



United States Department of the Interior

OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20240



A REPORT on

*The Impact of
The Compact of Free Association
on the United States Insular Areas*

Pursuant to Section 104(e)
Public Law 99-239

Territorial and International Affairs
1989

**IMPACT OF THE COMPACT OF FREE ASSOCIATION
ON THE UNITED STATES INSULAR AREAS**

Summary and recommendations

Public Law 99-239, Compact of Free Association Act of 1985, Section 104(e), Impact of Compact on U.S. Areas, requires an annual report to Congress with respect to the impact of the Compact on the United States territories and commonwealths and on the State of Hawaii. Reports submitted pursuant to this section of P.L. 99-239, are to identify any adverse consequences resulting from the Compact and make recommendations for corrective action to eliminate those consequences.

The Department of the Interior recognizes that there has been an impact on Guam and the Commonwealth of the Northern Mariana Islands since implementation of the Compact of Free Association. The impact arises in the areas of education, public safety and health services. The economic impact on trade and investment is difficult to measure, although we have no evidence that there has been a substantial impact created by implementation of the Compact.

There are discrepancies in the statistical information available in areas relating to the freely associated states citizens utilization of educational and social services. However, the research and discussions held in preparation of this report, has stimulated the Office of Territorial and International Affairs (OTIA) to assist the affected areas in developing procedures to gather more accurate information.

The problems encountered in preparing this report and the problems highlighted herein will not be simply solved. OTIA in cooperation with other federal agencies, the U.S. insular governments, and the freely associated states must work closely together to address these concerns.

After numerous attempts to prepare this report internally and through an agreement with the Pacific Basin Development Council, it became apparent more local input was needed from the U.S. insular governments. The first step in this process was started at a meeting in Guam in April of this year. At this meeting, problems surfaced which OTIA will be addressing as follows:

This will be an ongoing active project. OTIA will assist the governments to deal with the impact by enlisting assistance from other Federal agencies and through the technical assistance program.

Technical assistance funds will be needed in development of administrative procedures for gathering required information.

It was agreed that the 1990 Census will be instrumental in obtaining data on changes in the number of people from the freely associated states in the U.S. insular areas after the Compact. However, in order for the Census figures to be useful in this effort, tabulations on citizenship and migration must be included.

Through the OTIA technical assistance program, the U.S. Census Bureau is working with the insular areas to develop appropriate information. Additionally, census and data collection training is being provided by the U.S. Census Bureau through the technical assistance program.

A determination was made that legal interpretations will be required from Federal agencies on the eligibility of freely associated states citizens entitlement to social, educational and health programs.

OTIA is pursuing this matter by obtaining legal interpretations from the Department of the Interior Solicitor and other Federal agencies. This information will be made available to Congress and all insular governments.

The major impact identified by the U.S. insular governments is in education. The impact appears to be occurring in all levels of the educational systems.

To develop a logical approach to the educational problems, OTIA has solicited the support of the U.S. Department of Education to evaluate programs, services, and financial support which may be made available to these areas.

One major motivating factor for emigration from the freely associated states is created by inadequate educational opportunities.

OTIA has provided technical assistance funds to the Marshall Islands and the Federated States of Micronesia to evaluate the problems in their educational systems and develop programs to provide meaningful educational experiences.

The U.S. Immigration and Naturalization Service (INS) would be the natural place to monitor migration into and out of the United States. However, freely associated states citizens are categorized as non-immigrant aliens. These citizens are issued a multiple entry I-94 permit. This has been done to eliminate paperwork and cut costs because there is so much inter-island travel in the Pacific. Unfortunately, it also precludes use of exit information to identify the number of people remaining in the U.S.

OTIA will continue to work with the INS and the U.S. insular areas to resolve this issue in the most cost effective manner.

Total jobs in U.S. insular areas are increasing yearly. With the expanding economy in these areas, there are many positions available for citizens from the freely associated states. Presently, citizens from the freely associated states are filling jobs related to tourism. Their presence in the labor force is fulfilling a need. Additional training would enhance some individuals performance on the job. Training programs are available through the College of Micronesia, the Community College of Guam, the Northern Marianas College, and the Job Training Partnership Act.

