

Withdrawal/Redaction Sheet

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001a. draft	Letter, President Clinton to Governor Froilan C. Tenorio re: Commonwealth of Northern Mariana Islands immigration and wage laws (1 page)	ca. May, 1997	P5
001b. draft	Letter, President Clinton to Resident Representative Juan Babauta re: Commonwealth of Northern Mariana Islands immigration and wage laws (2 pages)	ca. May, 1997	P5
001c. draft	Letter, President Clinton to Governor Froilan C. Tenorio re: Commonwealth of Northern Mariana Islands immigration and wage laws (1 page)	ca. May, 1997	P5
001d. draft	Letter, President Clinton to Governor Froilan C. Tenorio re: Commonwealth of Northern Mariana Islands immigration and wage laws. (1 page)	ca. May, 1997	P5

COLLECTION:

Clinton Presidential Records

ST051 (Subject Files)

OA/Box Number: 14039

FOLDER TITLE:

[220628SS]

Richard Stalcup

2006-0167-F

rx66

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

Freedom of Information Act - [5 U.S.C. 552(b)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advise between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

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- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

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To: ~~Jim Dorskind~~ To Jeff Pando

482-2337

The Honorable Froilan C. Tenorio
Governor of the Northern Mariana Islands
Saipan, MP 96950

Dear Froilan:

As you know, the ¹⁹⁷⁶ Covenant that established the political union between the Northern Mariana Islands and the United States did not immediately extend all of our Nation's immigration, naturalization, and minimum wage laws to the Commonwealth. *The Covenant contemplated however that these laws would be extended at a later time.*

The labor situation that has developed in the newest member of the U.S. family in recent years has become of great concern to me and is inconsistent with our country's values: Most people in the islands are not really members of the community; temporary alien workers are imported for permanent jobs while the jobless rate among residents ^{remains} high; the minimum wage is artificially ^{plenty} low; there have been persistent incidences of improper treatment of alien workers and inadequate enforcement of their rights; manufacturers using foreign workers unfairly compete with other production under the U.S. flag *and*

Federal officials have strongly encouraged Commonwealth officials to rectify these problems for many years and provided substantial assistance for doing so but the problems persist and, in some cases, are getting worse. I have, therefore, concluded that Federal immigration, naturalization, and minimum wage laws should be applied to the Commonwealth, as provided for by the Covenant. *now*

My Administration will work with the Congress to extend these laws in a reasonable and appropriate manner, and will consult with you and other representatives of the Commonwealth *in about* the process. *we of course, now ~~and then~~ these laws should be applied.*

I am dedicated to protecting the rights and well-being of all who work and live in the islands as well as to fulfilling our ~~Covenant~~ responsibilities.

Sincerely,

As I am sure you are,

cc: Chairman Don Young
Ranking Democrat George Miller
Chairman Frank Murkowski
Ranking Democrat Dale Bumpers
Representative Juan Babauta

May 19, 1997

Memorandum for Sylvia Mathews

Cc: Todd Stern
Jim Dorskind ✓

From: Marcia Hale
Jeffrey Farrow
Lucia Wyman

Subject: Northern Marianas Letters

The attached draft letter to the Commonwealth of the Northern Mariana Islands Representative to the Federal Government -- regarding inclusion of the islands in national immigration and minimum wage laws to overcome the serious problems with the labor situation there -- is a rewrite of an Interior Department draft to which Interior has agreed.

The Attorney General and the Labor Department have also approved it. (A copy was, additionally, sent to OMB.)

If it is finally signed-off on by you, we can have Correspondence send it in the morning.

Thanks.

C. Wilken
Fax
66221

making note
to the
home
directly
delivered
single copy?

WW
6/2

482-
0037

6622187

The Honorable Juan Babauta
Resident Representative of
the Northern Mariana Islands
2121 R Street, N.W.
Washington, D.C. 20008

Dear John:

As you know, the Covenant that established the political union between the Northern Mariana Islands and the United States did not immediately extend all national immigration and naturalization and minimum wage laws to the Commonwealth.

The labor situation that has developed in the newest member of the U.S. political family in more recent years has become of great concern to me. Aspects ^{of this situation} are inconsistent with our country's values.

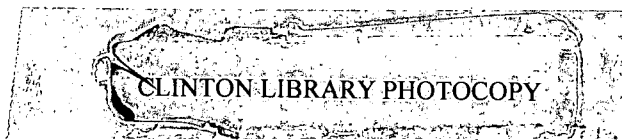
The ~~Federal~~ efforts to date to address the problems inherent in the current system have not succeeded in overcoming them. It is, therefore, time to include the islands in our national immigration and naturalization and minimum wage laws, as provided for by the Covenant.

My Administration will work with the Congress to extend ~~Federal administration~~ ^{law} in a reasonable and appropriate manner and will consult with you and other officials of the Commonwealth in the process.

I am dedicated to protecting the rights and well-being of all who work and live in the islands as well as to fulfilling our Covenant responsibilities.

Sincerely,

cc: Chairman Don Young
Ranking Democrat George Miller
Chairman Frank Murkowski
Ranking Democrat Dale Bumpers
Governor Froilan Cruz Tenorio



May 20, 1997

The Honorable Froilan C. Tenorio
Governor of the Northern Mariana Islands
Saipan, MP 96950

Dear Froilan:

As you know, the 1976 Covenant that established the political union between the Northern Mariana Islands and the United States did not immediately extend all of our Nation's immigration, naturalization, and minimum wage laws to the Commonwealth. The Covenant provided, however, that these laws would be extended at a later time.

These workers
I am writing now out of concern about certain labor practices in the Islands that are inconsistent with our country's values. More than half of the people in the Islands are temporary alien workers; ~~those workers who comprise more than 50 percent of the Islands' work force~~, are imported for permanent jobs, while the jobless rate among residents remains high; the minimum wage is plainly inadequate; there have been persistent incidences of improper treatment of alien workers and inadequate enforcement of their rights; and manufacturers using foreign workers unfairly compete with other production under the U.S. flag.

Federal officials have ~~strongly encouraged~~ *phone* Commonwealth officials to rectify these problems ~~for many years~~ and provided substantial assistance for doing so but the problems persist and, in some cases, are getting worse. I have, therefore, concluded that federal immigration, naturalization, and minimum wage laws should now be applied to the Commonwealth, as provided ~~for~~ by the Covenant.

My Administration will work with the Congress to extend these laws in a reasonable and appropriate manner. We will, of course, consult with you and other representatives of the Commonwealth about how these laws should be applied.

I am dedicated, as I am sure you are, to protecting the rights and well-being of all who work and live in the Islands as well as to fulfilling our mutual Covenant responsibilities.

Sincerely,

BC/JAD/efr (Corres. #3518947)
(5.tenorio.fc)

Xeroxed copy of personally signed original to NH through Todd Stern

CLEAR THRU TODD STERN

PRESIDENT TO SIGN

CLINTON LIBRARY PHOTOCOPY

To: ~~Jim Dorskind~~ To Jeff Pando

482-2337

The Honorable Froilan C. Tenorio
Governor of the Northern Mariana Islands
Saipan, MP 96950

Dear Froilan:

3518947

1976
As you know, the Covenant that established the political union between the Northern Mariana Islands and the United States did not immediately extend all of our Nation's immigration, naturalization, and minimum wage laws to the Commonwealth. *The Covenant contemplated, however, that these laws would be extended at a later time.*

~~The labor situation that has developed in the newest member of the U.S. family in recent years has become of great concern to me and is inconsistent with our country's values. Most people in the islands are not really members of the community; temporary alien workers are imported for permanent jobs while the jobless rate among residents is high; the minimum wage is artificially low; there have been persistent incidences of improper treatment of alien workers and inadequate enforcement of their rights; manufacturers using foreign workers unfairly compete with other production under the U.S. flag.~~ *and these workers are temporary workers; these workers comprise more than 80% of the island workforce.*

Federal officials have strongly encouraged Commonwealth officials to rectify these problems for many years and provided substantial assistance for doing so but the problems persist and, in some cases, are getting worse. I have, therefore, concluded that Federal immigration, naturalization, and minimum wage laws should be applied to the Commonwealth, as provided for by the Covenant. *now*

My Administration will work with the Congress to extend these laws in a reasonable and appropriate manner, and will consult with you and other representatives of the Commonwealth in about the process. *we of course, how and when these laws should be applied.*

I am dedicated to protecting the rights and well-being of all who work and live in the islands as well as to fulfilling our Covenant responsibilities.

Sincerely,

As I am sure you are,

cc: Chairman Don Young
Ranking Democrat George Miller
Chairman Frank Murkowski
Ranking Democrat Dale Bumpers
Representative Juan Babauta

I am writing now out of concern about the certain labor practices in the Islands that are inconsistent with our country's values.

Withdrawal/Redaction Sheet

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
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001. draft	Letter, Allen P. Stayman to Vice President Gore re: Northern Mariana Islands Covenant Implementation Act ~~(6 pages)~~ 2		P5
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COLLECTION:

Clinton Presidential Records
Intergovernmental Affairs
Jeffrey Farrow
OA/Box Number: 24088

FOLDER TITLE:

Northern Mariana Islands - Various II [1]

Richard Stalcup

2006-0167-F

rx74

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

Freedom of Information Act - [5 U.S.C. 552(b)]

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PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

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United States Department of the Interior

OFFICE OF THE SECRETARY

Washington, D.C. 20240

October 6⁵⁷, 1997

Honorable Albert Gore, Jr.
President
United States Senate
Washington, D.C. 20510

Dear Mr. President:

There is enclosed a draft bill that may be cited as the "Northern Mariana Islands Covenant Implementation Act". This legislative proposal is in response to the request of July 16, 1997, from the Honorable Frank H. Murkowski, Chairman, Committee on Energy and Natural Resources, for a drafting service that would implement the Administration's recommendations for the Commonwealth of the Northern Mariana Islands (CNMI) contained in the Administration's July 1997 report on the Federal-CNMI Initiative on Labor, Immigration, and Law Enforcement. The Administration strongly supports the enactment of this proposal.

While we are firm in our commitment to the proposals outlined in the recommendations, the Administration is, however, willing to consider amendments. A Federal policy framework is needed to respond to the use of the CNMI as a platform for circumvention of United States' garment duties and quotas, the CNMI's ineffective immigration control, and the unhealthy and unsustainable dependence on temporary low-paid foreign workers in the islands.

President Clinton, in his May 30, 1997 letter to CNMI Governor Froilan Tenorio, stated that his Administration would consult with the Governor and other representatives of the Commonwealth regarding the application of laws to the CNMI. Following through on the President's commitment, the Departments of Labor, Justice (INS), State, Commerce, and Interior sent senior representatives to the CNMI in August to discuss legislative implementation of the recommendations contained in the report. While the Governor declined to meet with this Federal delegation, it was able to convey to many local government and business leaders the long-standing concerns of the Federal government regarding the CNMI's garment and foreign labor policies, discuss details of the Administration's recommendations for addressing these problems, and hear local concerns regarding the recommendations. The information gained on the trip was carefully considered. In closing, let me note that the Administration looks forward to working with you and the CNMI to enact legislation that will reconcile Federal responsibilities with the CNMI's needs.

2

The Office of Management and Budget advises that there is no objection to the presentation of this proposal to Congress, and that its enactment would be in accord with the Administration's program.

Sincerely,

Allen P. Stayman
Director
Office of Insular Affairs

Enclosure

Fred,
Rough cut by me
for internal use only.
Does not pick up all
agency objections
(many of which can
be attributed to Guam
over-reaching in
drafting) but it may
support more of what
Guam wants than
Garamendi will fight
for now. JRP

Withdrawal/Redaction Sheet

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. draft	Ron Peterson to Legislative Liaison Officers re: Report on Federal Initiatives in the Commonwealth of Northern Mariana Islands (118 pages)	06/26/97	P5

COLLECTION:

Clinton Presidential Records
Intergovernmental Affairs
Jeffrey Farrow
OA/Box Number: 24088

FOLDER TITLE:

Northern Mariana Islands-Various II [2]

Richard Stalcup
2006-0167-F
rx75

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

Freedom of Information Act - [5 U.S.C. 552(b)]

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J.C. No Mar...

