

June 2008

Dear Governor Togiola,

On behalf of the Economic Advisory Council (EAC), we submit for your review and consideration our first report – “A Focused Collaborative Approach to Economic Development.” This document reflects the expressed thoughts, experiences and recommendations of the private and public sectors as represented in the Council’s membership.

As mandated by Executive Order 014-2007, the purpose of EAC is to bring closer collaboration between the private and government sectors in economic development. This collaborative approach empowers both entities to come together to develop effective projects in the short term that will have a positive long term impact on the American Samoan economy.

The EAC consists of five working groups – Agriculture and Fisheries Development; Light manufacturing Industry and Ship Repairs; Privatization and Policy Reform; Education, Technology and Workforce Development and Environment, Energy, Recycling and Tourism. Members of each group come from diverse backgrounds in business and government.

Since its inception nearly six months ago, the EAC has met five times, and five EAC working groups committees have held 18 meetings to address specific, doable projects that will stimulate the economy.

In the past decade, the American Samoa Government has received many plans and studies that address the need for economic development. While these documents describe what and why, they failed to say how. The EAC has taken the initiative to review these existing plans and studies and prioritizing the goals and policies that exist in these documents to form a long – term strategy. Through this process, the EAC has charted a number of short term usable action plans, that tell how to implement and achieve sound economic growth.

We acknowledge the hard work of the Department of Commerce staff for the technical and professional support in the compilation of this report. This document is not the conclusion of our work, but is the introduction to process for results-driven ideas and projects.

Sincerely,

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A Focused Collaborative Approach to Economic Development

**Economic Advisory Council
First Report to the Governor**

June, 2008

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INTRODUCTION

As part of the 2002 private sector survey studied by the Council members, business leaders were asked what sort of industries or new directions they believed were good fits for American Samoa. They were specifically asked their opinion on the recommendations made in 2002 by the American Samoa Economic Advisory Commission, which identified five promising sectors: tourism, light manufacturing, information technology/call centers, agriculture and fisheries.

The work of the Council focuses on many of these same industries, but the difference between the 2002 private sector survey and the Council, is focuses on action that can be taken in both the public and private sectors to produce effective, positive results for the American Samoan economy.

American Samoa's small size requires a focused approach instead of trying to pursue all possible avenues for economic diversification...¹ In this spirit, the Council committees recommended only a few projects, but those projects were found to be "do-able" in the short term, to produce long term results.

¹ An example of one idea that did not fit into one of those five categories was off-shore banking, but that is not considered a realistic idea by the consultants. Other suggestions that were disregarded included forestry (not feasible or environmentally appropriate) and hosting a U.S. Navy base (probably not feasible given American Samoa's small size and non-strategic location).

THE ACTION PLANS

Agriculture and Fisheries

Priority Projects

Secure funding sources for larger alia boats
Develop an animal feed operation (feed mill)

The work of the Agriculture and Fisheries Committee focused on developing action plans for three specific categories: Revitalizing Agriculture, Upgrading Fisheries Capacity, and Cannery Development. The strategies from the Agriculture and Fishers Committee category follow.

Revitalizing Agriculture

The Revitalizing Agriculture plan focuses on making agriculture an important sector of the American Samoa economy by collaboration with the farming community, the ASCC Land Grant, the Department of Agriculture and villages. Strategies for successful implementation of this plan include the following:

- **To complete within 6 months**
 - Incorporate the use of tariffs on imports of agricultural products that could be produced locally.
 - Revise the Point of Entry Form (POE) to collect needed data on the origin, types, and amounts of goods brought into the Territory.
 - Train customs inspectors to catalog information regarding imports.
 - Increase involvement of local farmers involved in the school lunch program by identifying new foods that could be grown locally.

- **To complete within 6-12 Months**
 - Improve the analysis capabilities for agriculture. A comprehensive user analysis is needed to determine the current extent of the import market.
 - Hire additional staff at DOC for statistical research specifically for agriculture.
 - Support Department of Agriculture and the Land Grant collaboration for agriculture development programs in villages and for training extension/agriculture staff for community outreach programs.

Upgrading Fisheries Development Capacity

The plan for Upgrading Fisheries Development Capacity is to improve the operating arena of the local fishing industry by providing adequate financing, infrastructure and on-shore support facilities; and, to increase the capability to market and sell fish on the local scene and in off-shore markets. Strategies for accomplishing this include the following:

- **To complete within 6 Months**
 - Include fish in the school lunch program
 - Change policies regarding fuel costs for marine diesel. Small boat owners and family boats currently pay a higher diesel price.
 - Revise the Point of Entry Form (POE) to collect needed data on the origin, types, amounts and destinations of bottom fish brought into the Territory.

- **To complete within 6-12 months**
 - Train customs inspectors to catalog information regarding imports.
 - Improve DMWR enforcement of illegal fish sales (e.g. off the side of boats).

- **To complete within 1-2 Years**
 - Improve the analysis capabilities for fisheries by developing a comprehensive database/information program for public and private sectors.
 - Increase financing opportunities for fishing, including loan programs for bigger boats and equipment.
 - Support aquaculture development and the development of an aquaculture co-op on the Island.

