b>	TBD

**1i. Monitor economic content of proposed political status reforms.**

<b>Problem</b>	American Samoa is at the mercy of Congress's absolute Constitutional authority over US territories without a congressionally approved formal political status. There is no political status quo for American Samoa. American Samoa's political status is what the US Congress says it is whenever it passes a law that applies to American Samoa.
<b>Desired outcome</b>	American Samoa would protect its future economic development potential from the witting or unwitting actions of Congress that could devastate American Samoa's economy.
<b>Project</b>	TBD
<b>Cost</b>	TBD
<b>Lead organization</b>	TBD
<b>Other organizations</b>	TBD
<b>Funding source</b>	TBD
<b>Start year</b>	TBD
<b>Duration</b>	TBD

**1j. Seek modifications of federal environmental laws and regulations unsuited to American Samoa**

<b>Problem</b>	Conforming to federal laws designed for conditions in the 50 United States can be very costly with limited benefits for American Samoa. Yet there is no mechanism for federal review as to whether public policy would be better served if American Samoa's unique conditions were recognized.
<b>Desired outcome</b>	A process by which American Samoa could appeal the application of federal environmental rules and regulations for a determination if public policy can be advanced by recognition of unique conditions in American Samoa.
<b>Project</b>	The desired process would ideally be part of the political status reforms discussed in earlier action items.
<b>Cost</b>	\$0
<b>Lead organization</b>	ASEPA
<b>Other organizations</b>	Governor's Office
<b>Funding source</b>	N/A
<b>Start year</b>	2013

<b>Duration</b>	Ongoing
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## 2. Improve Territorial business climate

- a. Create an office dedicated exclusively to economic development.
- b. Revise immigration law, policy and procedures to better accommodate business labor requirements.
- c. Revise tax laws to reduce uncompetitive high tax rates.
- d. Strengthen higher education to encourage technological advancement.
- e. Revise tax incentive law, policies and procedures to increase desirable business outcomes.
- f. Help businesses find suitable land to meet their requirements.
- g. Revise incorporation laws to make them more convenient and flexible.
- h. Revise business license law and procedures to ease burden on business.
- i. Explore privatization of government functions/authorities.
- j. Elevate Chamber of Commerce role as an economic development partner.
- k. Consider reconstituting Governor's Economic Advisory Council.
- l. Improve local healthcare facilities and services.
- m. Improve education, scholarships and job readiness.

<b>2a. Create an office dedicated exclusively to economic development</b>	
<b>Problem</b>	Economic Development is so vital and challenging that it requires a dedicated focus and staff.
<b>Desired outcome</b>	An office with the focus, resources and influence to make significant progress in implementing the CEDS and positively influencing investment decisions.
<b>Project</b>	Using the authority of Title 11, Chapter 19, create an Economic Development Authority and staff it with the necessary staff (e.g., research, analysis, planning, coordinating, promoting, interacting, expediting, monitoring, etc.).
<b>Cost</b>	\$250,000 annually
<b>Lead organization</b>	Governor's Office
<b>Other organizations</b>	Department of Commerce
<b>Funding source</b>	Reprogramming, additional funds (USED A)
<b>Start year</b>	2013
<b>Duration</b>	Ongoing

<b>2b. Revise immigration law, policy and procedures to better accommodate business labor requirements</b>	
<b>Problem</b>	Immigration law and procedures are so complicated, time-consuming and unclear that legitimate businesses are handicapped in operations and dissuaded from undertaking activities for which non-local labor will be necessary. It neglects the needs of prospective investors. Also, the influx of non-locals with low wage expectations creates a low-wage economy that results in exodus of both skilled and unskilled American Samoa workers.
<b>Desired outcome</b>	New immigration law and procedures could make it relatively straightforward for companies to hire workers in a timely manner, and for investors to feel confident about their personal situation and that of their investment.
<b>Project</b>	Study issue and prepare legislation
<b>Cost</b>	\$10,000
<b>Lead organization</b>	Attorney General's Office

<b>Other organizations</b>	Economic Development agency
<b>Funding source</b>	USEDA
<b>Start year</b>	2013
<b>Duration</b>	12 months