Total Pages: _____

LRM ID: AMB112

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
Washington, D.C. 20503-0001

Thursday, June 26, 1997

LEGISLATIVE REFERRAL MEMORANDUM

URGENT

TO: Legislative Liaison Officer - See Distribution below
FROM: *Ron Peterson*
Ronald K. Peterson (for) Assistant Director for Legislative Reference
OMB CONTACT: Annette E. Rooney
PHONE: (202)395-7300 FAX: (202)395-5691

SUBJECT: REVISED INTERIOR Report on Federal - Commonwealth of the Northern Mariana Islands Initiative on Labor, Immigration and Law Enforcement

DEADLINE: COB Tuesday, July 1, 1997

← THIS DEADLINE IS FIRM!

In accordance with OMB Circular A-19, OMB requests the views of your agency on the above subject before advising on its relationship to the program of the President. Please advise us if this item will affect direct spending or receipts for purposes of the "Pay-As-You-Go" provisions of Title XIII of the Omnibus Budget Reconciliation Act of 1990.

COMMENTS: To facilitate the expedited clearance of the subject revised report, OMB has requested that Interior distribute LRM AMB 112 directly to the noted agency legislative affairs offices. (The earlier version of this report was circulated under LRM AMB101 on 6/13/97.) Interior will also distribute the revised report to the members of the interagency working group who have been working on its development. Interior hopes to transmit the report to Congress by July 3rd.

For your information, also attached are copies of: (1) the interagency working group membership list; and (2) the list of attendees at the June 19th interagency meeting on the report.

DISTRIBUTION LIST

AGENCIES:

61-JUSTICE - Andrew Foia - (202) 514-2141
62-LABOR - Robert A. Shapiro - (202) 219-8201
80-National Labor Relations Board - Jeff Wedekind - (202) 273-2910
114-STATE - Julia C. Norton - (202) 647-4463
118-TREASURY - Richard S. Carro - (202) 622-0650
59-INTERIOR - Jane Lyder - (202) 208-4371
25-COMMERCE - Michael A. Levitt - (202) 482-3151
83-National Security Council - Glyn T. Davies - (202) 45/6-9221

EOP:

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E. Irene James
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Antonio E. Chavez
Schroeder Ingrid
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Tracey E. Thornton
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Leanne A. Shimabukuro
KRISTOFF_S
Lynn G. Cutler
Lucia A. Wyman

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LRM ID: AMB112 SUBJECT: REVISED INTERIOR Report on Federal - Commonwealth of the Northern Mariana Islands Initiative on Labor, Immigration and Law Enforcement

RESPONSE TO
LEGISLATIVE REFERRAL
MEMORANDUM

If your response to this request for views is short (e.g., concur/no comment), we prefer that you respond by e-mail or by faxing us this response sheet. If the response is short and you prefer to call, please call the branch-wide line shown below (NOT the analyst's line) to leave a message with a legislative assistant.

You may also respond by:

(1) calling the analyst/attorney's direct line (you will be connected to voice mail if the analyst does not answer); or

(2) sending us a memo or letter

Please include the LRM number shown above, and the subject shown below.

TO: Annette E. Rooney Phone: 395-7300 Fax: 395-5691
 Office of Management and Budget
 Branch-Wide Line (to reach legislative assistant): 395-6194

FROM: _____ (Date)
 _____ (Name)
 _____ (Agency)
 _____ (Telephone)

The following is the response of our agency to your request for views on the above-captioned subject:

_____ Concur

_____ No Objection

_____ No Comment

_____ See proposed edits on pages _____

_____ Other: _____

_____ FAX RETURN of _____ pages, attached to this response sheet

MEMBERS OF THE INTERAGENCY WORKING GROUP ON CNMI

NAME	ORGANIZATION	PHONE NUMBER
Allen Stayman	Interior (Office of Insular Affairs)	(202) 208-4736
John Schwartz	Justice (Dep. Attorney Generals Office)	(202) 514-4375
John Frazier	Labor (Dep. Administrator, Wage and Hour Division)	(202) 219-8305
Tim Dunlap	Secret Service	(202) 435-5775
Michael Bukovac	Treasury (Bureau of Alcohol, Tobacco, and Firearms)	(202) 927-7790
Mardelle Tomasiro	Treasury (Customs)	(202) 541-2623
Dan Pocus	U.S. Diplomatic Service	(202) 663-0379
Mary Joyce Paulson	National Labor Relations Board	(202) 273-3700
Carrie Enay	State	(202) 647-9141
Phil Entwiler	State	(202) 647-2301

Interagency Mtg

OMB - Fed Initiative Report to (orig)

6/19/97

Name	Agency	Phone/Fax
Tara Butler	DOL (Clerk)	219-8065 Ext 125
John Fraser	USDOL	219-8305/219-4753
Lana Hesse	NLRB	202-273-2893
DANNY ARNOLD	DOI (OIA)	202-208-4709/515-1
JAMES L. DUNLAP	U.S.S.	202/435-5775
Bill Woetsner	DOA	202-307-886
Lou de Baca	DOJ-CRT	202/514-2734
Jonathan Schwartz	DOJ-ODAG	514-4375/616-123
Joseph Gerbasi	DOJ-Crim-CEOS	514-5780
Debbie Subero-Wiggin	DOJ/OIA	T)208-6816 F)2501-77
Allen Stayman	Interior	208-4736
Chip Markell	Interior, Legislation	208-4455
Anna Priatico	OMB, Legislative Ref.	395-7301 F) 395-566
Irene James	OMB/Interior	395-6968/395-689
CHRISTINE SENA	USMS	202-307-9082
DAVID NORTH	OIA/DOJ	202 208 3003
Nancy Fanning	OIA/DOJ	202-208-6816
Patricia Ward	INS	202 514-0964
Terry Webster	INS	202 616-1922
Steve Sander	DOJ/OIA	208-6816-501-7759

June 27, 1997

Note to Reviewers:

Except for subheads and a few individual words, **BOLD** denotes an addition, and ~~strike through~~ denotes a deletion from the text of the report last circulated.

The Department of the Interior attempted to accommodate all previous suggestions for changes. If one of yours was not included in this draft it was either an oversight or we found it difficult to find an appropriate place.

Please address any additional responses you may have to OMB.

FEDERAL - CNMI INITIATIVE
ON
LABOR, IMMIGRATION, & LAW ENFORCEMENT

In the Commonwealth of the Northern Mariana Islands

THIRD ANNUAL REPORT

June 1997

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- II. Initiative Findings and Efforts
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- IV. Chinese Shadow Contract Translations
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EXECUTIVE SUMMARY

See next page for DOI rewrite.

The Commonwealth of the Northern Mariana Islands (CNMI) is a chain of islands (three inhabited) in the Western Pacific Ocean. Since 1986, the CNMI has been under United States sovereignty and its people have been United States citizens. Yet, it faces serious economic, demographic, financial, legal and potential diplomatic problems that need to be addressed.

These problems have arisen from a peculiar confluence of often unrelated factors which are seen nowhere else under the U.S. flag. For example, the CNMI, under the provisions of the Covenant with the United States, is currently exempt from Federal immigration controls, Federal minimum wage laws, and Federal tariffs and taxes, yet it has been heavily subsidized by the U.S. Treasury **United States tax payers**, and its products are sold as "Made in USA" even though 95% or more of the workers in the manufacturing sector are not U.S. citizens.

Problems include:

- o ~~Substantial Losses of U.S. Citizen Jobs in the 50 States and Territories, including the CNMI.~~ The CNMI's extensive use of low-paid alien workers has led to more than twice the level of citizen unemployment in CNMI as in nearby Guam, and the loss of thousands of garment manufacturing jobs for workers in the states.
- o ~~Massive Importation of Alien Workers who are often Ill-Treated.~~ Local authorities have permitted a situation to develop in which three-quarters of the labor force (approximately 30,000 out of 40,000) are temporary alien workers, essentially bonded to their employers. These workers cannot settle in the CNMI on a permanent basis, are not covered by Federal **minimum wage** or naturalization laws, and are subject to abuse by their employers. Their presence has twisted the local economy into a two-caste system, with citizens mostly employed by the local government, and with the essentially indentured alien workers doing virtually all the physical work in the islands.
- o ~~Failed Reform Efforts at the Local Level.~~ The Reagan, Bush and Clinton Administrations, and the Congress have urged local elected officials to correct these problems. This Administration has spent millions of dollars in technical assistance to help the local government under this Initiative, which was established by Congress in 1994. The situation continues to deteriorate.

Accordingly, the Administration has concluded that the time has come for congressional action, including (1) the gradual extension of the Immigration and Nationality Act (INA), (2) a requirement for local labor input for products to qualify for trade preference and the use of the "Made in the U.S.A" label, and (3) the gradual extension of the Federal minimum wage to the islands.

EXECUTIVE SUMMARY

The United States captured the Northern Mariana Islands from Japan in 1944 and administered the islands under a United Nations trusteeship agreement until 1986. At that time, the Northern Mariana Islands became a commonwealth of the United States and the residents were granted United States citizenship. In developing their Covenant agreement with the United States, the Northern Marianas negotiators expressed concern that the Federal Immigration and Nationality Act (INA) would permit excessive immigration to the islands from neighboring Asian countries that would permanently alter the local culture and community. Federal negotiators and the Congress, therefore, agreed to local immigration control. Ironically, it has been this grant of local CNMI control over immigration that has allowed a flood of aliens into the Commonwealth of the Northern Mariana Islands (CNMI).

In 1984, President Reagan's Assistant Secretary for Territorial and International Affairs first officially warned the CNMI of Federal concerns regarding immigration and garment shipments, and suggested the extension of Federal immigration control as contemplated in section 503 of the Covenant agreement. Despite continuing Federal concern with CNMI policies, these population and garment shipment trends continued. In 1994, the Congress directed the establishment of a joint program with the CNMI to respond to the widening range of labor, immigration, and law enforcement problems. After three years of effort under this Federal-CNMI Initiative on Labor, Immigration, and Law Enforcement, the Administration reports that these negative trends not only persist, but in a number of instances, worsen:

- o The CNMI population has grown by 350 percent since the 1980 census. United States citizens are now a minority of the population. Alien workers now comprise 68 percent of the labor force. The children of aliens account for 29 percent of United States citizens in the CNMI.
- o This population explosion (self-imposed by the CNMI) is having a profound negative affect on public services and infrastructure such as education, healthcare, public safety, water, sewer, and solid waste disposal.
- o The Immigration and Naturalization Service finds that the CNMI immigration system is inadequate, resulting in a large CNMI illegal immigrant population and the smuggling of illegals into the United States immigration zone. The Department of Justice finds that the foreign criminal presence is increasing.
- o Garment shipments to the United States have increased in recent years by 30 percent a year, with an acceleration to 45 percent in the first four months of 1997 over the same months in 1996. The wholesale value of CNMI garment shipments to the United States is now at a rate of \$625 million annually. These garments are manufactured largely by workers from the Peoples Republic of China who sew in "Made in USA" labels and displace United States workers.

- o Alien workers account for over 90 percent of the CNMI's private sector workforce, while unemployment among locally-born United States citizens is at 14.2 percent.
- o Worker complaints over wages due and working conditions continue undiminished, with the governments of the Philippines and China expressing concern about the treatment of their citizens.
- o Some workers labor under "shadow" contracts signed in their home country that subvert their rights under United States law, such as their right to engage in political and religious activities.
- o Allegations persist regarding the CNMI's inability to protect workers against crimes such as illegal recruitment, battery, rape, child labor, and forced prostitution.

For the first two years of the Initiative, Federal agencies worked closely with the CNMI leadership to correct problems. Work continues with many conscientious CNMI officials. The Administration, however, finds that the government of the CNMI is unwilling to alter its policies with respect to immigration, minimum wage, and garment manufacturing; and that there are excessive weaknesses in law enforcement. CNMI policy can be characterized as vacillating and heavily influenced by special interests, particularly the garment manufacturing interests.

Accordingly, the Administration recommends that the Congress extend Federal immigration and minimum wage policies as anticipated in section 503 of the Covenant. In addition, the Administration recommends that the Congress close the loophole being exploited by the CNMI garment industry by requiring that at least 50 percent United States labor (and freely associated state citizen labor) be used in order for products to carry the "Made in USA" label and receive duty-free access to the United States market.