All U.S. insular areas and the State of Hawaii have stressed their desire to welcome and assist freely associated states citizens arriving on their respective islands. However, there is agreement that some new arrivals are experiencing difficulties in adapting to totally new environments. It was agreed that educational efforts must be undertaken in the freely associated states to prepare these citizens for transition to the U.S.

OTIA in conjunction with all of the governments will assist in preparation of educational material on the laws, rules, regulations and customs to be encountered when travelling to the U.S. This material will include facts on the documentation needed for enrollment in the school systems, laws relating to operating a motorized vehicle, and regulations governing housing.

For those seeking employment, educational material will be produced to provide information on the availability of job training opportunities.

**Report to Congress on Impact of the Compact
on U.S. Insular Areas**

This report to Congress is in compliance with Public Law 99-239, Compact of Free Association Act of 1985. The requirement for the impact report is contained in section 104(e) of the Compact of Free Association for the Federated States of Micronesia (FSM) and the Marshall Islands. Public Law 99-239 states that:

In approving the Compact it is not the intent of the Congress to cause any adverse consequences for the United States territories and commonwealths or the State of Hawaii [section 104(e)(1), title I]

One year after the date of enactment of this joint resolution and at one year intervals thereafter, the President shall report to the Congress with respect to the impact of the Compact on the United States territories and commonwealths and the State of Hawaii [section 104(e)(2), title I].

The annual impact reports required by the Compact shall:

. . . identify any adverse consequences resulting from the Compact and shall make recommendations for corrective action to eliminate those consequences. The report shall pay particular attention to matters relating to trade, taxation, immigration, labor laws, minimum wages, social systems and infrastructure, and environmental regulation. With regard to immigration, the reports shall include statistics concerning the number of persons availing themselves of the rights described in section 141(a) of the Compact during the year covered by each report. With regard to trade, the reports shall include an analysis of the impact on the economy of American Samoa resulting from imports of canned tuna into the United States from the Federated States of Micronesia and the Marshall Islands [section 104(e)(2), title I]

The section to authorize appropriation of funds states:

Impact costs.--There are hereby authorized to be appropriated for fiscal years beginning after September 30, 1985, such sums as may be necessary to cover the costs, if any incurred by the State of Hawaii, the territories of Guam and American Samoa, and the Commonwealth of the Northern Mariana Islands resulting from any increased demands placed on educational and social services by immigrants from the Marshall Islands and the Federated States of Micronesia. [section 104(e)(6), title I]

On August 7, 1987, the Office of Territorial and International Affairs entered into an agreement with the Pacific Basin Development Council to gather information and draft the "Impact

of the Compact on U.S. Areas," Shortly thereafter, a team was assembled by the Pacific Basin Development Council (PBDC) led by Executive Director, Mr. Jerry B. Norris.

During the next several months information was compiled, data extracted and compared, site visits made, interviews held, sections written and rewritten and formats drawn up. Heads of State and Legislative leaders and their staffs in the freely associated states, the U.S. insular areas, Cabinet and Congressional officials and their staff, and key agency heads in all of the aforementioned areas were consulted. The data collected during this period is attached as Appendix 1.

The PBDC team made two visits to the CNMI, Guam, the FSM, and the Republic of the Marshall Islands, and one visit to American Samoa to assess the availability of data and to gather relevant information. The team, using Hawaii as a base of operation, also gathered data from state and federal agencies in Honolulu and Washington, D.C.

In November 1987, PBDC submitted a draft report to OTIA. The report concluded that data and data gathering systems that were in existence were completely inadequate to establish the number of freely associated states citizens having availed themselves of the rights described in section 141(a) of the Compact of Free Association. While PBDC was unable to quantify the Impact of the Compact on U.S. insular areas, the draft report did identify some problem areas which OTIA has been addressing through the technical assistance program in the interim. Also, some of the information collected during the site visits is valid and will be cited in this report.

With the finding that there was not sufficient information available to accurately assess the impact of the Compact on the U.S. insular areas, OTIA provided technical assistance funds for training in data collection.