<b>2c. Revise tax laws to reduce uncompetitive business tax rates</b>	
<b>Problem</b>	American Samoa's corporate tax rates are higher than those in the USA and other economies with which it competes for investment. This is especially true for foreign corporations, which can be liable for payment of an additional tax of 30 percent on payments to non-resident aliens for dividends, interest, rents, and royalties earned by foreign corporations in American Samoa.
<b>Desired outcome</b>	Reduction in tax rate. Repeal of non-resident alien tax.
<b>Project</b>	Study issue and prepare legislation.
<b>Cost</b>	\$10,000
<b>Lead organization</b>	Department of Treasury
<b>Other organizations</b>	Economic Development Agency
<b>Funding source</b>	USEDA
<b>Start year</b>	2013
<b>Duration</b>	12 months

<b>2d. Strengthen higher education to encourage technological advancement</b>	
<b>Problem</b>	American Samoa could benefit from a stronger ASCC IT program. It is difficult to find good IT people. In American Samoa, IT people are paid poorly, have poor tools to work with, and are often under appreciated. As a consequence, they are difficult to recruit and retain.
<b>Desired outcome</b>	Improved local IT skill supply
<b>Project</b>	TBD
<b>Cost</b>	
<b>Lead organization</b>	ASCC
<b>Other organizations</b>	IT Office
<b>Funding source</b>	TBD
<b>Start year</b>	2013
<b>Duration</b>	Open ended

<b>2e. Revise tax incentive law, policies and procedures to increase desirable business/investment outcomes</b>	
<b>Problem</b>	The existing tax exemption/incentive law is regarded by many people as arbitrary and uncertain, and its significance is thus discounted or unknowable by potential investors. Also, the effectiveness of the tax exemptions that are granted is not adequately monitored.
<b>Desired outcome</b>	A tax incentive program that is applied in a consistent manner to produce desired economic development outcomes.
<b>Project</b>	Revise tax incentive/exemption laws and procedures to create predictable outcomes for tax incentive applicants, and to incentivize desired outcomes.
<b>Cost</b>	\$25,000
<b>Lead organization</b>	Tax Office
<b>Other organizations</b>	Economic development agency

<b>Funding source</b>	USEDA
<b>Start year</b>	2013
<b>Duration</b>	12 months

<b>2f. Help businesses find suitable land to meet their requirements</b>	
<b>Problem</b>	Suitable land for long-term commercial leases is in short supply, and the private sector has difficulty learning about the options for government land, much of which is being underutilized. The purchase of land for commercial purposes is rarely an option, due to American Samoa's land laws.
<b>Desired outcome</b>	The economic development agency should have the capability to help businesspeople learn which government lands are available, and understand their options concerning private land. Scarce public lands suitable for commercial use should be carefully and transparently managed with priority given to export or import substitution activities.
<b>Project</b>	Create a database of government land as well as policies governing their use and availability. Maintain a less formal registry of private lands available for commercial lease.
<b>Cost</b>	\$25,000
<b>Lead organization</b>	Economic development agency
<b>Other organizations</b>	Attorney General, Territorial Registrar
<b>Funding source</b>	USEDA
<b>Start year</b>	2013
<b>Duration</b>	18 months

<b>2g. Revise incorporation laws to make them more convenient and flexible</b>	
<b>Problem</b>	Existing law does not allow Limited Liability Corporations or Limited Liability Partnerships, which are very common and often preferred forms of corporate structure. Also, the time required to obtain corporate registration is considered a problem by prospective investors, who are also uncertain of the outcome of their applications.
<b>Desired outcome</b>	Revision of corporate law to allow LLC and LLPs, and simple online corporate registration consistent with minimum requirements necessary to accomplish government needs.
<b>Project</b>	Revise laws and procedures. Create online capability.
<b>Cost</b>	\$40,000
<b>Lead organization</b>	Attorney General's Office
<b>Other organizations</b>	Economic Development agency, Governor's Office
<b>Funding source</b>	USEDA
<b>Start year</b>	2013
<b>Duration</b>	12 months

<b>2h. Revise business license law and procedures to ease burden on business</b>	
<b>Problem</b>	Existing business license procedures require a lot of time and effort and are a source of frustration and uncertainty.
<b>Desired outcome</b>	Revision of business license procedures and requirements to the minimum necessary to accomplish government needs.

