

Governor's Economic Advisory Council

“Community Concerns and Recommendations: Following Announcement of Tuna Canneries Future in American Samoa”

May 14, 2009

INTRODUCTION:

Positive changes develop in the face of adversity when we have a properly prepared plan. The Governor's Economic Advisory Council (EAC), whose membership includes members of the private and public sectors submit the following concerns and recommendations for your consideration and inclusion in the ASG plan where appropriate.

1.0 CONCERNS

- 1.1 High rate of unemployment following closure of COS in Sept. 2009 and the May 0.50 cents minimum wage increase
 - 1.1.1 4000 people from the canneries (includes StarKist layoffs)
 - 1.1.2 1500 people from private sector
 - 1.1.3 1500 people from government
- 1.2 Increased foreclosures by banks on delinquent accounts
- 1.3 Considerable outflow of Capital and tightening of credit and lending
- 1.4 Decline in property values as vacancies soar
- 1.5 Increase in crime/stealing
- 1.6 Reduction in corporate and personal income tax collections by ASG putting pressure on Treasury to secure funding for (a) ASG Depts, (b) agencies dependent on local revenues, i.e. Fono
- 1.7 Difficulty in attracting new investment due to high costs, labor, utilities, etc.
- 1.8 Cost of utilities will increase due to decreased demand, ASPA, ASTCA, Blue Sky
- 1.9 Revenues from Petroleum products will decrease but costs will increase.
- 1.10 Sea freight costs could increase as shipments become less frequent causing shortages and increased costs of goods
- 1.11 Many small retail businesses will close
- 1.12 Pressure brought to bear on federal entitlement programs if the unemployed including foreign workers remain on island
- 1.13 Net emigration as residents seek better economic opportunities in the US or foreigners return to country of origin

- 1.14 Immigration will be forced by circumstances to be managed more effectively
- 1.15 Increased numbers of youth joining military forces for economic reasons
- 1.16 Increased demand for particular specialized social and health services
- 1.17 ASG HR Dept. plan for RIF, outplacement and re-training covers U.S. Nationals only. What about other people?
- 1.18 Remittances and transfers from overseas including Dept. of Defense and Veterans Administration play a larger role in the local economy
- 1.19 Renewed interest in subsistence economy including local staples and the elevation of roles of the Dept. of Agriculture, Land Grant and DMWR

2.0 RECOMMENDATIONS FOR IMMEDIATE TO MEDIUM TERM ACTION

- 2.1 Implement programs from the Federal Government
- 2.2 Fast track the establishment of the Call Centers
- 2.3 Fast track re-training programs for all displaced workers
- 2.4 Fast track recommendations in the Tourism Master Plan
- 2.5 Remove escalator clause from minimum wage bill
- 2.6 Request immediate financial and technical training assistance from the Secretariat of the Pacific Community for Agriculture/Fisheries development
- 2.7 Waive the performance bond for local contractors for government contract work
- 2.8 ASG pay its bills so there would be more liquidity in the market

3.0 INFRASTRUCTURE/CAPITAL IMPROVEMENT PROGRAMS

- 3.1 Commence evaluation of potential development of hard infrastructure projects through stimulus package funding
 - 3.1.1 Road projects
 - 3.1.2 Water treatment plants and surface water capturing
 - 3.1.3 New Hospital
 - 3.1.4 New Health Centers
 - 3.1.5 New school buildings and facilities
 - 3.1.6 Sewerage and drainage improvement
 - 3.1.7 Establish a Technology Park
 - 3.1.8 CIP projects – let out DPW contracts
 - 3.1.9 Airport re-development – New Control Tower, New Hangers
 - 3.1.10 Multi Services Centers to handle mental and social problems
 - 3.1.11 Energy efficient retrofits for public buildings (other plans for new energy monies)

Funds required \$335 million

Employment 860 people

4.0 TRADITIONAL SECTOR DEVELOPMENTS AND JOB CREATION

- 4.1 Agriculture
 - 4.1.1 Fruit, vegetables, chicken hatcheries, egg production
 - 4.1.2 Hydroponics
 - 4.1.3 Greenhouse cultivation

- 4.1.4 Small scale dairy
- 4.1.5 Cooperative at the New Market
- 4.1.6 Cool room storage facilities

Funds required \$10 million

Employment 80 people

- 4.2 Fisheries
 - 4.2.1 Financing for new bigger Alia Fishing Boats
 - 4.2.2 Infrastructure and on fish processing facilities
 - 4.2.3 Fish cooperative at New Market
 - 4.2.4 Cold Storage facilities
 - 4.2.5 Development of Aquaculture – domestic and export

Funds required \$15 million

Employment 100 people

- 4.3 Manufacturing
 - 4.3.1 Establish a Regional Ship Repair and Maintenance Center
 - 4.3.2 Establish small craft boat building for Alia type vessels
 - 4.3.3 Retain StarKist facilities for other processing activities

Funds required \$10 million

Employment 100 people

- 5.1 Tourism
 - 5.1.1 Financial and marketing support for the AS Visitors Bureau
 - 5.1.2 Build a new Marina
 - 5.1.3 Develop Eco Tourism
 - 5.1.4 Build New Cable Car_system
 - 5.1.5 Establish Golf Course Resort
 - 5.1.6 Develop Tourism in Manu'a
 - 5.1.7 Establish Duty Free Shopping Services

Funds required \$46 million

Employment 223 people

TOTAL FOR ALL PROGRAMS \$416 MILLION AND 1363 PEOPLE EMPLOYED.

- 6.1 Workforce Training and Education
 - 6.1.1 Identify the Department of Human Resources (DHR) as the Lead Agency to coordinate and implement an Emergency Response Plan
 - 6.1.2 Candidates slated for lay off should go through a preliminary assessment process.

- 6.1.3 Eligible candidates should go through a more thorough recovery assessment work process to include skills, interests, abilities and work aptitude tests and observations
- 6.1.4 Create a master list of available jobs in the private and public sectors.

7.0 FOR YOUR CONSIDERATION

- 7.1 Privatization partial/gradual
 - 7.1.1 ASTCA
 - 7.1.2 ASPA
 - 7.1.3 LBJ
 - 7.1.4 Golf Course
- 7.2 Goods and services tax say 5% to commence implementation immediately
- 7.3 Policy Reform Immediately
 - 7.3.1 Income tax
 - 7.3.2 immigration

Respectfully submitted on behalf of the EAC by:

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