Canneries Development

Canneries Development is the second goal to upgrading fisheries development Capacity. The goal for Canneries Development is to continue to support efforts to address the concerns of the canneries regarding wage and tax issues. The canneries are a cornerstone of the American Samoan economy and improving business opportunities for the canneries will have a positive effect throughout the economy. Strategies for achieving this goal include the following:

- **To complete within 6 Months**
 - Increase effort to eliminate or reduce the minimum wage increase.
 - Support collaborative programs between ASPA, ASG and the Canneries to offset utility costs/fuel costs, including research into renewable energy sources.

- **To complete within 6-12 Months**
 - Reform immigration policies to ease the complicated process for recruiting and retaining cannery workers by assigning immigration officers specifically for the canneries.
 - Reform immigration policy regarding contracted workers - visa should be valid for the contract time, not for one year only.
 - Reform the Department of Health policy/procedures for health programs for cannery workers.

- **To complete within 1-2 Years**
 - Collaborate with the ASG workforce development, the DOC and the ASCC to develop programs to recruit, train and retain skilled workers.
 - Increase efforts to recruit workers skilled in trades
 - Establish a scholarship program for students to train at the National Institute in Samoa.

As a part of the action plan development process, the Committee developed an analysis of the strengths, weaknesses, opportunities and threats to improving agriculture, fisheries and cannery activities in American Samoa.

Table 1: Committee #1 SWOT Analysis

FISHERIES	
<i>Strengths</i>	<ol style="list-style-type: none"> 1. Existing facilities/skilled labor force supports fish product development. 2. Pelagic fish stocks in AS EEZ are strong and under-utilized. 3. Aquaculture potential is good if supplied with technical support.
<i>Weaknesses</i>	<ol style="list-style-type: none"> 1. High processing costs due to federal wage & operating standards. 2. Reduced competitiveness occurring in local canned tuna industry. 3. Lack reef areas to support expanded commercial reef fishing. 4. Restrictive limitations on vessel size (50') limits local production. 5. Lack local testing for safe fishing methods of marine imports. 6. Low local health standards for procuring imported meats/fish. 7. Lack local specialized marine market meeting health standards. 8. Lack adequate import statistics to gauge quality/quantity of imports.
<i>Opportunities</i>	<ol style="list-style-type: none"> 1. Use School Lunch Program to provide funds for fishing development. 2. Expand fishing vessel size to improve local deep sea fishing catches. 3. Support better funding to expand fishing industry projects/programs.
<i>Threats</i>	<ol style="list-style-type: none"> 1. By-catch from commercial fishing boats undermine local fisherman. 2. Length limits (50") on local fishing boats restrict fishing ground use. 3. Unregulated and unenforced roadside fish/marine sales threaten health.
AGRICULTURE	
<i>Strengths</i>	<ol style="list-style-type: none"> 1. Underserved local consumers create market for fresh produce. 2. Productive soils/climate exists to support expanded production. 3. Programs exist (ASCC & Land Grant) but needs more coordination.
<i>Weaknesses</i>	<ol style="list-style-type: none"> 1. Limited productive soils in proximity to potential consumers. 2. Lack key DOA extension program indicators to monitor progress. 3. Lack ASG policies to reduce imports & expand local production. 4. Lack government support for local produce in School Lunch Program. 5. Lack proactive DOA administration to push local agriculture.
<i>Opportunities</i>	<ol style="list-style-type: none"> 1. Expand demand by increasing agricultural produce/meat product range. 2. Demand for local, fresh products reduces costly import dependence. 3. Use the School Lunch Program to expand farms & improve supplies.
<i>Threats</i>	<ol style="list-style-type: none"> 1. Weather & pests can limit production & threaten crops. 2. High transportation costs & isolated location in Pacific - overseas export & locally for Manu'a farms.

Manufacturing, Industry, and Ship Repair

Priority Projects

Develop a shell building for manufacturing incubator
Identify joint manufacturing ventures
Develop Malaloa area marina and marine facilities upgrades

Manufacturing

To improve American Samoa's manufacturing sector, it is necessary to promote the production of consumer and producer goods for domestic and overseas markets. Ways to accomplish this are as follows:

- **To complete within 1-2 Years**
 - Attract foreign capital, technology, management and marketing expertise for joint-venture industrial activity; Policy reform will be necessary.
 - Supply suitable public land and infrastructure for industrial development;
 - Increase knowledge of new production technology through educational programs in science and engineering;

Industry

Developing the economy in the territory means utilizing the limited resources to generate more local revenues. One way to accomplish this is through the development of primary industries. A unique program underway in ASG involves the development of "micro-industries". The program focuses on export-oriented, and solely American Samoan owned and operated businesses. ASG programs like the "micro-industries" development capitalize on the large export market in the region for both products and other potential goods and services. Examples of projects in pre-planning and proposal stage include a slaughterhouse operation, cardboard manufacturing plant, watch assembling plant, fish hook factory, rum distillery, brewery and a shoe manufacturing/repair shop. The micro-industries program is spearheaded by the Office of the Governor and the Department of Commerce.

Additionally, economic development can also benefit the community when government can promote efficient land use and resource management.