<b>Project</b>	Revise laws and procedures. Create online capability. Considerable progress has been made in drafting proposed new law, which awaits Fono review.
<b>Cost</b>	\$0
<b>Lead organization</b>	Department of Commerce
<b>Other organizations</b>	Attorney General, Governor's Office
<b>Funding source</b>	N/A
<b>Start year</b>	2012
<b>Duration</b>	Already started.

<b>2i. Explore privatization of government functions/authorities</b>	
<b>Problem</b>	The American Samoa Government performs many functions that could be performed by the private sector in a more cost-effective manner, freeing up government resources for other purposes and strengthening the private sector. Also, in some cases, the government's present involvement prevents private sector initiative that would otherwise arise to meet public demand.
<b>Desired outcome</b>	Transition some government functions and agencies from the public to private sector, with corresponding increases in tax revenues, efficiency, and improved service, while ensuring fair treatment of affected workers.
<b>Project</b>	Privatization tenders (outsourcing or sale) following study and deliberation.
<b>Cost</b>	\$60,000
<b>Lead organization</b>	Procurement Office
<b>Other organizations</b>	Attorney General, economic development agency
<b>Funding source</b>	USEDA, DOI (TA)
<b>Start year</b>	2013
<b>Duration</b>	Ongoing

<b>2j. Elevate Chamber of Commerce role as an economic development partner</b>	
<b>Problem</b>	The likelihood of attracting investment is much higher if there is a meaningful role for the private sector in developing and implementing economic development policy.
<b>Desired outcome</b>	Potential investors are impressed by the public/private teamwork in American Samoa, and see that the teamwork has created an environment with meaningful benefits for investors.
<b>Project</b>	Strengthen the Chamber's capabilities to include training and workshops, and establish a formal consultative role with the government's economic development office.
<b>Cost</b>	\$75,000/year
<b>Lead organization</b>	Chamber of Commerce
<b>Other organizations</b>	Economic Development agency
<b>Funding source</b>	Chamber of Commerce, USED A
<b>Start year</b>	2013
<b>Duration</b>	Ongoing

<b>2k. Consider reconstituting Governor's Economic Advisory Council</b>	
	The likelihood of attracting investment is much higher if there is a meaningful role for the private sector in developing and implementing economic development policy. Such an advisory



<b>Problem</b>	council can provide a valuable sounding board for the public sector. It can also assist in alerting the government to economic development opportunities and constraints.
<b>Desired outcome</b>	Potential investors are impressed by the public/private teamwork in American Samoa, and see that the teamwork has created an environment with meaningful benefits for investors.
<b>Project</b>	If the Chamber of Commerce is not used as the mechanism for public/private teamwork, reconstitute the Governor's Economic Advisory Council and give the Council a meaningful role (e.g., participation in formal promotion efforts).
<b>Cost</b>	\$10,000/year
<b>Lead organization</b>	Governor's Office
<b>Other organizations</b>	GEAC, Economic Development Agency
<b>Funding source</b>	USEDA
<b>Start year</b>	2013
<b>Duration</b>	Ongoing

## **2l. Improve local health education, facilities and services**

<b>Problem</b>	American Samoa's resident population has very high incidence of diabetes, high blood pressure, heart disease, obesity and other NCDs (non-communicable diseases), while the local healthcare system struggles with low funding and associated service delivery issues. Adequate healthcare and education are an important need and can adversely affect the work force and the decisions of prospective investors.
<b>Desired outcome</b>	A healthy American Samoa workforce with ready access to good health care, resulting from reductions in NCDs and improvements to hospital, outpatient clinics and public health programs
<b>Project</b>	Various
<b>Cost</b>	TBD
<b>Lead organization</b>	Public Health, LBJ
<b>Other organizations</b>	NGOs
<b>Funding source</b>	TBD
<b>Start year</b>	Ongoing
<b>Duration</b>	Ongoing