The draft report stated that the 1980 U.S. Census, although conducted almost six years before the Compact was put into effect, provides the most comprehensive data on freely associated states citizens residing in American Samoa, the CNMI, and Guam. The data cannot be used as a basis on which to assess the impact of the Compact, but provides a baseline which could be used in conjunction with the 1990 Census to assess the movement of freely associated states citizens into three of the entities. If such a comparison is to be done for the State of Hawaii or other states, 1980 data will have to be processed to produce statistics on the number of people resident at the time of the census from what are now the freely associated states. In addition, data from 1990 census will have to include data on citizenship that can be coded and analyzed to yield citizenship that can be coded and analyzed to yield information on the residence of freely associated states citizens in the U.S. and its territories and possessions.

To facilitate in preparation of the 1990 Census, OTIA has used technical assistance funds to have individuals from U.S. insular areas trained by the U.S. Census Bureau. OTIA has also discussed with the Bureau of Census including questions in the 1990 Census which relate to the Pacific Islands and Hawaii.

OTIA received requests for technical assistance funds from Guam and the CNMI to improve data collection on migration to these areas earlier this year. To develop a process for obtaining information of relevance to all concerned, a meeting was held in Guam in April, 1989. Officials from Guam, the Commonwealth of the Northern Mariana Islands (CNMI), Hawaii and PBDC attended the meeting. The Governor of American Samoa was invited to have a representative present, but no one from there attended. At this meeting and through correspondences received from the Governors of Alaska, American Samoa, Puerto Rico and the Virgin Islands the following findings were made:

There is no history or evidence of migration from what are now the freely associated states into Alaska, American Samoa, Puerto Rico and the Virgin Islands. The governments concerned have not identified immigration and resulting social costs as problems and there is little point in gathering data on either migration or social service impact. Letters from the Governors of those areas are included as Appendix 2.

The areas which do have a history of migration from Micronesia are Guam and the CNMI. Since the first draft was prepared by PBDC, both Guam and the CNMI have collected some statistical data on immigration from the freely associated states. Other statistical data on the freely associated states citizen use of social services in the areas of education, public safety, health, welfare, housing and employment were also made available to OTIA. However, the information collected will not fully meet the needs for reporting on the Impact of Compact. The information provided by Guam and the CNMI is included as Appendix 2 and 3.

Further technical assistance funding would be required to assist Guam and the CNMI to develop administrative procedures to collect information on migration from the freely associated states to these two U.S. insular areas. It was recommended that the two governments develop similar systems for gathering information to assure uniformity in reporting annually to Congress. The two governments are working together to develop proposals to submit to OTIA.

The Statistical Analysis Branch of the U.S. Immigration and Naturalization Service provided data compiled from I-94 forms issued to freely associated states citizens as they

enter the United States and Guam. In theory, I-94s are issued as freely associated states citizens (and individuals from other countries) enter the U.S. and an I-94 stub is retained by the person to whom it is issued on entry. When the person leaves the U.S., the stub is collected by the airline on which the I-94 holder leaves the U.S. In theory, the I-94 data could be used to track the movement of freely associated states citizens into and out of the U.S. And by matching the entry forms and the stubs collected on exit, one could determine how many have remained in a given period. In practice, however, the INS considers the freely associated states citizens as non-immigrant aliens and the I-94 form is stamped "multiple entry" without an expiration date.

A system to track entry and exit from Guam and the CNMI must be instituted. The U.S. Department of Justice's Immigration and Naturalization Service should review the I-94 procedures in Guam to collect exit data. Without this information, it will be impossible to provide Congress with the information required by the Compact legislation.

The Commonwealth of the Northern Mariana Islands operates its own Immigration and Naturalization Service. Therefore, in order to monitor the arrivals of freely associated states citizens a system would have to be established in the CNMI.

OTIA will request interpretations from other Federal agencies on the eligibility of freely associated states citizens for Federal social and educational programs in the U.S. Territories. This information will be provided to all of the territories.

GUAM

Immigration and Population Movement

The 1980 U.S. Census provides the only baseline data on freely associated states citizens resident on and migrating to Guam. There was a total of 411 people living on Guam at the time of the census who were born in the FSM. Of those approximately 14.4% were naturalized U.S. citizens, 50.5% were permanent U.S. aliens and 31.5% were temporary U.S. aliens. A total of 37 people living in Guam were born in the Marshall Islands of which almost 19% were naturalized citizens, 40.5% were permanent U.S. aliens and 35.1% were temporary U.S. aliens. While this data cannot give any indication of the impact of the Compact, it shows the difficulty in using place of birth, and ethnicity in evaluating the impact of the Compact.