Recommended actions include the following:

- **To complete within 6-12 months**
 - Provide for government programs to encourage appropriate redevelopment and rehabilitation of primary Pago Bay Area commercial areas. Rehabilitation of this area will provide efficient accommodation particularly, those activities that require close proximity to the port and waterfront activities.
 - Additionally, government should provide guidance and policy for the orderly concentration of other commercial activities in appropriate areas of the Tafuna-Nuuuli Plains area.

Ship Repair

Because of American Samoa's location in the Pacific, Pago Pago Harbor's, naturally deep water port, and existing port facilities, ship repair is a natural focus for economic development activities. From 1997 until 2007 there was a steady decline in fishing vessels coming into American Samoa. Reasons given by the vessels for leaving were high fuel prices, the cost of local commodities, fish prices at the canneries at an all time low, and port costs. This trend remained until late 2007 when the catches and price of fish started rising. With the fluctuation in the fishing industry, it is apparent that the ship repair facilities can not depend on the fishing fleet alone for a consumer base. Expanding the ship repair sector will require marketing and training for employees. Additionally, the harbor must become a hub for other water craft.

One way to accomplish this is through the development of a marina. A new marina would be a key project to move forward the revitalization of the Inner Bay. This project can also serve as a catalyst for economic development for supporting industries and creating a vision of positive development for the community. A new marina would increase the number of berths and expand the market for supplies and services such as waste removal, water, fuel, and electrical hook-up at the slips. Presently, small boats and yachts do not have facilities for sewage disposal or easy access to trash disposal or electrical hook-ups. A plan to develop a new marina is underway. The following are possible individual project ideas for investors to support and enhance the marina area:

- **To complete within 6-12 Months**
 - Shoreline Improvements - off-shore underwater, on-shore land, shoreline protection improvements and utilities would need to be constructed.
 - Paved Parking Improvements - Construction of a parking lot with capacity for more vehicles. This could also be developed in phases.
 - Moorage Improvements - berthing slips and the small boat pier would need to be purchased, installed, and have utilities extended to them. These could be developed in phases.

- **To complete within 1-2 Years**
 - Marina Based Facilities - A building or buildings would need to be constructed to house rest rooms, showers, laundry, office and related business spaces to serve the marina. A land allowance (or building space) would be made for the development of a yacht club.
 - The bureaucratic approval process for a marina development is formidable and every time consuming. The lengthy delays in securing all the required approvals will add significantly to the overall cost and make acceptable economic return on investment difficult to achieve. Fast tracking of approvals is required otherwise project implementation will be in doubt.

Table 2: Committee #2 SWOT Analysis

MANUFACTURING	
<i>Strengths</i>	<ol style="list-style-type: none"> 1. Clothing manufacturers available 2. Can manufacturing plant. 3. Fish Canning plant 4. Fish Processing companies 5. Management capabilities. 6. Trained and capable employees 7. Work Force Investment Act through Human Resources. 8. Head Note 3-A Export Duty Free 9. Stable Government
<i>Weaknesses</i>	<ol style="list-style-type: none"> 1. Lack of professional and qualified labor pool from which to hire from. 2. No help from local government, Federal Government and Congressman. 3. No local training programs for various manufacturing areas. 4. Lack expertise in the manufacturing area. 5. Electricity costs very high 6. Fuel costs very high 7. Poor pool of skilled labor 8. High cost of shipping 9. Continuity
<i>Opportunities</i>	<ol style="list-style-type: none"> 1. Training of employees and personnel in various manufacturing norms. 2. Training in the use of various types of equipment in the manufacturing area. 3. Opportunities in managerial area of manufacturing. 4. Provide experience to enable personnel to apply and find employment in other countries. 5. Business opportunities for locals in various manufacturing work.
<i>Threats</i>	<ol style="list-style-type: none"> 1. Possible departure of canneries and the fishing fleet 2. Local laws that could affect cost of doing business in American Samoa 3. Wage increase. 4. Rising Cost of shipping to American Samoa. 5. Tax increases on duties and products that could affect businesses in American Samoa. 6. Allowing of too many foreigners access into American Samoa. 7. Allowing of too many foreigners to obtain business licenses. 8. Lack of having experienced people in manufacturing. 9. Fish prices being lowered as to reduce monies spent by owners to repair their vessels. 10. Rising cost of electricity
SHIP REPAIR	
<i>Strengths</i>	<ol style="list-style-type: none"> 1. Only full service shipyard in this area of the South Pacific. 2. Shipyard is located in American Samoa, the canneries being located next door. 3. Facility Management with over 40 years of experience each in the ship repair and fishing industry.