The Administration believes that a Federal policy framework addressing immigration, minimum wage, and the duty-free shipment of products is needed to properly address these problems and to promote CNMI economic development consistent with our country's policies and values.

I. BACKGROUND

The Reason For This Report. In response to concerns regarding immigration, labor, and law enforcement problems in the Commonwealth of the Northern Mariana Islands (CNMI), the Congress, in Public Law 103-332 (1994), directed the establishment of the Federal-CNMI Initiative on Labor, Immigration, and Law Enforcement. The Congress appropriated \$7 million for fiscal years 1995 and 1996, and \$3 million for fiscal year 1997. (See Appendix I). In hearings before the Senate Committee on Energy and Natural Resources, the Administration offered to report annually to the Congress. This is the third annual report on the Initiative. Progress on the Initiative's agenda, as set forth in last year's report, and government efforts appear in Appendices II and III.

Covenant Agreement. The Marianas were, sequentially, colonies of the Spanish, German and Japanese Empires. In 1944, after much bloody fighting, they came under the control authority of the United States, and were administered thereafter by the United States as a United Nations trusteeship. Twenty-two years ago, in 1975, the representatives of the Northern Mariana Islands District of the Trust Territory of the Pacific Islands and the United States concluded a Covenant to Establish a Commonwealth of the Northern Mariana Islands in Political Union with the United States of America (Covenant). This agreement was approved by 78 percent of the people of the Northern Marianas in 1975, in a United Nations-observed plebiscite, and was approved by the United States Congress in Public Law 94-241 in 1976. The Covenant entered into full force on November 3, 1986, when the President of the United States declared that the Trusteeship Agreement for the Trust Territory of the Pacific Islands was no longer applicable to the Northern Mariana Islands. The Covenant may be amended by the Congress, except for certain non-economic provisions set forth in Articles I, II, and III, and in sections 501 and 805. Covenant section 503 states that immigration, coastal shipping, and minimum wage laws will not apply to the CNMI "except in the manner and to the extent made applicable to them by the Congress by law after termination of the Trusteeship Agreement," which occurred eleven years ago. DOI

Immigration as Envisioned by the Covenant Negotiators and the Congress. In the 1970s, the Northern Marianas negotiators feared expressed concern that many persons from neighboring Asian countries, each of which had an annual immigration ceiling of 20,000 persons per year entering the United States of 20,000 per year under the Immigration and Nationality Act (INA), might choose to settle in the CNMI and thereby alter the CNMI's culture and community. The Northern Marianas negotiators, therefore, requested that the CNMI be given authority over immigration in order to control the number of aliens admitted into the CNMI. Federal negotiators and the Congress agreed. DOI

In approving the Covenant in 1975, the Senate Committee on Interior and Insular Affairs stated (Senate Report 94-433) the following with regard to the exemption from the INA:

The reason this provision is included is to cope with the problems which unrestricted immigration may impose on small island communities. . . . It may well be that these problems will have been solved by the time of the termination of the Trusteeship Agreement and that the Immigration and Nationality Act containing adequate protective provisions can then be introduced to the Northern Mariana Islands.

Covenant Economic Development Privileges. The Covenant established the CNMI as a member of the American political family, under United States sovereignty and with a grant of United States citizenship to its residents. The Covenant contained several provisions designed to stimulate the local economy and to help the new United States citizens move toward the standard of living enjoyed in the United States and its territories. Among these provisions were duty-free access to the United States market for local products, exemption from the Federal minimum wage, exemption from Federal taxation, and exemption from coastwise shipping laws.

Federal Financial Assistance -- \$1 Billion. The Covenant also provided seven years of direct Federal financial assistance for local government operations and construction of infrastructure. This assistance has been twice extended by the Congress and now totals more than \$500 million dollars. In addition, the Covenant provided access to Federal grant programs, which have provided about \$500 million in aid (in addition to the Covenant grants) for a total of \$1 billion over 20 years -- about \$50,000 for each United States citizen (based on the CNMI population in 1990). OMB

II. POST-COVENANT DEVELOPMENTS

The CNMI thus found itself with a political-legal-economic package that is unique under the United States flag.^{1/} All of its residents became United States citizens. Immigration and minimum wage controls, keys to guiding the private sector economy, were placed in local hands. Meanwhile, three other factors helped the local economy -- the waiving of all

¹American Samoa, with a much smaller economy, is the only other United States jurisdiction with control over its own immigration policy. Minimum wages in American Samoa are set biennially through a Federal process set forth in the Fair Labor Standards Act.

Federal taxes, the influx of \$1 billion in Federal assistance, and the growth of a Japan-oriented tourist trade. What did the CNMI do with these tools, and what was the effect of the CNMI's actions?

The CNMI has used its Covenant-granted powers over immigration, not to protect itself from massive immigration, nor to build a United States citizen-based economy, but to build a two-caste economy based on the work of low-paid alien workers, none of whom ~~could~~ **are supposed to** settle in the CNMI and become United States citizens (and voters). The **OMB** workers are drawn from low-wage economies, and they do not have political rights in the CNMI. Local laws lifting the minimum wage to the Federal level were recently repealed.

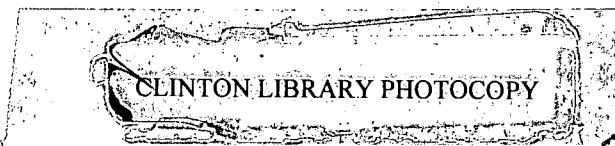
Initially these decisions about immigration and the minimum wage simply held down wages for existing employers, the largest of which were off-island interests in the tourism industry. In more recent years, the combination of unfettered access to United States markets, low wages, and the availability of (in effect) indentured ~~servants~~ **workers** from Asia led some **DOJ** garment manufacturers to open plants on Saipan, using Asian equipment, Asian cloth, Asian management, and Asian workers -- the ~~latter~~ **workers** are primarily from the Peoples **DOJ** Republic of China.

There is a long record of Federal concern regarding the trends in ^{the alien} ~~the~~ worker **EOP/Farm** population and garment manufacturing. In 1984, in a speech to the Northern ^{suggestio} Marianas Chamber of Commerce, the Assistant Secretary for Territorial and **DOJ** International Affairs warned of excessive alien presence in the CNMI. Later, in a May ^{draft} 7, 1986, letter to the CNMI Governor (see Appendix VII), the Assistant Secretary said:

As I have often stated, the intent of Congress in providing the privilege of [General Note 3(a)(iv)] to the territories is to benefit local and not alien job and business growth. *The extensive and permanent use of alien labor in [General Note 3(a)(iv)] industries is an abuse which cannot be tolerated by the [Reagan] Administration . . . As a start I would suggest a complete review of the NMI's immigration system. Without timely and effective action to reverse the current situation, I must consider proposing Congressional enactment of U.S. Immigration and Naturalization Service requirements for the NMI.* (Emphasis added.)

In 1986, United States negotiators for the Reagan Administration placed immigration on the agenda for bilateral discussions held pursuant to Covenant section 902. Federal position papers for those discussions stated:

Administration support for the use of local, resident labor in [General Note 3(a)(iv)] industries has been consistently stated. . . . Unless action



is taken to *curb the improper use of alien labor* in [General Note 3(a)(iv)] industries, this important territorial incentive will continue to come under mainland attack. . . . Because [General Note 3(a)(iv)] was provided to encourage territorial production and local employment, an amendment to the Headnote requiring local resident labor is appropriate. (Emphasis added.)

~~Federal investments and grants of power clearly helped build the economy of the CNMI. It is estimated that business gross receipts increased from about \$250 million in 1980 to \$1.5 billion in 1995.~~

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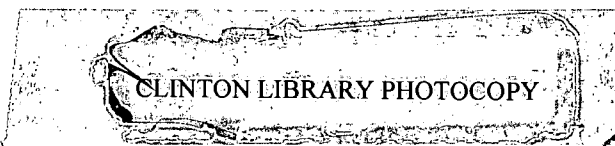
Federal investments in infrastructure and special privileges granted under the Covenant have helped the CNMI to achieve spectacular growth rates since it became a United States commonwealth. Specific measures of growth are not very reliable because they begin from such a low base and because the CNMI's statistical capability has only recently reached a high level of reliability. Business gross receipts increased from about \$224 million in 1985 to \$2 billion in 1996. The number of visitor arrivals increased from 117,000 in 1980 to 736,000 in 1996. Mean household income increased from \$22,341 in 1980 to \$34,713 in 1990, but declined to \$30,301 in 1995, according to census data.

The rapid increase in local government revenues from \$111 million in 1990 to \$218 million in 1996 has enabled government employment to grow from 3,510 in 1990 to 5,006 in 1995, according to census data, and to employ 3,347 of 6,006 (56 percent) locally-born workers. While easy access to alien workers at low wages has caused numerous problems (described below), it has also helped a few CNMI residents to get high paying positions in the garment industry, and in the 5,337 households headed by local citizens and other Americans there are 2,089 aliens employed as maids or other domestic workers.

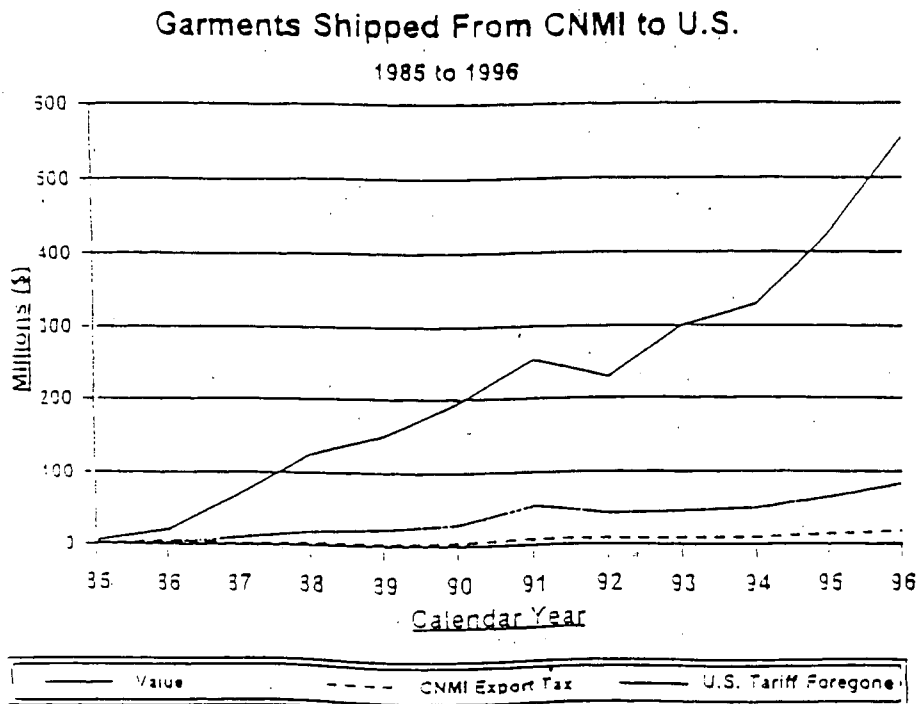
The mix of unusual policies and economics of the CNMI, however, has had numerous negative effects on Federal responsibilities, on the people of the CNMI, and on the lives of the alien workers, all described below.

1. The Effects of CNMI Policies on Federal Responsibilities.

Job Loss in the United States Mainland Garment Industry. The CNMI garment industry is in direct competition with manufacturers in the 50 States, as both have duty-free and quota-free access to the U.S. market and produce goods labeled "Made in USA". Data



from 1996 show the shipment of garments worth \$555 million (at wholesale prices) to the United States; the growth rate of the CNMI industry is about 30 percent a year for the past two years², as can be seen in the following graph.



Source:
Value/Shipments -- U.S. Dept. of Commerce
CNMI Export Tax -- CNMI Dept. of Commerce

Garments produced **with alien labor** in the CNMI for the United States market directly ^{OMB suggests} displace **other** American garment production, including jobs, profits, and other economic ^{DOJ} benefits. It is sometimes argued that the CNMI garment production competes with China, ^{clratt} other Asian countries, Mexico or the Caribbean. But this is not the case. China and other

² CNMI garment production has risen 45 percent to an annual rate of \$625 million (wholesale), during the first four month of 1997 as compared with the same period in 1996. DOI

Asian countries have quota limitations that have been exhausted and leave no room for additional production. Mexico and the Caribbean have preferential access to the United States only for garments made with United States fabric. CNMI garment production is in fact largely at the expense of the fifty states and other territories.

