

American Samoa--Gateway to Opportunity in the South Pacific

by

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First, some brief basic facts about American Samoa. There are seven islands in the Eastern Samoan group located about as far south of Hawaii as San Francisco is from the East coast. American Samoa is the only U.S. possession south of the equator. Her largest island, Tutuila, is 18 miles long and six miles at its widest point. Of a population of approximately 31,000, over half are not American Samoans.

Arable land is insufficient to support significant agriculture. Currently, American Samoa is primarily dependent upon U.S. government financial support and the continued operation of two major fishing canneries. The Government of American Samoa provides twenty-one and a half million dollars in direct salaries and twenty-six and a half million dollars worth of purchase, while the canneries provide five million dollars in direct salaries and fifteen point seven million dollars in purchases.

Despite a seeming lack of resources, and its dependency on U.S. grants, American Samoa has significant economic potential that can be realized through the following means:

1. The expanded exploitation of inshore and offshore fisheries and natural resources from the sea bed.
2. An expanded visitor industry. The existing infrastructure needs improving.
3. The development of a small scale industrial development and

processing center, taking advantage of tariff breaks, low cost long leases on governmental lands and tax incentives, utilizing abundant natural resources from some of the neighboring island states--such as Western Samoa.

4. Serving as a regional transportation, transshipment market and financial center for the South Pacific.

5. Increasing import substitution through increased commercial and subsistence agricultural production.

To assist American Samoa in its development, the United States has made substantial contributions to building an infrastructure which can support industrial expansion. Among the infrastructure assets of which American Samoa can boast are the following:

An international airport with a 10,000-foot jet runway.

An extensive roadway system connecting most potential industrial sites by paved, two-way traffic access.

A 25-acre industrial park including paved roads and utility hook-ups.

A universal 12-year education system and a two-year college available to interested students.

Territory-wide telephone availability with newly established satellite connection as of October, 1979.

Broad-based telecasting and educational television.

Water and electricity to all villages in the Territory.

A deep-water industrial port superior to any other in the South Pacific (but which needs additional warehousing).

A marine repair facility for major and minor boat repairs (which will be upgraded).

A large medical facility.

Solid waste collection and disposal system throughout the Territory, and a sewer system connecting most anticipated industrial sites.

There are many exciting things happening in American Samoa and the South Pacific--if you've got a little vision and some patience. The area that excites me most is often called "Regional Development." To appreciate what I'll be talking about, you need a map. Observe the Polynesian islands scattered in a rough circle around American Samoa: Western Samoa, Tonga, Niue, Cook Islands, Tokelaus, Tuvalu, and French Polynesia. All of these micro-states share constraints on their economic development associated with their size and isolation from market, communication and industrial centers; difficulties in competing with large areas that can produce similar products with greater economies of scale (in this league, Fiji is a major power); and former/existing colonial ties.

#### American Samoa as a Regional Transportation Center

Served as a domestic air route of the United States, American Samoa is the least expensive travel destination from the United States to the South Pacific.

American Samoa has suffered from inadequate commercial air service since Pan Am cut its flights in the fall of 1976--eventually to two late night flights. A new day is just around the corner however, with the inauguration by Continental of five daylight flights from Hawaii to Pago every week starting in 3 weeks. As important as the increased frequency between Honolulu and Pago is the resumption of direct service to Australia and the expansion of service to New Zealand. In addition, Fiji-based Air Pacific now has a direct weekly flight to Suva, Nadi, and Pago. South Pacific Island Airways and Polynesian Airlines provide other regional services, and Air New Zealand calls once a week out of Auckland.

American Samoa also receives a significant volume of surface shipping. During 1977, the port of Pago Pago received over eight million pounds of

freight and mail and exported almost four million pounds.

Most important to both Hawaii and Samoa is a reliable regular surface shipping service. Last fall Warner-Pacific Lines instituted a 6 weeks turn-around schedule, but this has fallen apart. The next voyage, for example is now scheduled for June 10. This is a vital need that must be filled by private enterprise.

#### American Samoa as a Regional Market Center

The Pacific islands have long suffered from high prices resulting from an inability to buy in volume. Wholesale markets are virtually nonexistent. Depending on the product, prices may vary as much as 100 percent or more from the cost of the same product in the United States, New Zealand, or Australia. For this reason, island consumers routinely circumvent local markets, buying directly from sources outside the region, thereby draining local economies.