	<ol style="list-style-type: none"> 4. Employees with experience and capabilities of accomplish work on all ships from small fishing boats, aluminum or steel, container ship carriers, and oil tankers. 5. Provides much work for local machinery shops and welding shops 6. Small ship repair shops are employed by ships and various work related to ships. 7. Hydraulic capabilities available. 8. Divers available for underwater repairs. 9. Paint products available for all types of ship repair preservation. 10. Steel materials available for any type of repairs. 11. Machining services for tailshaft repairs, bearing repairs, engine repairs, etc. 12. Fish net companies and net yards for net provisions and repairs. 13. Variety of ship repair equipment; Floating crane, Hydraulic Cranes, Scissors lifts, Manlifts, Forklifts, etc. 14. Stable political climate 15. Availability of unskilled labor pool 16. Relatively low wage rates
<i>Weaknesses</i>	<ol style="list-style-type: none"> 1. No help from local government, Federal Government and Congressman. 2. No apprenticeship program for various trades. 3. No electrical engineer on island. 4. Lack capabilities to provide world wide accepted tradesman certifications. 5. Materials having to be shipped on island. 6. Electricity costs very high. 7. Fuel costs very high. 8. No pool of skilled tradesman 9. Tradesmen licensing system outdated and ineffective
<i>Opportunities</i>	<ol style="list-style-type: none"> 1. Training of employees and personnel in trades on ship repair. 2. Training in the use in heavy equipment operations which can later be used in construction, fishing, shipping industries. 3. Gain proper certifications for various trades. 4. Provide training through apprenticeship programs with help from business that work with the various trades. 5. Provide experience to enable personnel to apply and find employment in other countries. 6. Business opportunities for locals to get work in the ship repair area. 7. Provide support for local car repairs, tank farm steel and pipe repairs
<i>Threats</i>	<ol style="list-style-type: none"> 1. Possible departure of the canneries from American Samoa 2. Local laws that could affect cost of doing business in American Samoa 3. Wage increase. 4. Rising Cost of shipping to American Samoa. 5. Tax increases on duties and products that could affect businesses in American Samoa. 6. Lack of having experienced people in the ship repair business. 7. Fish prices being lowered as to reduce monies spent by owners to repair their vessels. 8. High fuel costs.

	<ul style="list-style-type: none"> 9. Environmental and additional Coast Guard Requirements. 10. Alien workers being sponsored by locals.
INDUSTRY	
<i>Strengths</i>	<ul style="list-style-type: none"> 1. Construction Industry capable of building a wide range of infrastructure development to international standards. 2. Access to shipping to and from the Pacific Rim Countries and other areas in the world on a regular basis 3. Heavy construction equipment available on island for development 4. Reliable power and water supplies 5. Good telecommunications systems 6. Economy based on the US dollar. 7. Availability of unskilled workers 8. A ready supply of building products and hardware merchants 9. Flat excise tax rate of 5% on all imported materials. 10. Land set aside in Industrial Park for business development 11. Stable political climate. 12. Duty free access to US markets 13. Relatively low wage rates
<i>Weaknesses</i>	<ul style="list-style-type: none"> 1. Shortage of skilled tradesmen 2. Lack of direction and encouragement from local government for new development 3. No trade certification educational qualifications or apprentice programs available. 4. Current tradesmen's licensing system outdated and ineffective 5. High electrical costs and demand charges 6. High fuel costs 7. High costs of importing raw materials for industry 8. High cost of exporting manufactured products. 9. Inflated government workforce a burden on economic development 10. To many reports and not enough action
<i>Opportunities</i>	<ul style="list-style-type: none"> 1. Training of local workforce through ASCC programs to provide internationally recognized certifications in the trades fields 2. Focus on educating youth from the early stages 3. Encourage local people to become entrepreneurs 4. Change the concept that the best job is to work for ASG encourage people away from Government into the private sector 5. Privatization of government departments to become more efficient and stimulate private sector growth, Government should not compete with the private sector. 6. Ensure Industrial Park Land or other land is used and available for those wishing to start new industry 7. New business development will only happen when you have people that want to make it happen, if people are not educated and not confident to take the step to go it alone it will not happen. 8. Promote business development off island through ASG and the private sector.
<i>Threats</i>	<ul style="list-style-type: none"> 1. Canneries leaving the territory 2. Fishing fleet leaving the territory as a result of the canneries leaving 3. The flow on effect to other businesses. 4. Wage increases that are not determined by what the local economy can afford as we have with the escalator provision

	<ol style="list-style-type: none">5. Continued attempts by ASG/House/Senate to impose additional taxes to cover government overspending instead of looking at the root causes.6. Rising power rates being imposed on the consumers rather than ASPA looking at why solid waste and wastewater lose money.7. Rising cost of shipping to and from the island makes importing of raw materials and exporting of finished products unprofitable8. Qualified, entrepreneurial, intelligent people leaving island because they see no future here. These people need to be encouraged to stay home/come home and invest in the territory9. Rising influx of aliens becoming a burden on the infrastructure.10. Aliens starting new businesses that American Samoans could be running
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Workforce, Education and Technology

Priority Projects

Establish unified Institute of trades and Technology
Reestablish the American Samoa Board of Education

In the recently released *Cannery Closure Impact Study*, economist Malcolm McPhee provides an excellent description of the role education and technology play in economic development:

Education and technology have been known for a long time to have a great influence on economic growth. However, there was never a very clear idea of how it worked or how to account for or measure it. Previously, economic development was viewed in a highly physical sense as in the use of land, labor and capital and the production of goods. Typically, the process was governed by competition, comparative advantage, and diminishing returns, all of which remain important. Increasingly, however, economists are coming to realize that while these concepts apply reasonably well to the production of goods, they apply much less well to the fastest growing sectors of the economy, which are technology and knowledge-based activities.