## **2m. Improve education, scholarships and job readiness**

<b>Problem</b>	Test scores and anecdotal evidence indicate that students in American Samoa lag behind national achievement norms in basic academic preparation, thus limiting their future options and limiting their readiness to fill the kind of higher-level jobs needed to increase productivity and economic development in American Samoa. Education must be improved for American Samoa's youth and its economy.
<b>Desired outcome</b>	School leavers better able to compete in the local and off-island arena of higher education and employment.
<b>Project</b>	Various. Consider shifting off-island scholarships and associated funding to ASCC, as a means to promote a high academic standard at ASCC and provide ASCC with funds that would otherwise accrue to the benefit of off-island institutions.
<b>Cost</b>	TBD

<b>Lead organization</b>	DOE, ASCC
<b>Other organizations</b>	Various
<b>Funding source</b>	TBD
<b>Start year</b>	Ongoing
<b>Duration</b>	Ongoing

### III. Economic Infrastructure

#### 1. Improve Internal and External Transportation

- a. Implement high priority, updated elements of the Port Master Plan (including new cruise ship dock, as listed previously).
- b. Implement high priority elements of the Airport Master Plan.
- c. Implement Air Transport Study Recommendations (slated for 2013 completion).
- d. Maintain private aiga bus system.
- e. Solve Manu'a sea transportation problems.
- f. Solve Manu'a air transportation problems.

<b>1a. Implement high priority elements of the Port Master Plan</b>	
<b>Problem</b>	The Port Master Plan cannot be fully implemented due to funding constraints.
<b>Desired outcome</b>	Full implementation of PMP, with associated benefits for seaborne transport in American Samoa.
<b>Project</b>	TBD
<b>Cost</b>	TBD
<b>Lead organization</b>	Department of Port Administration
<b>Other organizations</b>	NA
<b>Funding source</b>	USEDA
<b>Start year</b>	2013
<b>Duration</b>	Five years

<b>1b. Implement high priority elements of the airport master plan</b>	
<b>Problem</b>	New Airport Master Plan cannot be fully implemented due to funding constraints.
<b>Desired outcome</b>	Full implementation of AMP, with associated benefits for air transport in American Samoa.
<b>Project</b>	TBD
<b>Cost</b>	TBD
<b>Lead organization</b>	Department of Port Administration
<b>Other organizations</b>	
<b>Funding source</b>	FAA, USED A
<b>Start year</b>	2013
<b>Duration</b>	Five years

<b>1c. Implement Air Transport Study Recommendations (slated for 2013 completion)</b>	
<b>Problem</b>	The scope of work for the ATS clearly lays out the challenges affecting air transport in American Samoa and the changes American Samoa hopes to make and see made.
<b>Desired outcome</b>	More frequent and less expensive air service for passengers and cargo.
<b>Project</b>	Implement recommendations of forthcoming ATS.

<b>Cost</b>	TBD
<b>Lead organization</b>	TBD
<b>Other organizations</b>	TBD
<b>Funding source</b>	TBD
<b>Start year</b>	TBD
<b>Duration</b>	TBD

<b>1d. Maintain private aiga bus system</b>	
<b>Problem</b>	A large percentage of the territory's working and job-seeking population depends on the aiga bus system, which receives no government subsidy.
<b>Desired outcome</b>	Safe, reliable, convenient, and affordable options for public transportation, providing viable options for students, job seekers and employees to get to and from work, school and home.
<b>Project</b>	TBD
<b>Cost</b>	TBD
<b>Lead organization</b>	Commerce Commission
<b>Other organizations</b>	TBD
<b>Funding source</b>	TBD
<b>Start year</b>	TBD
<b>Duration</b>	TBD

<b>1e. Solve Manu'a sea transportation problems</b>	
<b>Problem</b>	The population in the Manu'a Islands has been dropping steadily for many decades. Population decreases has led to shipping decreases, which in turn leads to further population decrease. The government sea transportation program for Manu'a has faced many challenges, including acquiring, maintaining and replacing the appropriate vessels, maintaining a schedule (presently, every two weeks) navigating the small and exposed harbors in Manu'a, access to adequate funding, crew staffing, and a host of other problems.
<b>Desired outcome</b>	Frequent, reliable, affordable shipping services (freight and passengers) for the Manu'a islands.
<b>Project</b>	In light of government's difficulties in providing this service, investigate a subsidized privatization contract.
<b>Cost</b>	TBD
<b>Lead organization</b>	Port
<b>Other organizations</b>	Manu'a District Governor, Procurement
<b>Funding source</b>	TBD
<b>Start year</b>	2013 (a new federally-funded Manu'a vessel is expected to go into service in 2013)
<b>Duration</b>	Ongoing