Data on immigration to Guam provided in the 1980 U.S. Census are also significant in gaining some understanding about residence and migration patterns of people from the FSM and the Marshall Islands. 27.8 percent of people resident in Guam in 1980 who

were born in the FSM moved to Guam in 1979 or 1980. Almost half of the people born in the FSM moved to Guam between 1977 and 1980. Data on people born in the Marshall Islands show that 35.1% moved to Guam between 1977 and 1980 and 67.5 percent migrated after 1975. These migration statistics could mean that there was an increase in movement of people out of what is now the freely associated states into Guam after 1975. However, it could also imply that the population from the Marshall Islands and the FSM living in Guam in 1980 is a fluid population and that there is a significant amount of movement back and forth between Guam and what is now the freely associated states.

Data on changes in the number of people from the freely associated states residing in Guam after the Compact was enacted will probably not be available until the 1990 U.S. Census is analyzed. However, in order for the 1990 Census figures to be useful in analyzing the impact of the Compact, tabulations on citizenship and migration must be included.

Impact on Social Services

Current data on the number of freely associated states citizens enrolled in the public school system on Guam shows a steady increase from 1985 (402), 1986 (503), 1987 (604), and 1980 (615). The 1980 U.S. Census does, however, provide some baseline data which can be compared with 1990 census data. Of the 411 people in the Guam population who were born in the Federated States of Micronesia, 54% were enrolled in school. For those born in the Marshall Islands, the percentage was seventy-three. What percentage of the children in school would be considered freely associated states citizens is not clear. If the school population of individuals born in the FSM is similar to the total FSM born population, 65% of the children in school would be permanent U.S. aliens or U.S. citizens.

Since 1973, the Guam Department of Education (DOE) has compiled historical records of school enrollment based on ethnicity. Until 1980, the categories were broken down into "Trust Territory," "Northern Marianas," and "Other Pacific Islands." With the implementation of the Compact, there was no standard procedure as to how to categorize students from the former Trust Territory. The data presented in the Guam report combines the "Trust Territory" category and the "Other Pacific Islands" into one "Micronesian" category.

The PBDC draft report pointed out that based on the teams analysis, there is evidence that there has been an increase in service use by individuals from the freely associated states. However, no definitive use rates can be established. This has resulted from the use of "ethnicity" or "ethnic origin" rather than citizenship or place of permanent residence in the gathering of enrollment information. While the citizenship status of freely associated states citizens has changed as a result of the implementation of the Compact, almost all freely associated

states citizens were Trust Territory citizens prior to 1986. The 1980 U.S. Census data for Guam shows that at least a percentage of the individuals living in Guam at the time of the census who were born in what are now the freely associated states were U.S. citizens and permanent residents of the U.S.

While Guam DOE statistics show an increase in the utilization of educational services by freely associated states citizens, it is difficult to assess the costs. In order to assess the eligibility for impact assistance authorized in P.L. 99-239, an accurate tracking mechanism must be in place. Additional questions will have to be included in the annual survey. Such as, when the individual migrated to Guam and information on their immigration status.

In contrast to the Guam DOE problems which results from increased enrollment, the University of Guam (UOG) problems are the result of decreased enrollment. UOG enrollment declined by 180 students from 1986 to 1987. The decrease in dollars awarded to freely associated states citizens under the Pell Grant Program at UOG totaled \$113,104 from fall 1986 to fall 1987. State Student Incentive Grants for these students decreased by \$448 and Work Study Grants decreased by \$34,711 over the same period. Enrollment continued to decline in the fall of 1987 and 1988. The decrease in dollars awarded to freely associated states citizens under the Pell Grant totaled \$128,000. The total loss over the two year period equaled \$241,104 for Pell Grant funds.

The impact of the freely associated states on health care services in Guam appears to be greatest at Guam Memorial Hospital. From FY 1985 to FY 1989, the total charges for walk-in (non-referral) patients reported by the hospital was \$232,726. The total debt to Guam Memorial Hospital for referred and non-referred patients is \$657,936 for this time period. Ninety-five percent is attributed to patients from Truk State in the FSM.