The new technology and knowledge-based activities defied older notions of diminishing returns. It became clear that innovation could provide what appeared to be almost unlimited growth potential!

Knowledge makes growth possible. Without a doubt, the Territory's greatest strength is its only resource, the human resources; education and workforce development must include the development of trades education, and knowledge based activities. In the SWOT analysis, Committee #4 addressed several issues that impede the use of knowledge-based economic growth.

The goal of the Workforce, Education and Technology (WET) committee action plan is to develop establish an integrated technical institution involving the Workforce Development Commission (WDC), Department of Education (DOE), American Samoa Community College (ASCC) and the Private Sector, focusing on developing specific knowledge of and skills in the trades, technicians, engineers and businesses. In conjunction with this goal, the WET committee developed the following objectives:

- **To complete within 6-12 Months**
 - Establish a separate governing board for the Technical school (or vocational education) to oversee such Institution;
 - Establish special tax incentives for private companies and citizens who wish to contribute and become major benefactors to the Institution; and,
 - Establish scholarship programs specifically for and to promote trades, technology and business students.

- **To complete within 1-2 Years**
 - Integrate Polytechnic School and the Institute of Trades and Technology (ITT) into one unit perhaps, called the American Samoa Technical Institute (ASTI);
 - Incorporate Business and Commerce, as part of the Institution;
 - Build a unified curriculum for the Institution, starting from grades 11 - 14;
 - Establish measurable standards (academic and technical) at every level of the Territory's education system, including the Institution;
 - Sharing resources, including instructors between WIC, DOE and ASCC;
 - Hire qualify instructors to teach in the fields of trades, technology and business; and,
 - Invite the active participation and involvement of private and public sectors, as part of the Institution

Table 3: Committee #4 SWOT Analysis

ISSUES	EDUCATION, TECHNOLOGY AND WORKFORCE DEVELOPMENT
<i>Strengths</i>	<ol style="list-style-type: none"> 1. The availability of a young and vibrant workforce population² is a strong point that is often overlooked as an advantage. In that context of potentiality, certain redeeming values such as, the ability of youth to speak English with an American accent; and receiving an American-based education is, indeed, attracting outside business investors³; 2. American Samoa’s connection to and its political affiliation with the US Federal government is always a strong hand to advocate; 3. American Samoa Government (ASG) already has in place basic structural platforms⁴, with new ones emerging, although require extensive maintenance, is necessary to stage reforms and/or new initiatives; and, 4. While the availability of funds could be argued as never enough, ASG currently has sufficient resources⁵ (personnel, infrastructure and monetary) to begin incremental changes towards a viable economic development plan especially, with educational and workforce systems;
<i>Weaknesses</i>	<ol style="list-style-type: none"> 1. In spite of American Samoa’s youthful population, by and large, our current workforce lacks basic, work, and technical skills⁶, to an extent, even to meet the current needs of both private and public sectors are problematic; 2. Admittedly, while ASG has the required structural units in place, problems exist with inefficient, disjointed and fiercely independent departments and programs, which has turned into an incredulous barrier to any effective attainment of any sort of end; and, 3. The overseeing and management of ASG’s current resources.
<i>Opportunities</i>	<ol style="list-style-type: none"> 1. American Samoa would reduce its dependency on foreign workers especially, in areas of trades, technical and engineers; 2. American Samoa would likely to gain additional federal funds, if we could demonstrate a workable economic plan, to upgrade education and skills level of our students and workers; 3. American Samoa Government would likely to attract favorable rating by foreign investors to establish businesses locally; 4. The public and private sector would enjoy high productivity and competitiveness, which would likely to rise; and, 5. ASG will set examples and standards, upon which the “quality of life” in the Territory would be enhanced.

2 American Samoa working populations is getting younger according to 2000 US Census

3 Investors interested in setting up call centers are already in American Samoa

4 Total education system with traditional infrastructures are already in place

5 WIC, DOE and ASCC have the highest rate of federal grants received each year, among ASG departments

6 About 70% of high school graduates entering ASCC are sent back to remedial classes

<i>Threats</i>	<ol style="list-style-type: none">1. ASG would continue its total dependency on federal dollars; ASG would face a steady “brain-drain” to mainland and other places that could offer economic opportunities;2. ASG would likely to see an increase of its immigrant population to fill the voids and siphoned its scarce resources; and,3. ASG would likely to face a steady deterioration of its social fabric, economic viability, political stability, and cultural sustainability.
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Environment, Tourism, Recycling and Energy

Priority Projects

- Develop village-based environmental management programs
- Support the new American Samoa Tourism Authority
- Develop policies for incentives to using “green technologies”
- Develop regional recycling center

Because this group covered such a wide range of topics, the members divided the goals and action plan into strategies: Environmental Strategies, Tourism Strategies, Recycling Strategies and Energy Strategies. Additionally, the action plan contains timeframes in which these projects can be accomplished.