DOL

~~Garments produced for the United States market affect the United States Treasury directly. It is estimated that the United States tariffs foregone on this level of imports would have been at least \$116 million in 1996.~~ **If one were to argue (as proponents of the CNMI garment industry do) that CNMI garment production replaces foreign production, one must contend with the fact that there is a significant direct cost to the United States Treasury in tariffs foregone.**

DOL
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In the international arena the United States is subject to embarrassment because of continuing ill treatment of foreign persons on United States soil. (This was, for example, the subject of the lead article in the June 1997 issue of Reader's Digest.) The Philippine Consul reports that the CNMI is not implementing the terms of the labor agreement between the CNMI and the Philippines. The agreement was the basis for the Philippine government's lifting its ban in 1996 on new workers entering the CNMI. The lack of significant and measurable improvement in alien labor conditions is shown in the fact that in 1996, over 390 Philippine workers filed complaints with the Philippine Consul in Saipan, including wage disputes, non-payment of overtime, and illegal deductions. **Philippine officials are considering another ban of Filipino workers in the CNMI.**

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Philippines' President Fidel Ramos recently called for an extensive study of illegal labor activities in the CNMI affecting Philippine workers. He cited a ~~66 percent~~ **large** rise in the number of labor complaints by Philippine workers in the first quarter of 1997 as contrasted with the first quarter of 1996. The Philippine Consul noted that of the Philippine workers who have prevailed in numerous CNMI labor cases, most have not been paid or received other prescribed restitution.

DOIT

Chinese officials recently visited the CNMI to ~~deal with worker~~ **discuss labor** problems, including wage disputes and recruitment. They, too, expressed concern regarding the treatment of their workers. The Chinese ~~are now establishing~~ **propose to establish** a worker liaison office in the CNMI.

DOIT

An Inappropriate Policy Model. While there is a vigorous debate in the United States regarding the appropriate number of permanent resident aliens (legal immigrants) to be admitted, there is ~~no little~~ **support** ~~(or current legal authority for)~~ the admission of large numbers of alien workers to occupy **permanent** jobs, which is the CNMI policy. It is inappropriate for the Federal government to continue to ~~tolerate~~ **accept** the CNMI policy of giving employment preference to low-wage alien workers.

DOL

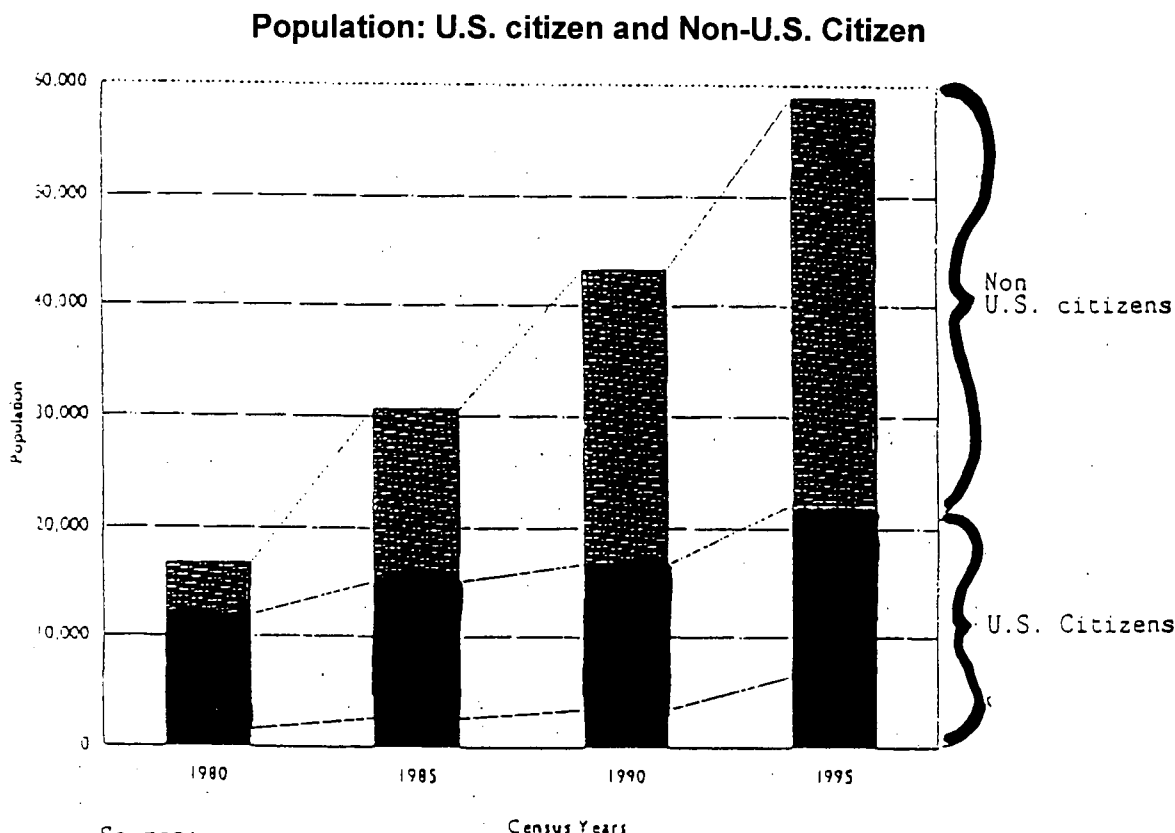
DOL

Further, there are indications that CNMI immigration policies have undermined United States immigration controls outside the CNMI: a number of Chinese nationals have been smuggled to Guam in small boats from the CNMI island of Rota, 35 miles away -- 14 have been caught by Federal INS officials in Guam.

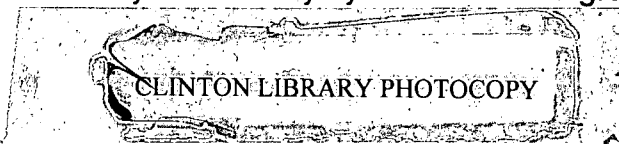
As discussed in the next section under infrastructure and crime, the United States taxpayer shoulders added costs for new CNMI infrastructure and supplemental Federal enforcement necessary to deal with the extraordinary problems relating to the alien presence in the CNMI. *DOL suggests DOD draft*

2. The Effects of CNMI Policies on the People of the Northern Mariana Islands

Demographic Impacts. The Commonwealth has experienced remarkable, self-imposed population explosion -- a 350 percent increase from 1980 to 1995 -- as shown in the following chart.



While some of this increase was caused by normal birth and death rates, most of the increase was caused directly or indirectly by the CNMI immigration policy. For example,



the number of guest workers currently in the Commonwealth, (approximately 30,000) is almost double the entire population (about 16,000) just 17 years ago, at the time of the 1980 Census, **just after implementation of the Covenant.**

DOI

Although alien workers do not bring children, and few marry and form families while still on CNMI temporary work permits, births to aliens have a substantial and increasing impact on the local population. (See the population pyramid in Appendix VI.) The 1995 census shows that nearly half, 651 of the 1411 children under one year of age, were born to Asian mothers. **These children are United States citizens because they were born in the CNMI, which is United States soil.** ~~These 651 children are three and a half times the number of six year olds with Asian mothers.~~ Many unwed Asian mothers return to their homelands soon after giving birth, raising children who may exercise their option to **become United States citizens when they become 21.** ~~who were born on United States soil in the CNMI.~~

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The population pyramid demonstrates that children of aliens have barely begun to affect school-aged population, but should roughly double the number of first graders between 1995 and 2000. If these trends continue, children of aliens will constitute a substantial majority of new students entering school soon after the year 2000 -- many needing special programs and special assistance from local and Federal **programs governments.**

The CNMI sought to amend the Covenant to the effect that children of aliens would not become United States citizens. It is doubtful, however, that such a citizenship provision is constitutionally feasible.

DOI

~~The claim is made in the Hay report that guest workers have little effect on local social issues, such as crime and education.~~ The experience of every country and territory that has experimented with large alien worker programs, from Fiji to Western European countries, ~~contradicts this assertion~~ **is that such alien worker programs have a substantial effect on local social conditions, including crime and education.** The United States territory of the Virgin Islands, along with the Federal Government, is still paying the price of a doubling of the Virgin Islands' population in the 1960's due to a massive inflow of alien workers, who eventually brought relatives and established families.

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One is reminded of the classic lament of a Western European official of a generation ago, who, while commenting on alien worker programs, said: "We sent for workers, and what we got was people."

Unemployment. The 1995 census registered an unusually high unemployment rate of 14.2 percent for United States citizens who were born in the CNMI. By contrast, the September 1995 unemployment rate for Guam was 6.6 percent and for the United States it was 5.6 percent.

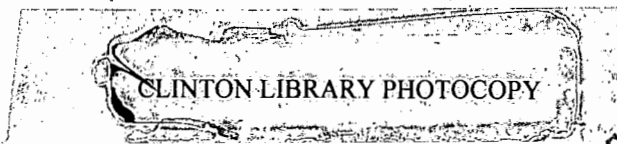
The great majority, 91 percent, of private sector jobs in the CNMI are held by workers born outside the CNMI; for the most part, they are occupied by low-paid alien workers. This virtually unlimited supply of alien workers drives down wages in the private sector, discouraging young local workers from applying for entry-level positions. ~~Such e Work~~ **DOL** experience ~~would leads to higher skilled and management jobs in the CNMI's fast growing economy. Thus, a higher minimum wage would tend to increase wages at all levels.~~ A higher minimum wage would tend to reduce United States citizen unemployment, and encourage young people to remain in the CNMI, instead of leaving for higher wages in Guam and the United States mainland, or opting for unemployment and food stamps.

The 1995 census also showed a 4.5 percent unemployment rate among alien workers from Asia in the CNMI. According to CNMI law, an alien worker can only be present legally in the CNMI if that worker is employed. This means that 4.5 percent of the CNMI alien worker population is both unemployed and illegal. This lack of effective immigration control is further evidence of problems with CNMI immigration policy.

Minimum Wage. On January 1, 1996, the local minimum wage was scheduled to rise from \$2.75 per hour to \$3.05 per hour (with annual 30-cent increases up to the \$4.25 Federal level). However, the CNMI legislature, just before the new year, froze the minimum wage at \$2.75. In June 1996, the Legislature and Governor confirmed the single increase in the minimum wage to \$3.05 per hour for most workers, while removing future scheduled 30-cent annual increases; they also set a subminimum wage for garment and construction workers at \$2.90 per hour. This subminimum wage was to have increased automatically to \$3.05 on July 15, 1997, but the CNMI Governor has announced his intention to seek to eliminate this scheduled increase.

~~The Governor's office contracted with the Hay Group, a Washington-based consulting firm, to prepare a report, ostensibly to study the effect of alternative increases in the minimum wage. The report, released in April, made a series of recommendations, only one dealing with the minimum wage. The report recommended freezing the minimum wage for at least three years, a conclusion not supported by the analysis and in striking conflict with the other recommendations, which emphasize developing the local labor force.~~ **DOL** *suggests*

~~The Hay Group's recommendation to freeze the minimum wage is based primarily on the finding that higher wages would reduce garment industry profits and discourage further expansion of this and related industries dependent on low-wage alien "guest workers". The recommended course of action, making the CNMI still more dependent on the garment industry and alien labor, is particularly~~ **Continuing the CNMI's sub-minimum wage, DOL especially for garment workers, is especially** inappropriate in view of the fragile nature of the **garment** industry ~~as outlined by the report itself.~~ United States apparel quotas are essential for the survival of the garment industry in the CNMI. By the year 2005, the system of international quotas will have been phased out under the World Trade



Organization, which will likely result in the demise of the CNMI industry, regardless of minimum wages. The longer the artificial two-tiered labor system survives, the harder it will be for the CNMI economy and people to adapt to a normal labor market.

The garment industry stands alone in opposing any increase in the minimum wage. The CNMI Hotel Association and the CNMI Chamber of Commerce have not altered their support for a gradual increase in the minimum wage.