The only other impact data available for Guam are public safety statistics. These statistics indicate that there has been an increase in arrests for individuals whose nationality is reported as FSM from 69 in 1986 to 315 in 1988. For those listed as Marshalls, the number was 1 in 1986 and 2 in 1988. Arrests in the violent crime category increased from 5 in 1986 to 35 in 1988 for individuals of FMS origin.

The report submitted by Guam is included as Appendix 3.

Commonwealth of the Northern Marianas

Immigration and Population Movement

The 1980 U.S. Census provides a baseline for the analysis of the movement of people from what are now the freely associated states into the Commonwealth of the Northern Marianas (CNMI). There were a total of 884 people born in what are now the freely associated states resident in the Northern Marianas at the time of the census.

The Commonwealth government estimates that there were approximately 3,501 "Micronesians" out of a total population of 35,759 resident in the Northern Marianas in 1986. The Micronesian population includes people from Palau (who numbered 659 in 1980). It is not clear from the 1986 estimates, how many of the "Micronesians" are U.S. citizens of Micronesian descent. It is, therefore, impossible to assess the number of individuals who have migrated from the freely associated states.

The 1990 U.S. Census may yield the first definitive data on freely associated states citizens resident in the CNMI. The government of the CNMI is, however, considering ways in which the movement of freely associated states citizens into the Northern Marianas can be monitored. The CNMI does have the smallest population of any of the entities with Micronesian populations. Therefore even a modest increase in the number of freely associated states citizens could have a significant impact on educational and social services.

Impact on Social Services

Recent data available from the Department of Education in the CNMI on the "ethnic background" of students enrolled in public schools from the 1981-82 to the 1987-88 school years shows enrollment from the Federated States of Micronesia has increased from 176 in 1982-83 to 298 in 1987-88. Enrollment for individuals whose "ethnic background" is Marshallese increased from 24 to 30 over the same period. There was no significant change in the rate of increase after October 1986. The percentage of increase for students of FSM "ethnic background" was 69.3% for the five year period 1982-83 to 1987-88. The percentage increase for individuals with a Marshallese "ethnic background" was 25%. And, overall enrollment only increased 19.2%.

The citizenship or permanent residence status of students with ethnic backgrounds tied to the Federated States of Micronesia and the Marshall Islands are not clear. As in all entities concerned, there is no clear understanding of the immigration status of people from the freely associated states that would allow data to be gathered which would reflect the impact of the Compact on the education system in the CNMI.

The immigration status of students at the Northern Marianas College is much clearer as a result of the loss of federal financial aid for citizens of the freely associated states. There was an increase in the number of students from the freely associated states receiving federal support from 12 in the 1984-85 school year to 64 in the 1986-87 school year. This number declined to 7 in 1987 with the loss of Pell Grants, Supplementary Education Assistance Grants, Work Study and other federal tertiary education support. The loss of federal support for higher education for the Northern Marianas College resulted in a loss of \$48,636 in the spring semester of 1987. In the fall semester of 1987, the loss in federal aid totaled \$83,655.

In the health sector, the CNMI government was able to provide a substantial amount of data. Birth records indicate that 17.7% of births in 1985 were classified as "Micronesian," whereas the percentage in 1987 was 12% and it is estimated that 120 births in 1987 will be classified in that category. A tuberculosis case survey conducted between January and July of 1987 indicated that 9% (32 cases) were of Micronesian "ethnic origin," and at an annual treatment cost per case of \$2,629, this could cost the Commonwealth as much as \$84,128. In addition, both the intensive care unit and the neonatal intensive care units of the Hospital. Division of the Commonwealth Health Center reported providing services to eight and seven individuals respectively of ethnic origin linked to the Federated States of Micronesia.

Data on births in the Commonwealth for the period 1980 through September 1987 for children with "Micronesian" ethnic ties indicate the complexity of the entire ethnicity issues. There were increases in the number of children born to parents (or parent) categorized as "Trukeses" and "Ponapean" in 1986 and 1987. However, the citizenship status of the parents is not indicated. Moreover, most of the births reported for the entire period were born of parents with different ethnic ties and many of the births involved one parent of "USA" or "Chamorro" origin. In these cases, it is likely that both the child born and one of the parents is a U.S. citizen.