Environmental Strategies

Although American Samoa is surrounded by unsurpassed natural beauty, it is apparent that a lack of environmental understanding still exists in the community. To overcome this, we need to encourage a private and public partnership to promote the understanding of environmental issues on the Island including current conditions, future trends and effects of human impact on the environment. An immediate need exists to fully recognize and assess complications to keeping environment clean. Additionally, a successful private-public partnership should incorporate the following training and education activities:

- **To complete within 6 months - 1 year**
 - Curriculum development for school age children
 - Training government agencies on appropriate actions including an examination of what previous training has been undertaken, if any.
- **To complete within 1-2 years**
 - Incorporate families and villages in environmental management programs
 - Incorporate the use of traditional management practices.

Another challenge noted by the working group is the lack of an Environmental Plan for the Territory. The working group recommends that ASG, in conjunction with the community, develop an integrated and coordinated plan that addresses the current state of the environment and provides unified strategies for future environmental management practices. Developing this plan should include the following:

- **To complete in 6 months**

- Merge existing strategies, policies, and documents regarding environmental management in the public sector
- Work with private sector to establish common practices and goals.

- **To complete within 1-2 years**

- Prepare/publish an annual State of the Environment report.
- Develop a comprehensive plan that addresses the connection between people and the environment.

Resource depletion is another challenge facing American Samoa. To reduce the rate of depletion, it is important that we identify the state of the natural resources, existing environmental stressors such as population growth or pollution, and then implement sustainable practices. These practices can include the following actions:

- **To complete within 6 months - 1 year**

- Identify stresses and state of all existing resources (e.g. land space, fish, air quality, etc)
- Curriculum development for school age children.
- Identifying where the government can make an impact. Training government agencies on proper actions.

Tourism Strategies

The biggest challenge identified by the working group that hinders tourism development is the lack of professional marketing. To overcome this, American Samoa needs to re-invent a tourism campaign. While this is partially underway with the establishment of the American Samoa Visitors Bureau, other actions can be taken to ensure a viable tourism industry.

- To complete within 6 months
 - Define Product / Theme (Visitors Bureau)
 - Coordination of Private Sector Services/Villages
 - Identify conventions, sporting events, etc. that can be located in American Samoa

- To complete in 6 months to 1 year
 - Clean streams and Pago Harbor
 - Highlight and enhance selling points

- To complete in 1-2 years
 - Networking with Pacific Island countries/orgs – Samoa, etc
 - Find Opportunities to Advertise / Promote in targeted markets (medium importance)

Another area for improvement is in the government services that aid tourism development. Presently, American Samoa’s tourism industry suffers from a lack of a cohesive cooperation between the private sector and the American Samoa Government. The ASG should be proactive in providing opportunities for greater outreach and collaboration with the private sector. The following actions will help to improve tourism-related services:

- **To complete within 1 year**
 - Provide incentives for private sector participation
 - Survey visitors (fishermen, “yachties”, airport users, hotel occupants, etc.) to determine level of satisfaction of government services.

- **Complete in 6 months - 1 year**
 - Identify areas where there are issues of cooperation among private sector

Energy Strategies

American Samoa depends on fossil fuels for transportation of goods and people, as evident by the rapidly increasing number of cars and trucks on Tutuila; and, for generating electricity through ASPA’s diesel generators. To reduce our dependence on fossil fuels, it will be necessary that the government leads by example. Recommended ways that the Government can lead initiatives to reduce energy consumption are as follows:

- **To complete in 6 months**
 - Implement incentives for purchasing fuel efficient/smaller personal vehicles (e.g. mpg standard, tax on engine size, etc.); and taxes for larger personal vehicles.
 - Implement energy monitors for ASG departments
 - Allow ASPA to collect on or disconnect unpaid customers, even the GOVERNMENT.

- **To complete in 2+ years**
 - Purchase Energy Star appliances from washing machines to air conditioners.
 - Develop the bus system (low importance)
 - Look 20+ years into the future and envision how much we will be paying for electricity if we continue to use only diesel fuel (low importance)

Currently a lack of incentives exists to aid in the reduction of fossil fuel dependence, and to develop alternative energy activities. It will be necessary to re-evaluate current energy policies and services and identify areas for improvement.

- **Ongoing activity**
 - Continue to inform public that fossil fuels are contributing to global warming and highlight other downsides

- **To complete in 6 months**
 - Reduce or eliminate duty on high efficiency and renewable energy products.

- **To complete in 6 months - 1 year**
 - Evaluate policies on individual power produces (e.g. selling power back to grid)
 - Require government purchasing of equipment to have high efficiency minimum standards

- **To complete in 2+ years**

- Development of performance based tax energy credits incentives for high efficiency and renewable energy equipment.

