

STATEMENT OF THE HONORABLE TOGIOLA T.A. TULAFONO
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TO THE SUBCOMMITTEE ON INSULAR AFFAIRS
COMMITTEE ON NATURAL RESOURCES
UNITED STATES HOUSE OF REPRESENTATIVES
WASHINGTON, D.C.
NOVEMBER 4, 2009

Talofa and greetings Madame Chairwoman Bordallo and honorable members of the Committee. I greatly appreciate this opportunity to testify before the Committee on the urgent need for passage of H.R. 3583, the American Samoa Protection of Industry, Resources and Employment (ASPIRE) Act. This legislation would provide much needed assistance for American Samoa to stabilize its current employment base and in turn, to shore up our ongoing economic development efforts.

At the outset, let me be as clear as possible – the American Samoa Government, inclusive of the Fono leadership and the Office of Samoan Affairs which represents local government, supports H.R. 3583 in its current form, and we look forward to a favorable report out of this subcommittee.

As of September 30, 2009, one of our tuna canning plants, Chicken of the Sea (COS) Samoa Packing discontinued its tuna canning operations in the Territory. COS Samoa Packing has roots in the Territory dating back to the 1959. Samoa Packing directly employed over two thousand residents. Together with Star Kist Samoa, COS Samoa Packing was directly and indirectly responsible for over eighty percent of employment in American Samoa's private sector and approximately forty six percent of employment as a whole. Together, the tuna canning industry canneries were responsible for infusing approximately \$80,000,000 into the American Samoa economy. These numbers are contained within our DOI funded report American Samoa's Economic Future and The Cannery Industry, by McPhee and Associates. Copies of this report have been submitted to both this Subcommittee and the Department of Interior. I would be glad to provide the report to any of the members of the Subcommittee or the witness panel gathered here today.

As you may be aware, over the past two months the American Samoa Government has been engaged with Samoa Packing in discussions to purchase the assets of the tuna canning operation located in the Territory. We are informed that the American Samoa Government purchase may have an ill effect on this important legislation. As such, these discussions have been suspended indefinitely. Nonetheless, the American Samoa Government's (ASG) explanation of this move should be understood by this Committee. The purchase of the assets was explored with one motivation in mind – to keep the operation whole. ASG was convinced that the maximum potential of the business assets may only be achieved if the operation remains a whole self-contained tuna canning plant. The prospect of a turn-key operation is much more attractive than a collection of assets that do not support a whole operation. This was the intent of the discussions with COS Samoa Packing – to protect the future of possibility of a tuna canning operation. We see H.R. 3583 as an integral part of carrying out our intent, which is why we are

here today. At present, we understand that COS Samoa Packing has the operational capacity to producing at least four product lines with their current assets which remain in American Samoa.

As this Subcommittee may also be aware, my administration has had some very serious discussions with the Congressman over this legislation which may require some explanation with regard to our position. To be clear, my administration has never disagreed with the main intent of the bill, which is to provide much needed assistance to our tuna canneries and our fishing fleet. The main concern that we have had with H.R. 3583 is the minimum wage provisions namely Section 3(e)(1)(A)(i) of the bill, which provides for an automatic adjustment of the assistance offered by this bill should the minimum wage escalate every year per the current U.S. minimum wage law for American Samoa.

It has always been the American Samoa Government's position that minimum wage increases must be based in economic reality. Before the recent change which provides for mandatory increases annually, there was a careful economic analysis that took place every two years conducted by the Secretary of Labor and presided over by a Special Industry Committee. These committees would take into consideration the positions of all industries as well as the state of the economy in American Samoa. Only after careful consideration of whether increases would result in a substantial curtailment of employment did the committees make their decisions as to the final minimum wage for each industry in American Samoa.

The belief in the U.S. Congress, which resulted in the mandatory escalators, was that the committees were artificially depressing the minimum wage in American Samoa. However, it is our position that mandatory increases with no basis in the economic conditions of the Territory are even more dangerous. Thus, the inclusion of the provision noted above in this legislation was for ASG, akin to lending credence to a process that we have been diametrically opposed to from its inception. Furthermore, ASG viewed this provision as a wedge issue that would effectively remove the canneries from supporting the common view that the minimum wage escalators were arbitrary and without any economic foundation.

We have since changed our view in light of the worsening global and local economic conditions. We also have placed much trust and faith that a workable resolution to the minimum wage issue may result from the current General Accountability Office study that is currently being conducted and which will be presented to Congress in early 2010.

The one concern that we have regarding funding of this initiative is whether the fees contemplated in Section 3(e)(2)(A) are the sole funding source for this assistance. If so, then I am unsure as to whether this would be sufficient for paying for the trust fund by itself. Further, I would ask whether with this new law, fishing vessels contemplated by the provision are expected to continue in their current status? Would reflagging be an issue and would this affect the funding stream available for the trust fund? These answers and others would be helpful in understanding further H.R. 3583, a measure which is highly welcome and very timely.

While the growth of the fish canning industry boosts employment and spurs development in the territory, such a heavy reliance on this single industry however is not economically sound, and my administration with assistance from the Department of Interior continues to pursue

opportunities to diversify the territory's economy. The territorial government has actively promoted business investment opportunities in agriculture, fisheries, tourism, call centers, electronic information processing, and earlier this year, the installation and launching of a fiber optic cable connection for American Samoa. The premise of the fiber optic cable connection was to expand telecommunications technology sectors in the Territory, encourage new business and to attract high-tech businesses to American Samoa, especially call U.S. call centers. If American call centers can operate in India and Guatemala, they should certainly be able to operate in American Samoa.

There remain challenges to setting up call center operations in the Territory. One of these challenges is the constantly increasing minimum wage for industries in the private sector. However, while we may be able to work through these challenges, stability in the single largest private sector industry is critical to these efforts. The failure of one of our canneries has created a precarious position for the Territory, whereby the ASG will have to forego millions of dollars in revenue as well as general economic activity that COS Samoa Packing once contributed to our economy. H.R. 3583 would go a long way toward shoring up the activities of our remaining tuna cannery Star Kist Samoa, as well as creating an environment that would encourage the entry of any one of a number of canneries to do business in the Territory.

Lastly, I would like to thank the members of this committee and the individual members of the witness panel for their wonderful support for the Territory owing to the September 29, 2009 earthquake and tsunami disaster in American Samoa. Your prayers, thoughts and condolences during this difficult time have made a lasting impression on all of American Samoa's residents. During the whole ordeal, we have never felt that we faced any of it alone. For this, we are grateful to all of you. We also thank you for your donations of man-hours for clean up activities, monetary donations to relieve the suffering of our disaster victims and your overall support for our general recovery. As recovery efforts are continuing in American Samoa and it looks to be a long time before we reach true recovery, we ask that you continue to keep us in your prayers.

Madame Chairwoman and members of this committee, I thank you once again for allowing me to express our thoughts on this important legislation. I thank Congressman Faleomavaega for his leadership and his foresight in introducing this legislation and I look forward to your favorable report of this legislation out of committee. I also ask for your support of H.R. 3583 to Honorable Chairman Rangel and members of the House Ways and Means Committee, which also has jurisdiction over this bill. I remain available to the committee and to individual members to discuss this legislation and other matters affecting the Territory.

Soifua ma ia manuia.