Vocational Rehabilitation Services data do not show any significant increase in the post-Compact period. They do, however, indicate that people categorized as associated with Pohnpei, Yap, and Truk, all now in the Federated States, have been referred to the program although there was only one active case in these categories in September, 1987.

Excerpts from the PBDC draft report which provides a regional overview follows:

REGIONAL OVERVIEW

Migration and Population Movement

The most relevant data on the movement of freely associated states citizens into the U.S., its territories and possessions, is that compiled for I-94 entry forms by the Statistical Analysis Branch of the U.S. Immigration and Naturalization Service. Entry data on non-immigrants for the period January 1983 through July 1984 reveal that arrivals from the "Pacific Islands Trust Territory" have ranged from 79 to 1,366 per month. Monthly averages for the years reported are as follows:

Monthly Averages of I-94 Entries of Non-immigrants
for the Pacific Island Trust Territory
January 1983 through July 1987

<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>
367	163	237	668	209

As indicated there was a significant increase in arrivals in the monthly average in 1986. However, because non-immigrant entries for the Federated States of Micronesia and the Republic of the Marshall Islands were not separated from entries from Palau and the Commonwealth of the Northern Marianas (for those without U.S. Passports), no conclusions can be drawn from the data. Moreover, because exit data are not available, it is not clear what percentage of those who entered remained in the U.S. or its territories and possessions that fall under the jurisdiction of the U.S. Immigration and Naturalization Service. No information is available on entries of "non-immigrants" into the Commonwealth of the Northern Marianas.

The PBDC team also received data on "immigrants" from the Statistical Analysis Branch of the INS for the years 1983 through 1986. "Immigrants" from the Pacific Islands Trust Territory are individuals entering the U.S. to establish permanent residence. And, again, with Palau and individuals from the Northern Marianas included, there was no significant change after the Compact came into effect.

In addition to gathering statistical information on the movement of freely associated states citizens into the U.S., the PBDC team also discussed the migration issue with Immigration and Naturalization Service officials in Hawaii and Washington, D.C. as well as government officials in the political entities concerned. As will be discussed below, there is a feeling in Guam, Hawaii, and the Commonwealth of the Northern Marianas that there has been some increase into those areas.

While on field visits in the FSM and the Republic of the Marshall Islands, the team also attempted to gather data on the movement of freely associated states citizens to the U.S. and its commonwealths, territories and the State of Hawaii. Officials in both countries said they had not sensed any increase in movement in the post-Compact period. They also indicated that aside from data on students supported by FSM or Marshall Islands scholarships studying abroad and some data on absentee voter registrants their governments had little data on movement out of the freely associated states. However, officials indicated that as more freely associated states citizens applied for passports, some data may be available on those intending to travel in the future.

The PBDC team asked officials in the Marshall Islands and the FSM whether they expected more of their citizens to move to the U.S. and its territories and commonwealths in the future. Some official indicated that because of shrinking budgets for education in the freely associated states, they expected an increase in migration to other areas because not all children can be accommodated in the public school systems.

In the Republic of the Marshalls, only about 90% of the elementary school aged children can be absorbed in the school system, and only about half of the high school aged children can be accommodated. In the Federated States, the situation varies from state to state. FSM and state government officials from Yap and Pohnpei indicated that all children of elementary school age can be accommodated in the schools. However, high school capacity varies from state to state. One state can only accommodate one third of the high school aged children. As a result, officials in the freely associated states anticipate that some parents may move to the U.S. or one of its territories or possessions so their children can attend school. Or, people may send their children to live with relatives already overseas. Moreover, if the population continues to grow in the freely associated states at its current rate, it seems likely that fewer and fewer children in the freely associated states will be able to attend school and the probability of migration for education will increase.

Trade and Investment

Trade statistics from the Republic of the Marshall Islands are only current to 1985. For the Federated States of Micronesia, the most recent national trade figures are for 1983. However, discussions with officials in both countries indicate there has not been a significant increase in the amount of trade in their respective communities.

