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Honorable Douglas Domenech
Assistant Secretary
Office of Insular and International Affairs
U.S. Department of the Interior
Washington D.C. 20240

Dear Assistant Secretary Domenech:

Thank you very much for your call affording me the opportunity to discuss with you your strategy to make the IGIA more productive and responsive to the needs of each territory. As I mentioned, a one-on-one meeting with you and your staff is more productive, effective, and positively responsive to the needs of the Territory of American Samoa. While it is interesting to hear reports from the other territories, each of us governors are more "needs-specific" oriented. The commonality for all the territories are impeding federal policies which undermine our efforts of building self-reliance and self-sufficiency capacities.

The IGIA focus this year on economic development is spot-on because the territories are not really benefiting from enormous and extraordinary economic progress being experienced in the United States. The most obvious is the huge disparity between the current employment rate in the United States and the double-digit unemployment figure prevalent in all territories.

I do appreciate the focus this year on discussing the federal policy impediments because for American Samoa they have been the primary source of economic stagnation and the perpetuation of economic development uncertainties. These federal policy deflators have been repeatedly disclosed and articulated in all federal and local economic development studies and reports and yet, regrettably, nothing has changed.

You clearly articulated in our phone the inhibiting federal policies plaguing our investments and efforts to grow our economy to cause the creation of new jobs for our steady rise in joblessness.

While we continue our struggle to diversify our economy, equal diligence must be taken to protect economic development assets which we currently have. You are fully aware that American Samoa's economy is narrowly based on the fishing industry and the government. We have lost two tuna fish canneries and the third remaining tuna fish processing cannery is in jeopardy ironically because of federal policy declarations.

The list of federal policy creating economic development for us is presented based on our attempt to protect and sustain what we have and then on our efforts to diversify our economy.

1. 30(A) Tax Credit:

We are thankful that Congress extended the 30(A) Tax credit to the end of 2020, however, this episodic extension creates severe uncertainty which hampers future investment decisions by our remaining cannery, StarKist, and effectively stalls expansion plans implementation. The relocation of the California Plant production facilities to American Samoa was discussed mid-year last year but the full implementation of the proposed relocation decision has been slow given the unfavorable business climate spurred by the uncertain future of the 30(A) Tax Credit and the Federal Minimum Wage hike in 2018.

American Samoa is seeking permanency in the availability of the 30(A) Tax Credit incentive scheme to maximize American Samoa's attractiveness to outside investors and provide a stable conducive economic environment yielding confidence to StarKist and future investors on the security of their investments.

2. Federal Minimum Wage:

The merits of the Federal Minimum Wage are not questioned but rather the methodology and mechanism deployed to determine minimum wage reflect our point of contentions. We have painfully tried to make clear the fact that American Samoa's economy cannot be compared or matched against the economies of the states. Invariably, the American Samoa economy lacks the financial wherewithal to defray the cost of federal minimum wage.

Our request is for Congress to let American Samoa determine its own minimum wage based on the carry capacity of its economy. Accordingly, we request the resurrection of the U.S. Department of Labor process of determining American Samoa's minimum wage through the use of Industry Committees.

3. Shrinking of Fishing Grounds:

The competitive of StarKist is tied to the cost of its basic raw material which is fish. At this juncture, StarKist is buying fish from China for the fish that is caught in the Pacific region. The independent countries of the Pacific have increased the cost of fishing permits for the Exclusive Economic Zones which again increases the cost of this raw material. StarKist is forced to purchase fish from China and to purchase high priced fishing licenses to allow our local fishing fleet to fish within foreign EEZs.

This predicament could have been eased if the fishing grounds with US EEZ designation were not shrunk by the expansion of U.S. Ocean Monuments and Sanctuaries. To exacerbate the issue further, high seas fishing has been banned for the U.S. and locally based fishing fleet. The

foreign fishing vessels are not subject to this prohibition thus the fish caught there make up the volume sold to China.

Our request is to allow fishing in the high seas and to rescind the Ocean Monument and Sanctuary expansions.

4. Insensitive Enforcement of U.S. Coast Rules & Regulations:

The secondary economy dependent on the existence of the canneries has been effectively wiped out by insensitive and over aggressive enforcement of U.S. Coast Rules. Approximately 90% of the fishing vessel are now homeport in the Independent State of Samoa. Fueling, supply refurbishing, local products purchases, local restaurants and entertainment and use of local transportation have been obliterated. Ronald Reagan Shipyard Repair Facility clients have also vanished.

The U.S. Coast Guard is requested to sensitize its enforcement activities to ease the destruction of American Samoa's secondary economy reflecting our efforts to capture full economic benefits inherent in the existence of StarKist in American Samoa.

5. Cabotage Policy:

The development of tourism to add a third economic pillar to American Samoa's economic diversification program has effectively been preempted by existence of the Cabotage policy. Our remaining cannery is facing many significant legal and economic challenges which necessitates commitment to the development of tourism because no other material economic development option exists. With the Cabotage policy this aspiration will remain elusive and the future of American Samoa stands in a very delegate balance.

The above reflect the major economic impediments stymieing our collective efforts dedicated to moving American Samoa to meet your vision for American Samoa relative building its self-reliant and self-sufficiency capacity.

Thank you very much for your bold, progressive, and proactive leadership which helped forged economic progress and improved the lives of our people.



Lolo M. Moliga
Governor of American Samoa

cc: Nikolao Pula, Director, Office of Insular and International Affairs
Honorable Lemanu Peleti Mauga, Lieutenant Governor