<b>1f. Solve Manu'a air transportation problems</b>	
	The population in the Manu'a Islands has been dropping steadily for many decades. Population decreases have led to flight decreases, which in turn leads to further population decreases. The runway on Ofu is too short to accommodate the private commercial airplane servicing Ta'u, and cannot be lengthened

<b>Problem</b>	due to physical and environmental constraints.
<b>Desired outcome</b>	Frequent, reliable, affordable air transportation to Ofu and Ta'u islands.
<b>Project</b>	TBD
<b>Cost</b>	TBD
<b>Lead organization</b>	TBD
<b>Other organizations</b>	TBD
<b>Funding source</b>	TBD
<b>Start year</b>	TBD
<b>Duration</b>	TBD

## 2. Lower Electricity Costs

1a. Increase cost-effective power generation from alternative sources.

<b>2a. Increase cost-effective power generation from alternative sources</b>	
<b>Problem</b>	The cost of electricity in American Samoa is very high (approximately 4 times greater than the US average) and the territory is heavily dependent on importation of diesel fuel. The territory maintains less than a month's supply of diesel fuel and that supply is vulnerable as it is stored in a single facility, which is distant from the largest power generating plant.
<b>Desired outcome</b>	Lower-cost electrical power, produced from local renewable resources in a decentralized fashion to reduce vulnerability to disruption.
<b>Project</b>	TBD. In the past few years, American Samoa has done a great deal of research into its renewable energy options (including solar, wind, geothermal, OTEC) and has implemented many projects, including a large solar array and many small solar installations. In the years ahead, it will become much clearer which options are the best choices for the territory.
<b>Cost</b>	TBD
<b>Lead organization</b>	Territorial Energy Office, ASPA,
<b>Other organizations</b>	Renewable Energy Task Force
<b>Funding source</b>	TBD
<b>Start year</b>	TBD
<b>Duration</b>	TBD

## 3. Harbor Area Commercial Center

- Integrate cruiseships with Fagatogo.
- Rehabilitate Rainmaker site.
- Improve the central bus terminal area.
- Initiate boardwalk project.
- Fagatogo renewal.

<b>3a. Integrate cruiseships with Fagatogo</b>	
<b>Problem</b>	Visitors disembarking from cruise ships are not funneled to the Fagatogo malae, market and commercial areas.
<b>Desired outcome</b>	Fagatogo serving as the point of focus for disembarking cruise ship passengers.
	Work with a wide variety of parties to design the programmatic and logistical and geographic means by which Fagatogo can

<b>Project</b>	become the point of entertainment and commercial focus for disembarking cruise ship passengers. This effort would include development of the new cruise ship dock as outlined in the Port Master Plan.
<b>Cost</b>	TBD
<b>Lead organization</b>	Economic Development agency
<b>Other organizations</b>	ASVB, Port, Public Works, Commerce Commission, Village of Fagatogo
<b>Funding source</b>	TBD

<b>3b. Rehabilitate Rainmaker site</b>	
<b>Problem</b>	The un-rehabilitated portion of the former Rainmaker Hotel is an unsafe eyesore. It is a lost opportunity that prevents the harbor area from achieving its commercial and aesthetic potential.
<b>Desired outcome</b>	Replacement of existing derelict buildings with a new project that provided a commercial spark to the territory at this unparalleled site.
<b>Project</b>	Raze existing buildings and invite proposals for redevelopment.
<b>Cost</b>	\$450,000
<b>Lead organization</b>	Department Bank of American Samoa (major shareholder)
<b>Other organizations</b>	Public Works, Economic Development agency, ASVB, Development Bank
<b>Funding source</b>	USEDA