To develop programs for alternative energy, it is important to promote the increased use of selected renewable energy technologies based on locally appropriate applications and cost value over time. This will require research into the types of alternative fuel technology most appropriate for American Samoa and related activities:

- **To complete in 6 months**
 - Evaluate the feasibility for solar and wind energy systems (with ASPA, TEC, EPA)
- **To complete in 2+ years**
 - Allow commercial energy investors in the states to take federal tax credits for local installation
 - Explore Ocean Thermal Energy Conversion option

Recycling Strategies

Currently, American Samoa has very little by way of recycling activities. The ASG needs to support a coordinated recycling effort that seeks new markets, new technologies and implements a public awareness program. Ways to accomplish this are as follows:

- **Complete in 6 months - 1 year**
 - Determine what the realistic recycling opportunities are for American Samoa.
 - Explore options for recycling equipment
 - Find new markets for recyclable materials
- **Complete in 1 - 2 years**
 - Establish coordinated office/program for island-wide efforts
 - Public awareness highlighting what was worked and why recycling is important, directing awareness to the youth of the island.
- **Complete in 2+ years**
 - Develop post life disposal fees for products that come on island (low importance)

- Market American Samoa as a central location of the Pacific region for recycling or help establish a regional area somewhere else (low importance)
- Coordinate marketing campaign to tie into Pacific Arts Festival planning.

COUNCIL ACTION PLAN PROJECT MATRIX

Over the past few months, the working groups have been discussing long term policy for economic growth, and what can be done to stimulate the economy of American Samoa in the short term. Each of the five working groups defined what their top priority of “do-able” projects for American Samoa. These are projects that will enhance long-term economic goals in a relatively short amount of time. The following table is a summary of these projects.

Action Step (Group # in parentheses)	Agency(ies) responsible	Resources Available	Indicators	Timeline
Funding for larger Alia fishing boats (1)	DOC	Economic Development Bank of AS ; Private banks	Number of new boats	Within 6 months
Develop animal feed production (feed mill) (1)	DOA and ASCC land grant	Possible USDA funding /supply for grain surplus	Operation and distribution of feed mill	Within 1 year
Develop shell building for manufacturing incubator (2)	DOC	US Economic Development Agency; Community Development Block Grants	Secure funding and construction	1-2 years
Identify sources for joint manufacturing ventures and develop a strategic plan for implementation. (2)	DOC	Local business community, foreign investors	New manufacturing establishments	Within 6 months (identification of sources and develop plan) 1-2 years, implementation

Develop Malaloa area for marina and marine facilities upgrades (2)	Port Authority, DOC	Private investment, EDA funding	New facilities, increased boat traffic	1-2 years
Establish unified Institute of Trades and Technology (4)	ASCC, DOE	Current programs for trades can be unified	Number of graduates, number of programs	6 months - 1 year
Develop Village-Based environmental management programs (5)	ASCZMP	Continued work with communities,	Environmental indicators (will vary)	6 months -ongoing
Fully support the new AS Tourism Authority (5)	Governors office, DOC	ASG Budget	Increases in visitors, increases in tourism revenue	Within 6 Months
Develop policies to eliminate tax on renewable energy goods, and to provide incentives for using "green technology" (5)	Treasury, ASPA, ASEPA, Governors office	Unknown, but can be implemented within current programs	New policies and laws	Within 6 Months
Develop marketing/business plan for regional recycling center (5)	ASPA, DOC	Equipment may be purchased from companies on island (Goodyear)	Marketing plan	Within 6 months (plan) 1-2 years (implementation)

APPENDICES

Summary of Existing Programs and Plans

Federal Programs

American Samoa is the recipient of several federal programs that benefit economic development efforts. US Department of the Interior, Office of Insular Affairs is responsible implementing the responsibilities of the Secretary of the Interior in the Territories. This includes implementing federal policies in the territories and financial oversight to ensure that federal funds are used consistent with their authorized purposes.⁷

Most visible in American Samoa, perhaps, are the US Economic Development Administration (EDA) programs. The EDA programs were instrumental in American Samoa's modern development⁸. The EDA programs help to establish site projects that improve economic activities on the Island. Current and past projects include the Pago Pago Commercial Complex, the Development Bank of American Samoa, and the Daniel K. Inouye Industrial Park. One requirement for EDA funding is the preparation of Comprehensive Economic Development Strategies (CEDS) for communities and jurisdictions. The CEDS Report is filed with the EDA. The report is updated and approved on a yearly basis by the CEDS Committee, which is a decision-making group made up of representatives from citizens of minority and poverty groups. For American Samoa, the Territorial Planning Commission (TPC) carries out the function of the CEDS Committee⁹.

Another grant program used in American Samoa is the Community Development Block Grant program and the Community Services Block Grant of the U.S. Department of Housing and Urban Development (HUD). The CDBG insular areas program provides grants for economic development, housing rehabilitation, public facilities rehab, construction or installation for the benefit of low to moderate income persons, or to aid in the prevention of slums. In addition, the Community Services Block Grant (CSBG) is a federal, anti-poverty block grant which funds the operations of a state-administered network of local agencies. This CSBG funding recipients often include non-profit agencies that address education, job training, and social services that aid in meeting workforce needs in the community. Other sources of funding come from The US Department of Agriculture that several private sector

7 Secretary of Interior Order No. 3191 - Subject: Abolishment of the Office of Territorial and International Affairs and Establishment of an Office of Insular Affairs. August 4, 1995.

8 From the Cannery Study, pp. 80-81

9 American Samoa Department of Commerce (2008). *American Samoa's Comprehensive Economic Development Strategies* (draft).

community based economic development programs for rural areas.