~~The Hay report, states that, "most CNMI guest workers earning a minimum wage of \$3.05~~ **per hour receive a cash equivalent compensation value of \$4.64, which is comparable to the current \$4.75 minimum wage in the mainland U.S."** **CNMI representatives suggest that the cash equivalent of benefits like room and board, when added to the \$3.05 minimum wage are only a few cents less than the Federal minimum wage of \$4.75 an hour.** If this is true, immediate application of the Federal minimum wage, which permits deductions for the cash equivalent of **certain** benefits (including which can include **employer-provided** food and housing), would have little impact. Thus, there is little basis for objection to the Federal minimum wage in the CNMI. DO L
DO I

Role of the Garment Industry. While the industry is profitable for a few, and there is a 3.5% CNMI tax on production, it is not clear that the presence of the garment industry is a net contribution to the islands' economy. The raw materials and the workers come from Asia; all the products and most of the wages and profits go off-island, leaving behind a severely strained set of water, power, sewage, solid waste,³ and other public systems. **A 1992 CNMI study showed that the alien presence in the CNMI (of which the garment industry is a major component) cost the CNMI government \$1.72 for every \$1.15 the government received in revenue attributable to alien presence.** DO I

CNMI's Strained infrastructure. The dramatic increase in the population level of the CNMI (tourists, alien workers, and U.S. citizens) in recent years translates into an escalating need for new capital infrastructure: schools, and water, sewer, and electrical systems. The CNMI has failed to make the investment to meet this need. It would be appropriate to charge the large additional cost for new facilities to those who are responsible for the need for additional infrastructure and who benefit from the presence of the aliens in the CNMI. Instead, the Federal government and the residents of the CNMI subsidize this additional cost through insufficient user rates on businesses with alien employees or clientele. This highlights the hidden costs of the alien presence to local CNMI taxpayers.

³ The waste from the garment plants is a significant item; it was reported recently that garment waste constitutes 60 percent of the local landfill volume.

~~The April 1997 Hay Group report advocates an upgrading of CNMI infrastructure through additional excise taxes and hotel room taxes (but not garment taxes) as a way to transfer costs to some of the users of capital facilities.~~ DOL

Increased Crime. Under Federal procedures, aliens seeking entry into the United States generally need both a passport and a visa; the traveler thus must secure a visa approved by a United States consular officer in the alien's country of origin and then must pass the INS examination at the United States port of entry. Because the CNMI requires no visa and cannot check criminal records at the airport, criminals are able to enter without detection.

Significant crime in the CNMI can be attributed to the activities of organized, largely non-indigenous, criminal groups. These crimes include prostitution, drug and firearms trafficking, extortion, illegal gambling, murder, and facilitating public corruption. Criminal enterprises active in the CNMI include those of the Japanese Yakuza, and the Chinese Triads.

In 1995, Saipan experienced 10 homicides, the largest number of murders in the island's history. Four homicides were reported in 1996, and two in the first two months of 1997. Crystal methamphetamine (ice) remains the primary drug of choice in the CNMI. The CNMI Criminal Justice Planning Agency reports that \$7,089,392 in marijuana and methamphetamine was seized in 1995 and 1996.

Business Ownership. The proportion of businesses owned by CNMI-born United States citizens is in severe decline. In 1996, aliens owned 42 percent of the 4,556 business licenses. Many are small businesses that could be run by CNMI-born United States citizens.

~~The April 1997 Hay Group report urges that United States citizens be given additional entrepreneurial opportunity and incentive. The Hay Group suggests that with local persons owning businesses, profits tend to remain in the CNMI, as opposed to the "leakage" to foreign destinations that occurs when the asset is owned by an alien.~~ DOL

3. The Effects of CNMI Policies on Alien Workers

The two-tiered society, created by CNMI policies, both legislative and executive, is extremely rigid. The basic device employed is the contract for alien labor, which requires the worker to work for a specific employer. The alien is usually returned to his or her home country when the employment ends, a date set by the employer. Essentially, the CNMI employer (whether it is a corporation hiring a factory worker or an individual hiring a maid) has an indentured servant. The fact that an employer can have an alien worker removed

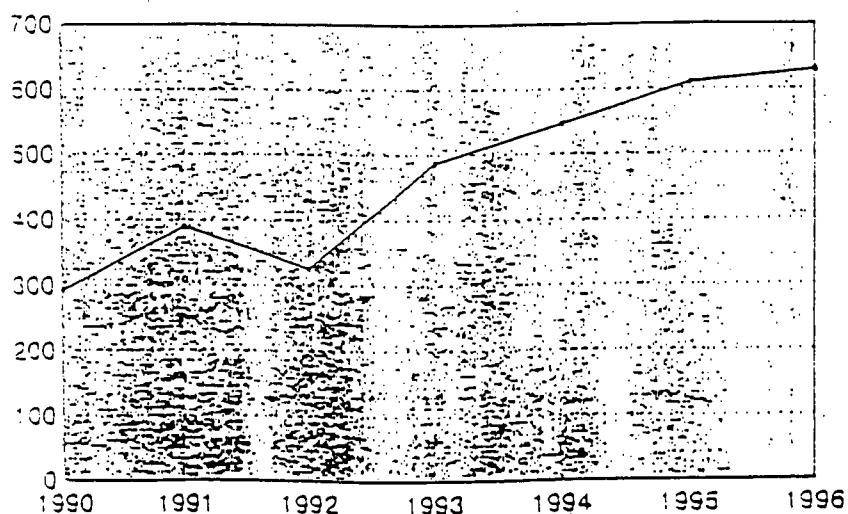


from the CNMI on one-day's notice is a powerful incentive for an alien to obey an employer's demands, even though the demands may be illegal. Some workers are also serving under the terms of shadow contracts signed in their home countries that restrict their rights under United States law. (See Appendix IV.)

Employment scams. The ineffectiveness of the CNMI's labor and immigration program, and the vulnerability of recruits, is illustrated by a recent case in which approximately 134 alien workers recruited from Bangladesh arrived in the CNMI. Their labor recruiter had promised them well-paying American jobs upon payment of up to \$5,000 each in recruitment fees. The prospective alien employees sold businesses and other assets in order to obtain a nonexistent job. When they arrived in the CNMI, there were no jobs, no housing and no food; they wandered the streets. Local church and citizen group donations kept them from starving. The situation, while not as critical as several months ago, is still not resolved. This incident underscores the need for United States visa issuance prior to a worker's leaving his or her home country -- a consular official would have investigated the validity of the job offers before granting the visas.

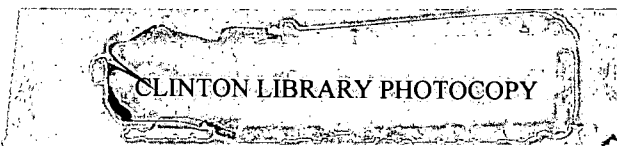
Labor complaints continue to rise as seen in the following graph:

Alien Work Complaints in CNMI (by year)



Source: CNMI Dept. of Labor and Immigration

The largest ever U.S. Department of Labor wage and hour fine was levied in the CNMI Tan case for \$__ million.



*EOP (Farrow)
DOL will
supply amount*

Federal funds help alien workers file complaints. One of the recipients of Initiative funds is the local Catholic charity, Karidat, which in 1996 cared for a total of 550 workers, many of them desperate, by providing them with food, shelter, and other assistance. To be eligible for Karidat assistance, the worker must have filed a formal labor complaint with the CNMI's Department of Labor and Immigration.

III. FINDINGS

- (1) The CNMI immigration program lacks visa requirements, workplace inspections and comprehensive training for personnel. Illegal aliens are estimated to number between 2,000 to 6,000; this is equal to 7 to 22 percent of the U.S. citizen population, a far higher proportion than in the fifty states.
- (2) The number of officially-recognized alien workers has increased sharply recently. The 1995 census reported a 32.7% increase in temporary residents (alien workers) from 21,075 in 1990 to 27,963 in 1995. Additionally, CNMI alien labor permits had their greatest one-year increase -- up ~~30~~ 27 percent from 22,105 in 1995 to ~~28,829~~ **28,110** in 1996. This is a significant rise, especially after declining each year since 1991.^{4/} DOI
- (3) According to the 1995 census, there were 6,495 persons born in the CNMI whose mother was born outside the CNMI. This was an increase of 87 percent over the 1990 census figure of 3,479. All persons born on United States' soil (including the CNMI) are United States citizens. The overwhelming majority of these United States citizen children are born to non-citizen mothers; and while not all will stay in the CNMI, this trend in births is alarming.
- (4) The unemployment rate among native-born U.S. citizens in the CNMI is 14.2 percent. This unusually high rate is caused largely by CNMI policies which promote the availability of cheap foreign labor. The CNMI rolled back its minimum wage increase law in 1996.

⁴ A March 1997 chart published by the CNMI Department of Labor and Immigration shows work permits rising 51 percent from 22,105 in 1995 to 33,363 in 1996, after declining steadily since 1991. On further investigation by Federal officials, the 1996 figure was found to be inaccurate. **The CNMI LLIDS project then recalculated the figure at 28,110.** ~~In order to avoid disagreement, we settled on 28,829 for 1996, as used in the Hay Group report, which was fully vetted in the CNMI.~~ DOI
DOL
On this basis, the number of temporary (alien) work permits rose ~~30~~ 27 percent from 22,105 in 1995 to ~~28,829~~ **28,110** in 1996. DOI

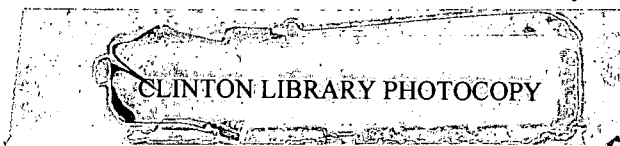
- (5) Alien workers are vulnerable to abuse due to the CNMI labor permit system, which is essentially an "indentured servant" system. Significant instances of recruitment fraud, failure to pay wages and unsafe working conditions continue to occur.
- (6) The CNMI is unable to properly investigate crimes and present convincing evidence because of a lack of adequate training of investigators and a criminal laboratory.
- (7) The "Made in USA" label and tariff-free access to U.S. markets are exploited as a loophole by garment manufacturers employing almost exclusively foreign workers, most from the Peoples Republic of China, ~~and at a cost to the United States Treasury estimated at \$116 million annually representing lost sales for manufacturers in the states and other territories in the amount of \$555 million in 1996.~~ *DOL suggests for DOJ draft*
- (8) For the first two years of the Initiative, Federal agencies worked closely with the CNMI leadership to correct problems. Work continues with many conscientious CNMI officials. The Administration, however, finds that the CNMI government is unwilling to alter its policies with respect to immigration, minimum wage, and garment manufacturing; and that there are excessive weaknesses in law enforcement. *OMB suggests for DOJ draft*

The complete findings of the Federal Task Force under the Initiative are presented in Appendix II.

IV. CONCLUSIONS AND RECOMMENDATIONS

These trends in the CNMI are inconsistent with the intent of the Covenant and with American national policies and values. The previous position of this and past Administrations has been to seek to work with local decision-makers to reform the CNMI labor, immigration and law enforcement systems. These efforts have clearly failed. It is time for Congress to ~~amend the Covenant law~~ exercise its powers, under Covenant section 503, to address these issues directly and to provide a Federal policy framework within which remaining problems can be addressed. Three actions are needed:

- (1) **Extend the Immigration and Nationality Act** to the CNMI with transitional provisions designed to wean the CNMI economy away from its current dependence



on foreign labor. The specifics of this recommendation for INA application to the CNMI include:

- o **INS administration**, to include management and expansion of the existing labor identification program and financed through work permit fees from the transitional program.
- o **INA phase-in implementation** would include access to existing temporary ^{INS} "H-2" workers and professionals nonimmigrant worker programs such as ^{DOL} H-1 and H-2, and use of workers from the freely associated states.
- o **A transition program**, of no more than 10 years, which would replace to phase-out the current alien workers, and to phase-in the INA; non-professional alien workers would have job transfer rights during the transition, and the Department of State would issue a "CNMI only" visa before a potential worker or investor could travel to the CNMI.
- o ~~if deemed necessary to meet non-professional labor needs, a specially designed longer-term alien worker program for the CNMI with limits based on (1) low United States citizen unemployment and (2) wages paid to imported alien workers equivalent to prevailing wage rates paid to United States citizens.~~ ^{DOL}
- ~~For the transition program, and if necessary, the longer-term alien worker program, the Department of State would issue a "CNMI only" visa before a potential worker or investor could travel to the CNMI.~~ ^{DOL}
- o **Five years after implementation of the INA and during the transition program in the CNMI**, the Administration would examine the actual effect on the economy, particularly the need for workers, and evaluate whether or not any special immigration provision -- which would be limited to the possible allowance of a separate employment-based immigrant ceiling for the CNMI -- might be warranted. ^{DOE draft based on DOL language}
- o **Restrict new permanent residents** of the United States under the INA from making their initial entry into the United States through the CNMI (or through Guam and then the CNMI) to a specific number determined each year by the INS, based on the recommendation of the CNMI Governor.