<b>3c. Improve the central bus terminal area</b>	
<b>Problem</b>	The area around the excellent new marketplace is dominated by a rundown and poorly functioning bus terminal, and contributes to the shabby appearance and poor functionality of the downtown area.
<b>Desired outcome</b>	A comfortable, convenient downtown bus terminal that complements instead of detracts from the market.
<b>Project</b>	Design and construction of a comfortable, convenient downtown bus terminal that complements instead of detracts from the market.
<b>Cost</b>	\$1.5 million (wild guess)
<b>Lead organization</b>	Department of Public Works
<b>Other organizations</b>	
<b>Funding source</b>	USEDA, USDOT

<b>3d. Initiate boardwalk project</b>	
<b>Problem</b>	Preliminary plans have been developed for a continuous, or mostly continuous, shorefront boardwalk from Utulei to Malaloa, but lack of funding has prevented substantial progress on the project, leading to the shabby shorefront that detracts from the magnificent views of Pago Pago harbor that would otherwise be highlighted.
<b>Desired outcome</b>	Replacement of unsafe and unsightly pedestrian areas with a beautiful, safe and appealing boardwalk.
<b>Project</b>	Construction of the boardwalk in those parts of the target area that are ripe for construction at this time (e.g., behind the Fono Building and Fagatogo Square).

<b>Cost</b>	\$1 million (wild guess)
<b>Lead organization</b>	Department of Public Works
<b>Other organizations</b>	
<b>Funding source</b>	USEDA

<b>3e. Fagatogo renewal</b>	
<b>Problem</b>	Even though the population and commercial activity in American Samoa has shifted westwards, Fagatogo remains a vital commercial center for the territory. The area is, however, run down and in need of renewal to regain its appeal to residents and visitors.
<b>Desired outcome</b>	An attractive, safe commercial and government district in Fagatogo.
<b>Project</b>	Update and implement plans for Fagatogo renewal.
<b>Cost</b>	\$1 million (wild guess)
<b>Lead organization</b>	Commerce/planning.
<b>Other organizations</b>	Department of Public Works, Development Bank, Village of Fagatogo
<b>Funding source</b>	USEDA

#### 4. Fisheries Industry Infrastructure

- a. Locate suitable sites for cannery cold storage facilities.
- b. Facilitate seawall rebuilding to protect fish processing facilities located on government land.
- c. Develop or designate a dock for longliners and alias.

<b>4a. Locate suitable site for cannery cold storage facilities</b>	
<b>Problem</b>	American Samoa's largest employer, StarKist Samoa, needs conveniently located suitable land to construct a new cold storage facility.
<b>Desired outcome</b>	Private sector construction of a new cold storage facility in a location that is convenient for StarKist while appropriately sited in terms of its impact on the community.
<b>Project</b>	Identify potential sites and work through issues attendant, leading to a lease.
<b>Cost</b>	\$0
<b>Lead organization</b>	Economic Development agency
<b>Other organizations</b>	Department of Legal Affairs
<b>Funding source</b>	N/A
<b>Start year</b>	2013
<b>Duration</b>	12 months

<b>4b. Facilitate seawall rebuilding to protect fish processing facilities located on government land</b>	
<b>Problem</b>	Repairs need to be made to the existing seawall that protects publicly owned reclaimed land leased to Tri-Marine.
<b>Desired outcome</b>	Fifty more years of protection for valuable reclaimed public land.
<b>Project</b>	Revetment work
<b>Cost</b>	\$5 million
<b>Lead organization</b>	Tri-Marine
<b>Other organizations</b>	Army Corps of Engineers (permit pending)
<b>Funding source</b>	Tri-Marine

<b>Start year</b>	2013
<b>Duration</b>	18 months

<b>4c. Develop or designate dock for longliners and alias</b>	
<b>Problem</b>	Local longliners have no designated parking area in the harbor, unlike alias, sports fishing boats, etc. and are forced frequently to relocate.
<b>Desired outcome</b>	A stable home base for local fleet
<b>Project</b>	Using the Port Master Plan, identify and develop an area in the harbor as the home for longliners.
<b>Cost</b>	TBD
<b>Lead organization</b>	Department of Port Administration
<b>Other organizations</b>	
<b>Funding source</b>	TBD
<b>Start year</b>	2013
<b>Duration</b>	TBD

## **5. Visitor Industry Infrastructure**

- a. Rebuild Cable Car and make Mt Alava improvements.
- b. Develop yacht moorings and conveniences.
- c. Invest in 100-ton lift for Shipyard.
- d. Construct visitors center.
- e. Develop marina.