An acute need exists to bring the benefits of the wholesale pricing mechanism to the region. With the highest South Pacific concentration of U.S.-originated ships and aircraft, American Samoa can serve as a wholesale market center for U.S. and Hawaii produced goods. American Samoa can also serve as a distribution point.

Additional warehousing, transshipment and merchandising capabilities are needed.

#### American Samoa as a Regional Capital-Intensive Processing Center

With a few exceptions, the island states in the South Pacific region do not possess all the production factors necessary to export products which can compete with similar products from other regions. In many cases, if island states consolidated resources, problems of scale could be handled so as to make projects viable or more profitable. This is one of the reasons for

Governor Peter Coleman's increased emphasis on American Samoa's participation and leadership in regional organizations. In his vision, the benefits of American Samoa's capital-intensive economy can be combined with labor-intensive economies in the region.

Under the Generalized System of Preferences, the United States grants special duty rates to developing areas, as well as to its own territories. All of the small island states in the South Pacific, including American Samoa, are eligible. However, eligible areas must add at least 30 percent value to products. There is also a provision allowing eligible countries and territories which are members of the same trade union to combine input for the purpose of computing (or satisfying) the value-added requirement.

The duty rate reduction offered under the Generalized System of Preferences however, is not always sufficient to make production worthwhile. Another avenue to be considered relates to the provisions of Headnote 3A of the Trade Act. Under Headnote 3A, U.S. territories may bring products into the United States duty free whenever 50 percent of the value of the product is added in the U.S. territory. Items which are particularly attractive for production under Headnote 3A are those with high rates of duty entering the United States.

### Regional Political Leadership

A place as small and as vulnerable as American Samoa must have its wits about it when looking to the future. The people of American Samoa are thus very fortunate to have a man with the governmental background in the Pacific that Governor Peter Tali Coleman possesses.

In the 15 months since he's taken office, together with aggressive and bright Lieutenant Governor Tufele Li'a, Coleman has pushed American Samoa from being a reluctant and silent tail to the U.S. dog to the forefront of South Pacific and Pacific-wide regional activities. At the South Pacific

Commission conference in Noumea American Samoa took a strong leadership stand on civil aviation in the area which was critical of the major metropolitan powers functioning in the area--in particular the U.S. and Australia. In January, 1979, Governor Coleman took the lead again and invited top leaders from Tonga, Niue, the Cooks, Tuvalu, Western Samoa, and French Polynesia, to a meeting of what had been strictly a U.S. show--the Pacific Islands Development Commission. Almost all came. In describing this meeting in a speech to the Hawaii State Senate, Governor Coleman hit these highlights:

"We can work together constructively by lowering our shortsighted barriers to interisland trade and intercourse; by encouraging private enterprise not by talk alone, but by direct measures; by reducing overlapping duplicatory services of regional air carriers; processing plants, etc. American Samoa has two major fish canneries in addition to prime shipping and airport facilities--it makes no sense to duplicate these facilities in Apia, Rarotonga or Funafuti.

Joint Pacific island efforts on controlling immigration, agricultural disease and other threats to the environment will be more productive than individual efforts. There is no sense, too, in duplicating large capital facilities with high overhead--e.g., educational facilities, airports and major harbors."

Also bearing upon our future is the political decision on future status.

As a state, Hawaii is a fully integrated part of the U.S. but American Samoa is, as the lawyers say--an "inchoate" territory--unorganized and unincorporated. For you non-Constitutionalists, unincorporated means any territory to which the U.S. Constitution has not been expressly and fully extended. Unorganized does not mean we don't have "our act together," it only means Congress has not written an organic act to govern us as they did for Hawaii in 1900! Our political study commission is now reviewing alternatives, having just completed a trip to the West Coast Samoan communities and Washington, D.C. One of the major considerations in that study is how to obtain greater flexibility for American Samoa in dealing with all regional matters.

## Conclusion

American Samoa does not offer you a plumeria garden--but we do offer opportunity for those with vision and guts. The former sleepy, isolated islands--where the "Dukes" of Doonesbury played in the past--are coming of age, whether they like it or not and in my opinion will move more and more to the center stage of the South Pacific region. American Samoa is indeed America's gateway to the South Pacific, and the South Pacific's Gateway to America.

Fa'afetai tele lava.

Soifua!