- (2) For textile products to enter the United States customs territory (1) free of tariffs and (2) with a "Made in USA" label, **require United States citizen** or freely associated state citizen_ / **labor** in the following percentages: in 1998, 20 percent; in 1999, 35 percent; and in the year 2000 and thereafter, 50 percent.
- (3) **Increase the minimum wage** in CNMI to \$3.35 on January 1, 1998; then increase it by 30-cents-a-year until it reaches the Federal level; thereafter the Federal rate would apply; Federal rules governing deductions, including food and housing shall be phased-in.

To answer concerns of Commonwealth officials regarding the first recommendation *DOL as modified by DOI* of applying the INA to the CNMI, we note that: (a) the INA contains provisions that allow certain categories of nonimmigrant temporary foreign labor to meet employment needs, as well as provisions for permanent immigration for employment purposes, (b) if these provisions are not sufficient to meet the labor needs in the CNMI, citizens of the freely associated states are eligible to enter the CNMI for employment and residence, and (c) the Administration is willing to examine the actual effect of the INA on the economy, particularly the need for workers, and to evaluate whether or not a special immigration provision might be warranted. However, any such special provision under the INA would be limited to the possibility of allowing a separate employment-based immigrant ceiling for the CNMI.

(See the INS options paper in Appendix V.)

The Administration looks forward to working with the Congress and representatives of the Commonwealth to implement these recommendations in a reasonable and appropriate manner.

⁵ Citizens of the freely associated states (the Republic of the Marshall Islands, the Federated States of Micronesia (FSM) and the Republic of Palau) are, under **the Compacts of Free Association approved** in United States law, free to migrate to the United States and its territories; they can move from employer to employer; they are not an indentured worker population. Many of them, particularly from the FSM, have settled in the CNMI and in Guam.

Appendices

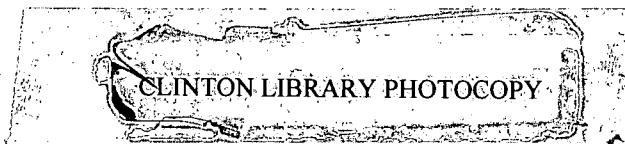
Federal - CNMI Initiative
on Labor, Immigration and Law Enforcement
Third Annual Report --- 1997

Appendix

Federal - CNMI Initiative on Labor, Immigration and Law Enforcement Third Annual Report --- 1997

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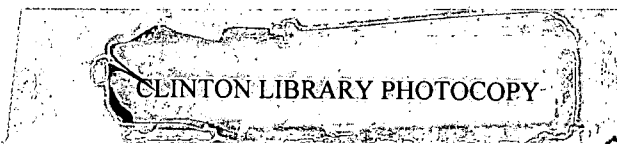
APPENDIX I -- Initiative Funding

FY 1997 ---Funding to Federal Agencies

Department of Labor/OSHA	\$200,000	
Department of Justice		
US Attorney	\$405,000	
FBI	\$280,000	
Crim. Div./Child Ex.	\$ 7,000	
NIC (Prison)	\$75,000	
DEA	<u>\$375,000</u>	
Total		\$1,142,000
Department of Treasury		
ATF		\$100,000
US Customs Service		\$170,000
Diplomatic Security Service		\$50,000
Inspector General		<u>\$75,000</u>
TOTAL		\$1,737,000
Contingency (unobligated)		<u>\$263,000</u>
<u>TOTAL</u>		\$2,000,000 (Appropriated by P.L. 104-208)

FY 1995/96 ---Funding to Federal Agencies

Department of Labor		
Wage and Hour		
OSHA		
Solicitor		
Employment Training Administration		
Total		\$1,600,000
Department of Justice		
INS	\$450,000	
FBI	\$300,000	
DEA	\$256,000	
Civil Rights	\$225,000	
EO U.S. Attorney	\$559,000	
NIC/BOP	\$50,000	
U.S. Marshals Service	<u>\$360,000</u>	
Total		\$2,200,000
Department of Treasury		
U.S. Customs Service	\$65,000	
ATF	\$65,000	
Secret Service	<u>\$65,000</u>	
Total		<u>\$200,000</u>
TOTAL for FY 1995/96		\$4,000,000 (Appropriated by P.L. 103-332)



FY 1997 ---Grant to CNMI Government

Unallocated by the CNMI	\$911,000
Administrative Judges for Labor Hearings	<u>89,000</u>
TOTAL	\$1,000,000 (appropriated by P.L. 104-208)

FY 95/96 --- Grant to CNMI Government

Attorney General Investigative Unit	\$487,000
Administrative Judges for Labor Hearings	\$108,000
Assistant Attorney General for Labor	\$154,000
Criminal Code Revision	\$117,045
Criminal Prosecutors	\$230,000
Deportation	\$30,000
LIIDS Manager	\$30,000
Informant Money	\$40,000
Labor Code Revision	\$83,000
Protective Services	\$120,000
Rota Attorney General	\$77,000
Unallocated by CNMI	<u>\$23,955</u>
Subtotal	\$1,500,000

Labor and Immigration Identification System (LIIDS)

	<u>\$1,500,000</u>
TOTAL	\$3,000,000 (appropriated by P.L. 103-332)

APPENDIX II

A. *LABOR -- Initiative Findings and Efforts:*

Labor-Related Findings:

1) 4) Currently, CNMI has only seventeen investigators and conciliators of labor complaints. (Saipan has four investigators and six conciliators. Rota has three investigators and Tinian has four investigators.) These investigators and conciliators must oversee over 28,000 non-resident alien workers and handle the 634 labor complaints that were filed in 1996. The U.S. Department of Labor conducted a two-week training for these labor employees from April 28-May 9, 1997.

2) 1) ~~EXPLOITATION OF~~ *Ineffective* processing of labor applications. Hundreds of *work* permits are being issued without authentic work justification. Some alien non-resident workers are arriving without jobs, money, or the means to return to their home country. Job certification and authentication for each permit is not adequately executed. DOL

CASE STUDY: A recruiter was issued 191 work permits to bring Bangladesh workers to the CNMI. When the scam became public knowledge in March 1997, 134 workers were already in the CNMI and more were on their way, no jobs were available. The workers had no place to live and no money. Karidat, *local Catholic charity that cares for needy workers*, provided relief food and shelter for the workers. Several workers have cooperated with local labor authorities ~~WHILE many but~~ others resisted and caused internal strife within the group. ~~Resisters tried to protect their interests~~ because no matter what the situation is like in the CNMI it is better than their status in Bangladesh. Workers paid thousands of dollars to a recruiter to come to the CNMI for work. They came with the dream of a much better life. CNMI authorities are investigating the case, if they can bring the case to prosecution it will be the first time such a case has been tried in a local court. CNMI officials traveled to Bangladesh, Thailand and Nepal to inform the foreign governments of the labor scam and to stop any additional foreign workers coming to the CNMI under another scam. DOL

3) 4) Low paid non-resident alien workers are the same as indentured servants *for* they pay large recruitment and management fees in order to work in the CNMI, become indebted to recruiters before leaving their home country, and work for low wages in the CNMI which makes it difficult to repay the debts they have incurred.

In the bar/club labor sector, it has been found that fees an employee paid to the recruiter ranged from \$200 to \$1000.

In the janitorial and security guard industry sectors, non-permissible deductions have been documented for airline tickets, recruitment fees and uniform costs. These costs eroded employee overtime earnings. Employees are reticent to initiate timely complaints. Firms

pay straight time to its employees for hours worked over 40 hours per week. Many firms cannot pay their employees on a scheduled payday due to problems collecting money from the accounts receivable.

Between January and May of 1997, U.S. Department of Labor Wage/Hour investigated three garment manufacturers and found that employees paid a recruitment fee and for a airline ticket averaging \$2,981.00. Additionally, Wage/Hour met with an official from the PRC Ministry of Foreign Trade and Economic Cooperation (MOFTEC) for an information exchange meeting on May 20, 1997. It was learned that the People's Republic of China (PRC) permits its authorized government recruitment agencies to charge up to 25 percent of an employee's net pay for a two-year period. The 25 percent net earnings fee is the maximum charge (exclusive of airline ticket) that can be assessed for an employee who goes through two middlemen (Chinese Garment Factory and Provincial Government Recruitment Agency). The maximum fee charged for employees who were hired through one middleman (Provincial Government Recruitment Agency) is 12.5 percent of the net earnings for a two-year employment period. Fees are pro-rated over a two-year period and pre-paid in the People's Republic of China.

Here is a breakdown of the Chinese worker's true wages based on the above MOFTEC criteria. It should be noted that the MOFTEC criteria conforms with the three recent investigations:

****For example, an overseas Chinese worker is paid \$2.90/hour in the CNMI. She works an average of 50 hours per week. His/Her gross pay, including the overtime premium is \$159.50. The weekly equivalent of the allowable monthly lodging deduction of \$100.00 is \$23.25. The weekly equivalent of the allowable monthly food deduction of \$100.00 is \$23.25. FICA/Medicare tax at 7.6 percent of gross is \$12.13. CNMI Income Tax is approximately 8 percent of gross for another deduction of \$12.76

****Weekly net pay is \$88.11. The maximum weekly recruitment fee based on 25 percent of net pay is \$22.03. The weekly recruitment fee is multiplied by 104 weeks. The total recruitment fee due is \$2,290.86. Therefore, the employee must remit their entire net earnings for 26 weeks (six months) before they can begin to save their net earnings. For those employees being charge the minimum recruitment fee, they would remit 13 weeks (three months). DOL

****The recruitment fee percentage does not include the cost of the airplane ticket, which would further indenture the overseas Chinese worker.

****Total maximum recruitment fee plus the cost of the airline ticket (approximately \$550.00) leaves the overseas Chinese worker with \$6322.58 net earnings for a two-year period based on a 50-hour work week at \$2.90/hour.

****Total maximum recruitment fee (excluding the cost of the airline ticket and permissible deductions for lodging, meals, and taxes), effectively reduces the gross hourly wage rate by 44 cents per hour from \$2.90 to \$2.46 for the two year period of employment based on a 50-hour work week).

****It costs approximately \$550/one way to fly from Beijing to Saipan on an American air carrier. This would further reduce the gross hourly wage of \$2.46 down to \$2.35/hour for two-year period of employment (based on a 50-hour work week and excluding the cost of the airline ticket and permissible deductions for lodging, meals, and taxes).

4) 4+) The CNMI Department of Immigration and Labor has a policy that an employer must have a bond for each employee. Bond requirements include three months salary and paid return transportation to home country. CNMI authorities report bond companies have responded in CNMI labor cases. In the recent Bangladesh case, some of the bonding companies have made partial payments and the remaining balance is not due for 90 days. It is unknown at this point if the bonding companies will uphold their financial commitments or not.

Federal authorities report that the bonds can only be called through an action initiated by the CNMI Department of Labor and Immigration. ~~Federal authorities report bond companies have not responded in federal labor cases~~ DOL

5) 2) Chinese garment and construction workers sign shadow contracts with government recruitment agency before leaving China for employment in the CNMI which restrict their civil rights and threaten to return them to China if workers make labor complaints while in the CNMI. Their extent is unknown, but is believed to be common. Two translations of these contracts are attached (see Appendix IV) According a representative of the Ministry of Foreign Trade and Economic Cooperation, the Chinese overseas contract worker signs a two-year contract with the Chinese government recruitment agency. The recruitment fee is based on two years of employment even though the CNMI Department of Labor and Immigration only authorizes the Chinese worker to work one year, which is subject to renewal.