Local Plans

One of the goals of the Council is to coordinate and share economic development strategies to ensure consistencies. In some cases, the private sector may not be aware of what policies exist in government. Key policy documents used in this process include the American Samoa Economic Advisory Commission's Report¹⁰, the Territorial General Plan (TGP), and also the Department of Interior-sponsored "American Samoa Private Sector Assessment, 2006". In February, 2008, the Council added the recently released cannery impact report to the list of primary documents under consideration¹¹. The Council also reviewed some secondary reports such as *The Economic Implementation Plan, the Manu'a Plan, Pago Pago Shoreside Development Plan, Eco-tourism Plan, Comprehensive Economic Development Strategy [CEDS]* and the *National Income and Product Account (NIPA)*.

One outcome of the Council work has been the creation of a unified list of reference documents. A benefit of this list is a tool that can be used by all government agencies and private sector for the resolution of outstanding issues and concerns regarding development. This is particularly important now, with the issue of the proposed minimum wage increase, and the uncertainty of some federal incentives. In response to these external forces, both private and the public sector can demonstrate that American Samoans are united in responding and planning for upcoming challenges. The following is a summary of the primary documents used by the Council.

Economic Commission's Advisory Report

In 2002, the American Samoa Economic Commission, under mandate from the Governor, prepared a policy document to make recommendations to the President through the Secretary of Interior on the economic future of American Samoa. The commission was also charged with the responsibility to analyze the history and prospects economic development in American Samoa.

The result of their work was a four-part document that contains the Commission's Economic Development Plan ("the Plan"), recommendations to the President, detailed subject-specific data and information regarding American Samoa's

10 American Samoa Economic Advisory Commission (2002). *Transforming the Economy of American Samoa*. Department of Commerce.

11 Malcom D. McPhee and Associates with Dick Conway and Lewis Wolman(February 2008). *American Samoa's Economic Future and the Cannery Industry*. Prepared for the Department of Commerce, American Samoa Government under a grant award from the US Department of the Interior, Office of Insular Affairs.

economy and ; and relevant Commission documents. The Plan advocates changing the role of the public sector so it primarily serves as a conduit for economic change; and diversifying the private sector by developing entrepreneurial activities and targeting four industries for growth. The Plan targets four growth industries: Fisheries & Agricultural Development; Telecommunication and Technology Information; Manufacturing and Industrial Development; Visitor Industry and Tourism Development.

Territorial General Plan

The Territorial General Plan (TGP) was approved by the Territorial Planning Commission in May 2006. The plan was then adopted by Governor Togiola Tulafono on May 10, 2007. The purpose of the TGP is to establish comprehensive territory-wide policy and to guide public and private decision-making in order to promote a better quality of life, protect the natural environment; and preserve resources for sustainable development. The plan is organized into three parts. *Part One* provides an overview of issues and concerns in the Territory. *Part Two* provides integrated policies for development, commerce, economic development, environmental protection, resource management, social development, infrastructure, and capital improvements. *Part Three* provides implementation guidelines.

Private Sector Assessment

The Private Sector Assessment was sponsored by the Department of Interior (DOI) in 2006. The assessment was developed to assist policymakers in designing ways to make American Samoa more hospitable for economic development. This report analyzes policy from the perspective of impact on the business climate. The analysis focused on four main areas in which policy changes may improve the business climate: transparency, business licensing practices, taxation, and labor.

State of the Economy Report

The State of the Economy (SOTE) is a yearly report of the current economic climate in American Samoa. In 2007, the SOTE was refocused to address “*evidenced based decision making*” rather than just data reporting. SOTE now includes policy recommendations based on data. The Governor uses the SOTE for the annual State of the Territory address and as a guide for policy making.

Comprehensive Economic Development Strategies

The Comprehensive Economic Development Strategy (CEDS) Report is a requirement for consideration and approval of Economic Development Administration (EDA) funding. The Report needs to be filed with EDA, updated

and approved by the CEDS Committee, which is a decision-making group made up of representatives from citizens of minority and poverty groups. For American Samoa, the Territorial Planning Commission (TPC) carries out the function of the CEDS Committee. The CEDS is in the process of being updated for FY2008.

American Samoa's Economic Future and the Cannery Industry

Also known as the Cannery Study, this study was written by Malcolm D. McPhee & Associates with Dick Conway and Lewis Wolman and released in February 2008. The Report was prepared under a grant award from the US Department of Interior, Office of Insular Affairs to address American Samoa's economic future especially in view of possible serious reductions in cannery operations or even plant closures. The report states that the potential economic problems American Samoa faces could arise from two primary sources: cannery industry instability and federal revenue instability. The study details a number of recommendations to address the impacts of economic instability, and how the ASG can provide for long term economic recovery¹². One recommendation is to continue collaborative efforts like the Council to establish more effective working relationships between the public and private sectors pertaining to development priorities, government operations and programs, education and training, private sector development possibilities, tax laws, immigration laws, business licensing laws, procurement practices, and general business climate matters¹³

12 The report summarizes recommendations on pages 10-12. Additional detail on the private sectors role is found on pages 59-74 and government's role can be found in pages 75-79.

13 p.13