In the Marshall Islands, through October 8, 1987 there had been 358 business licenses issued during the year. This compares with 200 registered in 1986. This increase in businesses, however, appears to be from more diligent efforts to see that businesses register than from new business start ups. Of those 358 licenses, 83 are for foreign corporations. Eleven are new entries in 1987. Three are listed under the classification of "import", three under "retail" two under "agency" and one each under the headings of "fishing", "export" and "engineering".

In the Federated States of Micronesia, available data lists 772 businesses operating. They are located as follows:

Location	Number of Businesses
Kosrae	152
Truk	174
Yap	107
Pohnpei	308
Registered Nationally	31
TOTAL	772

Information on the number of new businesses registering since the effective date of the Compact was not available.

Effect on American Samoa Tuna Industry

There are currently no tuna canneries in either the Republic of the Marshall Islands or the Federated States of Micronesia. In the Marshall Islands, a small tuna cannery had both opened and closed in the last several months. It was a very small cannery which existed for a short period of time. There was no record of any tuna being exported out of the Marshall Islands to anywhere to including the United States. It should be noted that overtures have been made by at least one U.S. tuna company to establish a significant cannery in the Marshall Islands. Thus far, nothing has progressed beyond the discussion phase.

In the FSM, the team was informed that a cannery may open in Yap and a feasibility study is being conducted. Current plans call for a water pack cannery, with possible shipment of product to Thailand.

Since there are no new tuna canneries in either of the freely associated states (with the exception of the small and short lived one noted above), there have been no adverse impacts on the economy of American Samoa resulting from imports of canned tuna into the U.S. from the freely associated states.

Environmental Laws

Environmental laws in the freely associated states have not been substantially changed from those found in the Trust Territory code. The PBDC team feels that changes currently being discussed are likely to raise enforcement standards rather than lower them.

In the Marshall Islands, a National Environmental Protection Authority was established in 1984 (P.L. 1984-31). The Authority requires environmental impact statements (EIS), and addresses discharges of waste and pollutants into the air and water and onto the land.

FSM has a Federated States of Micronesia Environmental Protection Act which was passed in 1984 (P.L. 3-83). Their law adopted the former Trust Territory regulations. Some revisions are currently underway which would modify and simplify administrative regulations. Each state has a draft state law which parallels the national FSM law.

In addition, the State of Pohnpei has enacted the Pohnpei Watershed Forest Reserve and Mangrove Protection Act of 1987. It set aside 25% of the island which contains the most erodible soils in a watershed reserve with very restrictive uses.

Foreign Investment Laws

On December 11, 1986, FSM adopted new Foreign Investment Regulations (P.L. 2-5). The regulations are designed to streamline the processing of foreign investment business permits, encourage complementary investment by local private investor, ensure that the people in the FSM derive adequate return from development of their resources and to allow investors to have secure title to their contractual rights.

In the Marshall Islands, foreign investment regulations have not changed substantially. The registration of new corporations, foreign or local, must be approved by the Cabinet.

Minimum Wage

The minimum wage in the Marshall Islands was recently raised from \$1.15 per hour to \$1.50 per hour. The government began paying the higher rate at the beginning of the fiscal year (October, 1987).

The Federated States of Micronesia has a several-tiered minimum wage. Rates have not changed since the Compact became effective.

Tax Laws

Both the Marshall Islands and the Federated States of Micronesia are in the process of raising import taxes. Both are attempting to increase their enforcement capabilities so that taxes now applicable are collected.

Labor Laws

The PBDC study team interviewed officials in both the Marshall Islands and the Federated States of Micronesia to determine whether labor laws had been changed since the Compact had been executed.

In the Marshall Islands, a new labor law has been drafted. This 84 page document will likely come before the Nitijela (legislature) during the present session. The draft bill establishes a labor commissioner, protects local laborers, regulates hours of work and establishes labor tribunals. If passed, it would replace the Trust Territory labor code. It appears to be a more stringent labor law than the current labor code. The PBDC study team was left with the impression that, if anything, current sentiment in the Marshall Islands is to protect Marshallese workers and make entry into the labor force by non-resident workers more difficult.