6) 3) Exploitation of Maids. Wages for domestic maids average \$0.64 a hour which amounts to \$200 to \$300 per month. Maids work an average 72 hours a week. The domestic service sector averages the highest percentage of labor complaints out of all sector according to Administrative Hearing Office. Out of 550 victims assisted last year through Karidat, 110 were domestic helpers and 115 were garment workers. Out of 390 complaints filed at the Philippine Consul, 85 labor complaints including wage violations, illegal deductions, harassment were filed by domestic help.

7) 6) U.S. Fair Labor Standards Act does not cover *some employees of* businesses with annual gross revenues under \$500,000; the majority of businesses in the CNMI fall under this category. There seems to be a vicious circle, particularly in the area of small companies ~~who~~ *which* fail to pay employees -- there are several cases where the company went bankrupt, only to go into another line of business under a different name. DOL

8) 7) Philippine Consul reports that the CNMI is not following the requirements of the Memorandum of Understanding between the CNMI and the Philippines. The main problem is the lack of enforcement of CNMI labor law. The Philippines Consul doesn't see improvement in CNMI's management of its nonresident workers. A total of 390 workers have filed labor

complaints with the Consul including 108 wage disputes, 85 non-payment of overtime, and 35 illegal deductions. Maids, club/bar, and construction workers have lodged the majority of complaints at the Consulate.

Many Filipinos come to the CNMI as tourists and later change their status to nonresident workers. While statistics on the actual number of persons who accomplish such an act is unknown, many cases have been reported.

9) ~~12)~~ Chinese and Bangladesh workers have no agency on island to act on their behalf. The Filipino worker can lodge his/her grievance at the Philippine Consul. For this reason it is believed that worker abuse may be higher among the non-Philippine workers.

10) ~~8)~~ The Labor and Immigration Identification and Documentation System (LIIDS), the automated data tracking system, is a functioning prototype. It has documented approximately 21,000 nonresident workers. By *this summer* ~~June 1997~~, the CNMI expects all nonresident alien workers to be identified within LIIDS. It is estimated that \$3.5 million is needed for further development of system. DOL

11) ~~9)~~ Many Chamorros are living at the poverty level or below. In FY 1996 1,110 households (4,234 persons) in the CNMI received food stamps. The gross dollar amount of the Nutrition Assistance Program in FY 1996 was \$3,512,809 as compared to \$3,926,159 in FY 1995.

12) ~~5)~~ Foreign business and investment is proliferating in the CNMI. In 1996, the CNMI held 4556 business licenses of which 42% were foreign owner applicants (745 Korean; 367 Chinese; 316 Japanese; 330 Filipino; 136 others; and 33 FSM) and 58% local owner applicants (1203 CNMI resident and 1425 United States). CNMI requires only a minimum foreign investment of \$150,000 for a public organization and \$50,000 for a private enterprise for a long-term business certificate. For a foreign investment certificate, the minimum investment shall be \$100,000 per person in an aggregate investment, in excess of \$2,000,000, or \$250,000 in a single individual investment. Many foreign-owned businesses are bringing additional non-resident alien workers to the CNMI.

Federal Labor Accomplishments:

U.S. Department of Labor/Wage and Hour Division:

During FY 1996, two investigators from the Wage and Hour Division conducted 32 investigations in the Commonwealth, 29 in Saipan and three in Rota. The investigations in FY 1996 resulted in the recovery of back wages of nearly \$420,000 due to 693 workers. In the first three months of FY 1997, the Wage and Hour Division completed 11 investigations resulting in back wages payments amounting to \$70,000 to over 600 workers. In addition to obtaining the payment of the back wages owed to these workers, the Wage and Hour Division has also assessed a total of over \$380,000 in civil money penalties against the employers found to be violating the Fair Labor Standards Act.

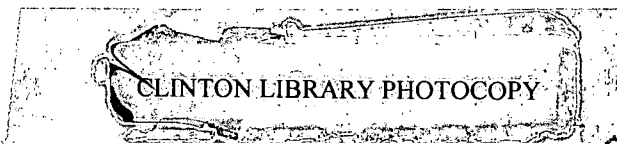
As of March 1997, 23 labor cases remain unresolved including 9 garment, 5 bar/~~girl~~ club, 3 construction, 1 janitorial, and 2 security. These unresolved cases affect 1163 employees. Out of \$3,485,136 in back wages owed from these unresolved cases, only \$245,524 has been collected. DOL

In two additional cases where Wage and Hour has obtained judgements against individuals involved in operating businesses that have been found to owe but have not paid back wages to workers, the Wage and Hour Division and the DOL's Solicitor's Office are attempting to locate funds that have been taken out of the CNMI by the individuals responsible for operating these businesses.

These investigations conducted by the Wage and Hour Division were concentrating in businesses that principally employ foreign workers. Those businesses include garment, construction, guard and watchman services, night clubs, hotels and restaurants, petroleum services and heavy equipment repair services. During the past twelve months, the majority of resolved labor cases were in the security and janitorial sectors with a several cases in bar/~~girl~~ club, construction, CNMI government, and retail sectors. DOL

During the past year the Division developed information fact sheets that describe the general requirements and coverage under the Fair Labor Standards Act. Currently, industry-specific fact sheets are available for garment, janitorial and guard and watchman industries. Additional fact sheets by industry are ~~in the development stage~~ *being developed*. DOL

In keeping with the Wage and Hour's commitment to provide on-going training for the ~~investigator~~ ~~CNMI~~ staff at the CNMI Department of Labor, the Wage and Hour Division ~~over the next several months will~~ *worked* with senior CNMI labor officials to develop and present an advanced investigator skills building training session for investigators and other staff in the CNMI *and on-going training will be continued*. DOL



U.S. Department of Labor: Solicitor's Office

Labor attorneys continue to file and prosecute cases of wage violations, child ~~exploitation~~ **labor**, and OSHA collections and enforcement. In addition to serious wage violation cases, the ~~Solicitor's Office~~ **Labor Department** has uncovered employers recruiting and employing underage women to dance nude and engage in sex with customers on stage, ~~transporting young women to other countries to work as prostitutes~~, and underpaying the women with unlawful deductions from paycheck. DOL

The Labor attorneys have established a good working relationship with the Philippine Consulate in the CNMI as well as the Justice, FBI, and Labor equivalents in Manila. In addition, private investigators have been hired in Manila to interview individuals regarding compliance with the District Court judgements and to conduct asset searches of Judgment debtors. Also, the DOL Solicitor's Office, through the Department of State, ~~is initiating~~ **intends to initiate** discussions with the People's Republic of China to consider sending a delegation of Justice and Labor officials to Beijing to meet with equivalent PRC officials to discuss labor issues relating to laborers sent by the PRC to the CNMI. DOL 301

It is anticipated that the DOL attorneys will intensify their search for ways to protect witnesses. In addition, referrals for litigation, will be given a high priority in order to secure payment of back wages to the primarily non-resident workforce in the CNMI, to enjoin abusive labor practices, and to protect federal witnesses from abuses ~~by both private employers as well as by the Government of the CNMI.~~ DOL

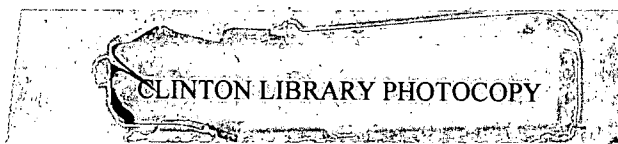


Table 1 --- U.S. Department of Labor CNMI CASE REPORT

	FY		
UNITED STATES DISTRICT COURT CASES FILED:	1995	1996	1997
<u>FAIR LABOR STANDARDS ACT:</u>			
Complaints Filed	3		3
Preliminary Injunctions	2		
Consent Judgments	2		1
a. \$136,189 for 376 Chinese workers			
b. \$692,569 for 123 Filipino and Bangladeshi workers			
c. \$258,765 for 74 Filipino			
Default Judgments	1		
a. \$513,416 for 43 Filipino and Bangladeshi workers			
Appeal to Ninth Circuit		1	
a. Remand from Ninth Circuit [case tried in 1994]			
\$594,432 for 120 Filipino workers			
Contempt [Failure to meet terms of Consent Judgment "b"			1
and pay \$692,569; new action resulted in			
Order to pay \$905,709 for 146]			
Pending Case [Filed Jan. 17, 1997]			1
TOTAL	8	1	6

DOL/SOL

SUMMARY OF FAIR LABOR STANDARDS ACT CASES:

1995 Three complaints and five court actions filed against three employers.
 1996 One appellate action completed against one employer.
 1997 ~~Two~~ **Three** complaints and ~~one~~ **two** court actions filed against three employers.

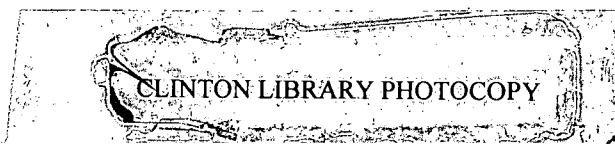
<u>OCCUPATIONAL SAFETY AND HEALTH ACT</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>
<u>COLLECTION CASES FILED:</u>	2		4

1995 A total of \$70,000 was collected through court actions.
 1997 A total of \$68,642 was collected through court actions.
 An additional \$22,500 was collected through informal settlements.

ADMINISTRATIVE LAW JUDGE OCCUPATIONAL SAFETY AND HEALTH ACT
CASES PROSECUTED TO CONCLUSION

	<u>1995</u>	<u>1996</u>	<u>1997</u>
	23	9	20
<u>CASES PENDING</u>			19

1995 A total of \$224,159 in penalties were affirmed through ALJ proceedings
 1996 A total of \$128,000 in penalties were affirmed through ALJ proceedings.
 1997 A total of \$169,781 in penalties has thus far been affirmed through ALJ proceedings.



U.S. Department of Labor/Occupational Safety and Health Administration (OSHA):

Table 2 -- OSHA---Enforcement Data from March 1, 1996 to February 28, 1997

<i>Results</i>	<i>Totals</i>	<i>Construction</i>	<i>Garment Manufacturers</i>	<i>Labor Camps</i>
1. No. Of Inspections Conducted	231	61	42	127
2. No. Of Violations Issued	445	86	91	268
- No. Of Serious Violations	202	70	45	87
- No. Of Willful Violations	9	8	1	0
- No. Of Repeat Violations	12	2	4	6
3. Violations Per Inspection	1.9	1.4	2.2	2.1
4. % of Violations that are Serious	45.4%	81.4%	49.5%	32.5%

OSHA Enforcement Data for FY1995

<i>Results</i>	<i>Totals</i>	<i>Construction</i>	<i>Garment Manufacturers</i>	<i>Labor Camps</i>
1. No. Of Inspections Conducted	23	12	0	7
2. No. Of Violations Issued	139	83	0	29
- No. Of Serious Violations	104	78	0	10
- No. Of Willful Violations	0	0	0	0
- No. Of Repeat Violations	8	0	0	2
3. Violations Per Inspection	6.0	6.9	0	4.1
4. % of Violations that are Serious	74.8%	94.0%	0%	34.5%

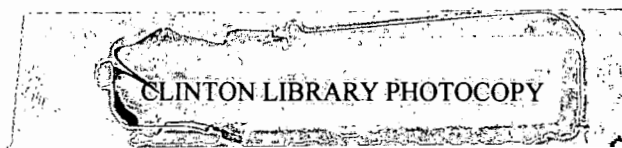
OSHA Enforcement Data for FY1996

<i>Results</i>	<i>Totals</i>	<i>Construction</i>	<i>Garment Manufacturers</i>	<i>Labor Camps</i>
1. No. Of Inspections Conducted	202	33	42	126
2. No. Of Violations Issued	429	77	87	265
- No. Of Serious Violations	210	61	44	98
- No. Of Willful Violations	5	5	0	0
- No. Of Repeat Violations	7	2	2	3
3. Violations Per Inspection	2.1	2.3	2.1	2.1
4. % of Violations that are Serious	47.3%	79.2%	50.6%	37.0%

OSHA Enforcement Data for FY1997

<i>Results</i>	<i>Totals¹</i>	<i>Construction</i>	<i>Garment Manufacturers</i>	<i>Labor Camps</i>
1. No. Of Inspections Conducted	29	28	0	1
2. No. Of Violations Issued	48	23	0	21
- No. Of Serious Violations	26	18	0	7
- No. Of Willful Violations	5	4	0	0
- No. Of Repeat Violations	5	0	0	3
3. Violations Per Inspection	1.7	0.8	0	21
4. % of Violations that are Serious	54.2%	78.3%	0	33.3%

The Northern Marianas College (NMC) concluded an eighteen-month cooperative agreement with OSHA. Under the agreement, NMC provided outreach seminars and training workshops to assist employers, at no cost, in complying with OSHA regulations and requirements. The NMC held 32 seminars/workshops and trained 1,836 participants. The outreach, training, and education program was considered successful by both the NMC and OSHA.



