



OFFICE OF THE GOVERNOR

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American Samoa

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July 8, 2013

EXECUTIVE ORDER NO. 014 - 2013

**EXECUTIVE ORDER CREATING A TASK FORCE TO DEVELOP A
TERRITORIAL ECONOMIC DEVELOPMENT IMPLEMENTATION PLAN**

Section 1. Authority

This Executive Order is issued under the authority granted to the Governor in Article IV, Sections 6 and 7 of the Revised Constitution of American Samoa and the American Samoa Code Annotated Section 4.011.

Section 2. Preamble

Since the transfer of authority over the territory from the U.S. Navy to the Department of Interior ("DOI"), DOI, in collaboration with the territorial government, has established as its vision the promotion economic self-sufficiency and self-reliance for the islands. To this end, DOI, along with the American Samoa Government ("ASG"), have invested millions of dollars in preparation of various studies and economic development planning documents, aimed to expand the economy of the islands.

In addition, over the years, in support of these efforts the federal government sponsored a number of incentives intended to assist the development of its island territories, such as Headnote 3(a), Made in USA Labeling, IRC Sections 936 and 30A, Essential Air Service, Jones Act and Nicolson Act exemptions, certain corporate tax credits and other incentives to provide us with economic development advantages and to create a desirable venue to encourage foreign investment.

As a result of the success of some of these efforts, the territory's economy has been able to depend on the fish canning industry for over 50 years, and continues to do so today amidst mounting competition from Asia and other regions around the world.

Unfortunately, the effectiveness of the federal incentives noted above has been eroded by U.S. foreign policy initiatives in the area of free trade, along with the federally-mandated imposition of an increased minimum wage in American Samoa, and the phasing out of the Section 936 tax credit and the failure to replace it with a tax incentive scheme that provides long-term certainty to potential investors.

Moreover, the continued upward movement of fossil fuel prices in the last decade has created further financial hardship for our island economy, which is highly dependent upon fossil fuels, as is the tuna industry, all of which has eroded the purchasing power of our local disposable incomes.

As a result of a combination of the minimum wage increase, coupled with the steady escalation in the cost of doing business in the territory, in September 2009 Samoa Packing (COS) closed down its tuna canning business, with a resultant loss of approximately 2,000 permanent jobs. The U.S. Department of Labor estimated in 2010 that this would further impact an additional 3,000 jobs in the tuna industry support services sector and through the larger economy.

The impact on our economy of the closing of the tuna cannery was mitigated in the short term by the federal dollars injected into our economy to aid in recovery from the September 29, 2009 tsunami. Our economy further benefited from funding through the American Recovery and Reinvestment Act. Unfortunately, however, these critically important funding sources are now coming to an end.

Section 3. Purpose

Sober recognition of the foregoing facts prompted the new administration to place economic development as its number one priority, and to introduce a sense of urgency into addressing the issues before us.

We recognize that numerous studies and economic development plans have been prepared over the years, however we also have to acknowledge there have not been meaningful and sustained efforts taken toward implementation of the plans and recommendations.

It is also recognized that many of these studies and economic development plans refer to viable undertakings and projects which can be identified and developed for implementation based on available resources, inherent product marketability, available technology, and available human resources.

We further recognize that an initiative based upon canvassing existing and reasonably current studies and economic development plans, from which individually identified undertakings and projects can be lifted, can form the basis of a Territorial Economic Development Implementation Plan ("TEDIP").

Given the closing window of opportunity resulting from the potential lapsing of federal incentive programs, the 2015 scheduled increase in the minimum wage, and with the continually increasing cost of doing business in the territory, it is important that these efforts be put forth on an expedited basis.

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Section 4. Establishment of a Task Force to Develop an Economic Development Implementation Plan

a. **Establishment:** There is hereby created the American Samoa Economic Development Implementation Plan Task Force comprised of six (6) members selected from the private sector, five (5) members from the Executive Branch of the government, two (2) members designated by the Senate and the House of Representatives, and one (1) member from Congressman Faleomavaega’s Office. The primary mission of the Task Force is to prepare the Territorial Economic Development Implementation Plan (TEDIP).

b. **Membership:** To carry out this mandate, the following members are appointed to the Task Force:

| <u>Private Sector</u> | <u>Public Sector</u> | <u>Legislature</u> | <u>Congressman’s Office</u> |
|-----------------------|-------------------------------|--------------------|-----------------------------|
| Bret Butler | Keniseli Lafaele | Senate Designee | Fai’ivae Alex Godinet |
| Sepp Steffany | Claire Tuia Poumele | House Designee | |
| Olivia Reid | Jason Betham | | |
| Roy J.D. Hall, Jr. | Lealao Mel Purcell | | |
| Papali’i Lauili’i | Utu Malae | | |
| Alfonso Pete Galea’i | Moefa’auo William T. Emmesley | | |

c. **Staffing:** The Department of Commerce shall provide staff support for this initiative with responsibilities that include basic research, compilation of statistical data and economic information, maintaining minutes of all meetings, and documenting preliminary and final versions of the TEDIP.

Section 5. Organizational Meeting and Funding

The Task Force shall convene its first meeting on July 15, 2013 at which a chair person will be selected from among the membership. Thereafter the Task Force shall develop its own bi-laws and operating procedures. A budget of \$100,000 financed by a Technical Assistance Grant from DOI will provide the funding for expenses associated with the development of the final TEDIP.

Section 6. General Duties, Functions and Responsibilities

The Task Force shall review all existing studies and economic development plans respecting the territory of American Samoa and its economy. The Task Force should further consider, as appropriate, successful economic development achievements, whether completed or ongoing, in other island countries, states and territories.

The Task Force is expected to establish criteria upon which the selection of economic development recommendations and proposed projects to be included in the final TEDIP can be determined and prioritized. Considerations for the inclusion of different components of the final TEDIP should include the following:

- the ability to assign clear and achievable implementation responsibilities with realistic timeframes;
- availability of local or federal funding to the extent that it is necessary;
- availability of private capital and debt, or both, to the extent necessary;
- the Task Force may take into consideration the privatization of non-core government activities as a potential source of investment capital or cash flow to support elements of the TIDEP
- identification of appropriate managerial or employee skill sets, the availability of local human resources with those skills sets, and the timeframes and recommendations around training to develop those skills, if need be;
- the practicality of and timeframe for implementing whatever incentives may be necessary, on a local or federal level, to any component of the final TEDIP;
- absorption capacities of markets for export opportunities;
- number of potential jobs created;
- dollar value of potential import substitution;
- other general features, benefits, costs and risks connected with the development of any component of the TEDIP.

The Task Force is expected to produce a final document suitable for submission to the Territorial Planning Commission for its review and approval, and thereafter for review by the Legislature of American Samoa.

Section 7. Duration

It is expected that the work of the Task Force will be completed within 120 days of its first meeting

Section 8. Effective Date

This Executive Order shall be effective immediately upon signing, and shall remain in effect until completion of the TEDIP and its approval by the Territorial Planning Commission.

Dated: July 5, 2013

Lolo M. Moliga

LOLO M. MOLIGA
Governor of American Samoa