In the Federated States of Micronesia there have been some amendments to their labor code dealing with non-resident workers. One change provides that after such workers leave the employment of a company, they must now leave the country and then re-enter before they can be employed by another company. This change is consistent with statements made to the study team that the FSM Congress is against the influx of an alien labor force.

AMERICAN SAMOA

Migration and Population Movement

American Samoa does not have a history of Micronesian immigration. Partly because of its distance from the Federated States and the Marshall Islands and partly because, unlike Saipan and Guam, American Samoa has had no historical ties with the former Trust Territory, there have been few Micronesians who have even visited American Samoa.

The 1980 U.S. Census provides the only quantitative data on Micronesian residence in American Samoa. There were a total of five people out a total population of 32,297 from what are now the freely associated states in American Samoa at the time of the census. Moreover, government officials in American Samoa indicated that they had seen absolutely no evidence of freely associated states citizens moving to American Samoa in the post-Compact period.

Impact on Social Services

Because of the lack of movement by the freely associated states citizens to American Samoa, there has been no impact on social services.

Trade and Investment

As already indicated above, the PBDC team attempted to determine if there had been any negative economic impact on the U.S. territories and commonwealths or the states of Alaska and Hawaii. The governments which responded to the Office of Territorial and International Affairs letter regarding impact, including the response from the Governor of American Samoa, indicated that the Compact has not had any negative impact thus far. However, the Governor of American Samoa stated that his government was concerned with impacts that may arise from increased tuna activity in the freely associated states. As indicated in the Regional Overview, the PBDC team examined exports from the freely associated states and there is currently no canned tuna being exported to the United States. In addition, the team gathered export data for tuna from American Samoa for the period 1977 through 1986 which reveals tuna exports have continued to increase from American Samoa.

HAWAII

Immigration and Population Movement

Unfortunately, there are no demographic data on freely associated states citizens resident in the State of Hawaii. The 1980 U.S. Census data for Hawaii were not tabulated for Federated States or Marshall Island citizenship, ethnicity, or place of birth to establish a baseline. It would, however, be very useful for future Compact impact reports if the 1990 census included such tabulations.

Hawaii does have a Micronesian population and the team is aware that there are freely associated states citizens in the State. However, there are no available data.

Impact on Social Services

There are currently very few data available on the utilization of social, education, and health services in the State. Agency personnel have indicated to the PBDC team that statistics for most public social, health, and educational services are not compiled until a year after they are gathered. Moreover, because freely associated states citizens have been such a small proportion of the State's population, they have not been isolated for statistical purposes.

Students from what are now the freely associated states have been

attending post-secondary institutions in Hawaii for many years. However, the only current data available are on Pell Grant recipients for 1987-88. U.S. Department of Education officials report that approximately 206 freely associated states citizens are enrolled at the University of Hawaii, Chaminade University and Hawaii Pacific College. Of the three institutions, Hawaii Pacific College has 154 FAS citizens currently being supported.

The major impact on health services in Hawaii has been on the private hospitals. Three private hospitals have reported fairly substantial accounts receivable from some of the freely associated states governments, but the exact figures are only now being compiled and will be available in the future.

The general attitude of Hawaii State Government officials is that the State wishes to play a constructive role in the development of the freely associated states and given the size of the State's population, the government is willing to assume certain levels of responsibility in providing services to the citizens of the freely associated states. However, the government officials feel that if the costs of these services continue to increase, it may be necessary to seek assistance from outside the State.

Trade and Investment

State government officials and representatives of the private sector have reported no adverse economic impacts as a result of the Compact.

ALASKA

Discussions with officials from the State of Alaska indicate that there have been no apparent adverse impact as a result of the Compact.

PUERTO RICO

According to the government of the Commonwealth of Puerto Rico, there have been no apparent adverse impacts of the Compact of Free Association.

VIRGIN ISLANDS

No formal response has been received regarding the impact of the Compact on the Virgin Islands, but it is anticipated that the government will report no adverse impact resulting from the Compact.

[End of PBDC draft report]

OTIA will assist in development of an informational brochure for freely associated states citizen travelling to the U.S. The brochure should contain facts relating to documents needed to enroll in school, laws relating to operating a vehicle, regulations governing housing, and a general picture of customs observed in the U.S. Since English is the second language in the freely associated states, the brochure should be written in the local language.