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Honorable Eileen Sobeck  
Acting Deputy Assistant Secretary for Insular Areas  
Office of Insular Affairs  
United States Department of the Interior  
1849 C Street, NW  
Washington, DC 20240

Dear Ms. Sobeck:

Thank you for your letter of January 16<sup>th</sup>, which was received by my office on January 29, 2013, extending the invitation to join Honorable Ken Salazar and the White House Director of Intergovernmental Affairs, David Agnew in the Interagency Group on Insular Affairs (IGIA) discussions of issues affecting American Samoa and the other Insular Areas. I look forward to raising issues of concerns for American Samoa some of which are addressed in this communiqué.

In light of our growing unemployment rate, and the continuing drop in our Gross Domestic Product which is also evident in the comparable decline in our locally generated revenues, I have made economic development the number one priority of my administration. The emphasis is on job creation. The initial short term objective is on nurturing existing businesses through the elimination of barriers and government bureaucracy which diminished business efficiency and profitability. Star Kist Samoa is our largest employer providing over 2,000 jobs. Its continuing existence is threatened by the looming risk connected with the resumption of the application of the federal minimum wage policy. The waiver will lapse in 2015 which becomes a disincentive to future investments by the company. American Samoa needs assistance and support on its plea for reconsideration the abatement of the application of the Federal Minimum Wage and to revert back to the traditional way our local minimum wage was determined. The merits of the Federal Minimum Wage are undisputable, however, it has been demonstrated that our local economy cannot sustain the adverse financial impact of the Federal Minimum Wage.

Star Kist Samoa has informed me that it will close its tuna pouch production plant in Ecuador and American Samoa is the priority site for relocation. Three potential impediments were raised; land availability, the minimum wage, and the 30A Federal Incentive Scheme which is due to lapse towards the end of this year. Microstates like American Samoa lack natural resources to entice investments however, with Federal Incentives, American Samoa has been able to maintain the presence of the fish canning industry. We fear that this capacity will be lost with the absence of the 30A and the Headnote (3a) federal incentive schemes.

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**AMERICAN SAMOA ISSUES FOR DISCUSSION**

American Samoa's economic infrastructure is cost prohibitive which further reduces its competitive advantage and thwarts its ability to attract outside investment. The continuing escalation in the cost of fuel adversely impacts freight rates to American Samoa and given our remoteness, this can become a material factor in investment decisions. The cost of energy spills over to the cost of airfares to and from American Samoa. Hence our attempts to aggressively promote our tourism industry are impeded. Attempts to secure relief through petitioning for a waiver under the Cabotage provision are met with resistance.

Our infrastructure system is in dire need to be upgraded. Our public highway is grossly deteriorated with potholes causing drivers to negotiate them thus diminishing traffic safety. Airports and Ports on the Islands of Manu'a have deterred development of these islands thus perpetuating the resident movement to the island of Tutuila to find employment and to access social services. Air transportation to the Islands of Ofu and Olesaga has been suspended for over six months. The locally owned Interisland Airways suspended flights to Ofu Airport because the airstrip is too short to accommodate its existing fleet. The air strip needs to be extended by 600 feet or more. This issue is not new but no commitment has been made to mitigate this shortcoming. The same situation exists for the airstrip on the island of Ta'u. Without these basic infrastructure, implementation of economic development plans for the Manu'a Islands will continue to remain elusive. The harbors on the Island of Ta'u and Ofu require expansion. We must accelerate our efforts in building our renewable energy capacity to reduce spending on fossil fuel. I have revived the Renewal Energy Task Force to develop a Renewable Energy Strategic Plan along with the Action Plan to facilitate the attainment of this aspiration.

The imminent departure of the Bank of Hawaii (March 15, 2013) leaves me scrambling to find a replacement bank given the devastating impact on our efforts to stimulate our economy. One of the most noted impediments to our economic development efforts is the absence of venture capital to help finance economic development projects. The Department of DOI's vision for American Samoa to become self sufficient and self reliant will continue to be an intangible proposition. One of the reasons given prompting Bank of Hawaii's departure is the shrinking economic capacity of American Samoa. Ironically, the Bank of Hawaii's department exacerbates this noted condition. I wonder if there is any help American Samoa can get from the Federal Reserve Bank. I have been approached by local businessmen who are organizing a locally owned bank. I have committed my support to them but they have many hurdles to overcome.

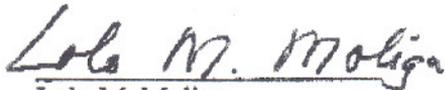
American Samoa was nationally and international embarrassed when it was accused of human trafficking and human rights violations. Regrettably, I fear that American Samoa will again become the target of a Federal investigation. Review of our existing immigration management information system revealed serious problems with regard to the integrity of the information being collected. For example, the passport scanners at the International Airport have not been working for a very longtime thus information had to be recorded manually. Leadership in the Attorney General's Office has been changed with the appointment of a veteran attorney who was a former Attorney General under the Former Governor A.P. Lutali's Administration. In keeping with President Obama's Call for Immigration Reform, we are pleased that we are taking steps to mitigate long standing problems in line with the call for immigration reform. The first order of business is to establish a new management information system to capture the data required to track undocumented immigrants entering the Territory. I have under separate cover

requested financial assistance through DOI's Technical Assistance Program to purchase a new system along with funds for installation and training. This is a critical need.

Our current estimate of our deficit exposure is \$44.5 million inclusive of the past year deficit accumulation along with legal liabilities of over \$10 million and \$8.8 million outstanding payable to the American Samoa Power Authority. My administration is being hamstrung by these past debts and I am requesting assistance from the Department of the Interior.

Thank you again for the invitation and I will elaborate further on the above issues if more explanation is warranted. I look forward to working closely with the Interagency Group on Insular Affairs as we collectively attempt to fashion solutions to mitigate these debilitating issues. Thank you very much for your continued support of efforts to improve the quality of lives of Americans living south of the equator.

Sincerely,



Lolo M. Moliga  
Governor of American Samoa

Cc: Honorable Nilolao Pula, Director of the Office Of Insular Affairs  
Honorable Faleomavaega Eni Hunkin, Congressman  
Ms. Lydia Faleafine-Nomura, DOI Field Representative  
Honorable Lemanu P. Mauga, Lieutenant Governor

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# **ISSUES FOR DOI DISCUSSION**

MINIMUM WAGE

30A BENEFIT

ECONOMIC DEVELOPMENT IMPLEMENTATION PLAN

CAPITAL IMPROVEMENT PROJECT FUNDS

LEGAL LIABILITIES

PRIOR YEAR DEFICITS

AIR TRANSPORTATION SERVICES

CABOTAGE

IMMIGRATION AND CUSTOMS REFORMS

BANKING ISSUE

MEDICAL INSURANCE

ROADS/HIGHWAYS