<b>5a. Rebuild Cable Car and Make Mt. Alava Improvements</b>	
<b>Problem</b>	Pago Pago Harbor's world famous cable car, which was the exciting iconic symbol of American Samoa's early tourism industry, was decommissioned several years ago. The Tourism Master Plan recommends rebuilding the cable car and making improvements to the summit station on Mt Alava, which is at the edge of the National Park of American Samoa.
<b>Desired outcome</b>	Fabulous gateway to the National Park of American Samoa. Cable car outings that are the highlight of every cruise ship call and visitor's experience.
<b>Project</b>	As part of a public-private partnership, rebuild the cable car and the stations at the top and bottom to serve tourists and those wishing to learn about and visit the National Park.
<b>Cost</b>	\$10 million
<b>Lead organization</b>	Department of Public Works
<b>Other organizations</b>	ASVB, National Park
<b>Funding source</b>	USEDA, National Park, public/private partnership
<b>Start year</b>	2013
<b>Duration</b>	36 months

<b>5b. Develop Yacht Moorings and Conveniences</b>	
<b>Problem</b>	Cruising yachts avoid Pago Pago or stay only a short time in Pago Pago Harbor due to a lack of safe moorings and on-shore conveniences.
<b>Desired outcome</b>	Increased number of yacht visits and increased length of stay.
	Create safe and secure mooring stations in the end of the harbor.

<b>Project</b>	At a designated onshore spot, encourage private development of a convenience center for yachters (e.g., bathrooms and showers and laundromat) that can be further developed to include tourism features (e.g., internet café, restaurants). Designate a dock where a few boats can tie up for one or two days for loading, unloading and quick repairs.
<b>Cost</b>	\$500,000
<b>Lead organization</b>	Department of Port Administration
<b>Other organizations</b>	ASVB
<b>Funding source</b>	USEDA, public/private partnership
<b>Start year</b>	2013
<b>Duration</b>	18 months

#### 5c. Invest in 100-ton lift for Shipyard

<b>Problem</b>	American Samoa has no facilities for smaller boats to haul out economically and no fiberglass repair capabilities at shipyard.
<b>Desired outcome</b>	Shipyard capability to haul out and work on fiberglass-hulled boats at a competitive price, increasing American Samoa's attractiveness as a destination for yachts and providing direct employment at shipyard.
<b>Project</b>	Purchase and installation of a 100-ton lift for the shipyard, as well as developing the skills to work on fiberglass-hulled boats and cruising yachts.
<b>Cost</b>	\$1 million
<b>Lead organization</b>	American Samoa Shipyard
<b>Other organizations</b>	
<b>Funding source</b>	USEDA, Shipyard
<b>Start year</b>	2013
<b>Duration</b>	12 months

#### 5d. Construct visitors center

<b>Problem</b>	American Samoa lacks an attractive facility for visitors to obtain information about their options in the territory; such a center is expected and relied on by visitors.
<b>Desired outcome</b>	Suitably located and suitably impressive visitors center to assist tourists.
<b>Project</b>	Design and construct visitors center.
<b>Cost</b>	\$1 million
<b>Lead organization</b>	ASVB
<b>Other organizations</b>	TBD
<b>Funding source</b>	USEDA
<b>Start year</b>	2014
<b>Duration</b>	18 months

#### 5e. Develop marina

<b>Problem</b>	American Samoa lacks a marina for ocean-traversing pleasure boats, and thus misses out on a market that spends money and increases exposure.
<b>Desired outcome</b>	An inviting marina that will increase the number and duration of visits by pleasure boats.
<b>Project</b>	Construct a 20-slip marina in Pago Pago Harbor



<b>Cost</b>	\$3 million
<b>Lead organization</b>	Public/Private partnership
<b>Other organizations</b>	(Many)
<b>Funding source</b>	USED A, public/private partnership
<b>Start year</b>	2014
<b>Duration</b>	24 months