National Labor Relations Board:

During the past year the National Labor Relations Board received 40 unfair labor practice charges and two representation cases involving various employers in the CNMI. During that same period, 42 cases were closed involving, inter alia, about 160 discriminatees. The entities at which these cases arose employed over 1500 employees. During the past year the NLRB conducted three elections involving over 650 employees, and conducted two post-election hearings concerning objections raised by parties to conduct asserted to have unfairly influenced the result. Ten pending charges, involving various employers who employ over 1000 employees, will be completed in the near future, with the realization that there will be an influx of new cases as well.

On June 12, 1997, the Ninth Circuit Court of Appeals issued a decision in Saipan Hotel Corp. d/b/a Hafadai Beach Hotel v. National Labor Relations Board finding that the National Labor Relations Act (NLRA) applies to non-resident workers in the CNMI. The Hotel had argued that application of the NLRA to non-resident workers would conflict with the CNMI's sovereign control over immigration. The Circuit Court did not agree, finding, inter alia, that non-resident workers are "employees" within the meaning of the NLRA and that there was no necessary conflict between the non-resident workers and the NLRA. The National Labor Relations Board anticipates that now that the Circuit Court has ruled on the jurisdiction issue, there will be an increase in union organizational activity and case filings.

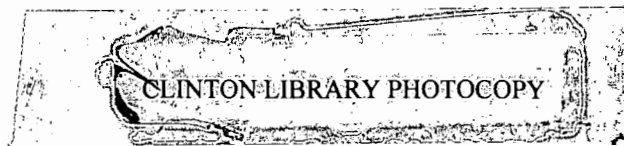
NLRB

Union organizing in the CNMI has been broad-based, and NLRB case filings have involved virtually every aspect of the CNMI's economy, including hotels, a brewery, restaurants, department stores, grocery stores, shoe stores, bakeries, supper clubs and garment manufacturers. While organizing activity had been concentrated primarily among nonresident workers of Philippine ancestry, the NLRB has within the past six months received a number of cases involving Chinese, Thai, and Bangladeshi workers. A recent election involving 350 employees of a Saipan garment manufacturer was conducted in five different languages (Tagalog, Chinese, Korean, Thai and English).

CNMI Labor Efforts:

CNMI Department of Labor and Immigration

The automated tracking system, Labor and Immigration Identification and Documentation System (LIIDS), has become a functioning prototype identifying and documenting nonresident alien workers. It can access over 33,728 records in prototype. Over 21,000 persons have been identified in the system. Once a labor permit application has been processed, the application with its documentation is added to the system. A search engine can use any one of five criteria to locate an individual record or group of records in the labor pool. The system is staffed by several data-entry personnel who enter required data and generate output, including photo embossed transportation letters and the plastic, credit card style, photo-embossed, "Entry Permit" issued to all newly arriving nonresident workers. According to the CNMI Immigration and Labor Department by June 1997, all non-resident workers will be identified as the annual permit renewal cycle comes to an end. Further system development is needed including project plan,



security, personnel, hardware and software.

A total of 635 labor complaints by nonresident workers were filed in 1996 with the CNMI Department of Labor and Immigration. In addition to the increase of labor hearings being brought to trial, additional inspection and compliance investigations were conducted. Mediation and Compliance divisions have been developed. These two divisions will try to meet labor needs and try to resolve problems before they become labor cases. The Compliance Division has three inspectors dealing primarily with garment companies and conducting surprise inspections. In 1996, the Administrative Hearing Officer cleared the hearing backlog. The caseload increased by 400% from 250 cases in 1995 to 1,000 in 1996. A total of \$2 million was ordered to be paid to workers or the CNMI government (it is unknown how much of the \$2 million has actually been paid). Over 1000 workers were ordered to be transferred. A total of 75 employers were barred from hiring non-resident workers.

The revision of the labor code funded under a grant to the CNMI has not been completed; a draft is under review by the CNMI government.

Table 3 -- CNMI Labor Statistics
Non-Resident Worker Permits Issued by Year ¹

Year	1992	1993	1994	1995	1996
# Permits	23,027	22,766	22,560	22,105	28,110

Labor --- Case Load ²

Cases	1995	1996	1997 (as of 3/6/97)
Complaints filed	610	634	115
Investigations	266	280	4
Judgements			
Declined	--	--	5
Pending	--	--	--

Labor -- Types with numbers of Cases filed ²

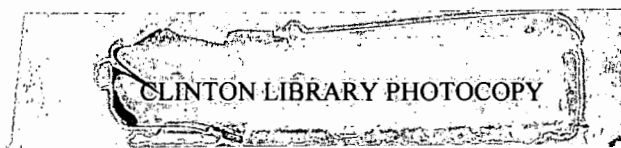
Type	1995	1996	1997 (as of 3/6/97)
Wage Nonpayment	320	207	56
Overtime	203	116	20
Illegal Pay Deductions	53	65	5
Health & Safety	--	5	3
Employer-filed	--	12	5
Other	34	239	26

¹ Information provided by the Labor/Immigration Identification/Documentation System

² Information provided by the CNMI Department of Labor and Immigration

Karidat:

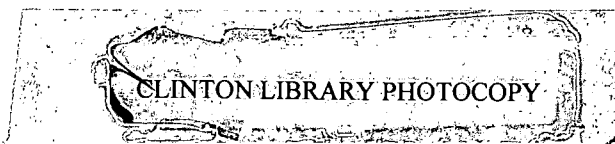
Through the Initiative, the local Catholic charity that cares for desperate workers provided food, shelter, and other assistance to 550 guest workers in 1996. Each worker had filed a formal labor complaint with the CNMI. Those workers with grievances who have not filed a formal complaint cannot receive assistance from Karidat.



B. Immigration -- Initiative Findings and Efforts

Immigration-related Findings:

- 1) The number of nonresident alien worker permits being issued increased from 22,105 in 1995 to 28,110 in 1996, a 30% increase in one year. See Table 3.
- 2) The total population increased from 43,345 in 1990 to 58,846 in 1995. In 1995, the number of U.S. citizens was 27,478 and the number of non-U.S. citizens was 31,368. Non-U.S. citizens include both FAS citizens and permanent and temporary residents
- 3) There is a proliferation of Chinese garment workers. The CNMI Department of Commerce reports that there are currently 46 licenses issued for potential garment factories. Most licenses must be renewed by May 28th or they expire. It is estimated that of the 46 licenses, most will not exercise the option to build a new factory. In May 1996 before the new law was passed which lifted the moratorium on garment business licenses, 19 garment factories were licensed and in operation in May 1996. By March 1997, there are 24 factories, five or six new companies have exercised the right to start building a factory since the limitation was raised. The Department of Commerce reported that as of July 31, 1996, there were 11,018 foreign contract workers working in the garments factories. As a result of lifting the ban, there is a potential for 2500 new garment workers which could bring the number to 13,500 garment workers. According to the 1995 Census, twenty-one percent of employed workers in the CNMI work in the garment industry. In 1995, CNMI exported \$425.9 million in garments.
- 4) The CNMI does not require visas for investors. A business entry permit allows foreign businessmen to come to the CNMI with \$50,000 to set up a business. There is no evidence that the CNMI verifies or authenticates the amount, nature or source of the claimed investment.
- 5) The CNMI labor system invites specious labor claims in order for nonresident alien workers to stave off deportation. Workers are prohibited from transferring to other jobs. Once a labor complaint has been filed, the CNMI cannot deport the worker until the case has been adjudicated. Currently, an alien seeking to change employers must either depart from the CNMI and seek a new work permit, or file a labor complaint against his/her current employer. This system encourages frivolous labor complaints, on the one hand, by aliens seeking to change employers or extend their status at the end of their contract. On the other hand, this forces many aliens to go "underground" and engage in unlawful employment.
- 9) Out of the 203 persons deported in 1996, 152 were Chinese nationals and 28 were Filipino. During the same period of time, there were 2,962 voluntary departures and 354 exclusions at port of entry. A total of 98 arrest warrants were issued for violations of immigration policy.



10) Two separate databases exist within the Department of Labor and Immigration for incoming non-residents. Two cards are issued to nonresident workers, entry permit from LIIDS and an identification card from the Immigration Department. The entry permit and ID card hold the same permit number. LIIDS is an automated data system and the Immigration Division's system is manual. The manual immigration permit system is labor intensive and appears to be duplicative of LIIDS.

11) There appears to be a number of underage "dancers" and other underage workers in the CNMI. Many of these persons are alleged to be engaged in prostitution. CNMI lacks the resources to determine the authenticity of birth certificates and other documents, and therefore, in many cases, simply admits these persons on the basis of approved work permits. The INS fact-finding team received significant information from a variety of reliable sources that many aliens working in the four-block area of downtown Garapan, the hotel district, are in violation of their CNMI immigration status. Most are females working in karaoke clubs as strippers and prostitutes. No evidence of any immigration enforcement operation in that area has been identified in the past year.

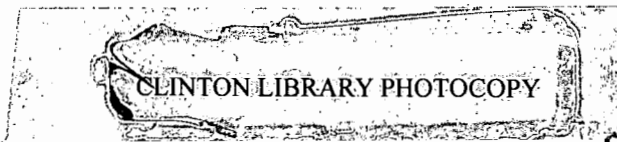
12) There is no visa requirement for travel to the CNMI. Further, in many cases, particularly those involving nonresident workers and short-term business visitors, the local immigration and labor authorities fail to screen properly for admission to the CNMI.

13) ~~Immigration inspectors lack adequate training and understanding of basic immigration concepts.~~—The strongest indication of the lack of an effective inspections system is the large population of several thousand persons illegally in the CNMI. CNMI currently has no effective, institutionalized training program for any of its immigration officers. No discernable progress has been made in the past year in the area of training. INS

14) CNMI lacks an adequate immigration investigations system. There are approximately five immigration investigators in the CNMI, up from one investigator in 1992. No worksite enforcement inspections are being conducted. CNMI policy diverts investigators from their day-to-day investigations duties. For example, the investigator must be present and testify at deportation proceedings which takes him away from his daily duties. In 1987, 187 persons were deported with one investigator *while in 1996* when with five investigators the CNMI deported *only* 203 persons in 1996. *Thus, As a result,* an average of 40 deportations per officer occurred in 1996 *is significantly lower than* ~~as compared to~~ 187 per officer in 1987. INS

15) INS reports indicate that the CNMI has had limited success in improving immigration control, including adjudications, examinations, inspection, and investigations. CNMI immigration worksite enforcement is non-existent. *Yet,* In terms of a worksite enforcement program, the CNMI seems to have an ideal environment for a very effective program; the island is small (less than 47 square miles), has only one main road, one airport, and one seaport, and the illegal alien population is estimated at less than 4000 persons. INS

16) Chinese alien smuggling is occurring between Rota and Guam. Chinese, having entered the



CNMI at Saipan travel to Rota where they are then smuggled into Guam by a small boat landing on the secluded northern end of Guam.

17) *The CNMI's Labor and Immigration Identification and Documentation System (LIIDS)* has not been developed to the stage of performing **targeted (1) arrival and departure inspection support and (2) non-resident worker identification and tracking** immigration functions. The CNMI has not been communicating sufficiently with INS during the development of the LIIDS project. The project manager position has been vacated and refilled three times during the past year. A formally-designated LIIDS Project Manager has not existed for several months; the acting manager has been consumed by day to day operations with no time, staff, or contract support directed towards LIIDS development. After two years into the development cycle and after numerous specific requests, INS received some preliminary development information. A project plan and a functional requirements document that should have been developed **have** never been received.

INS
IRM

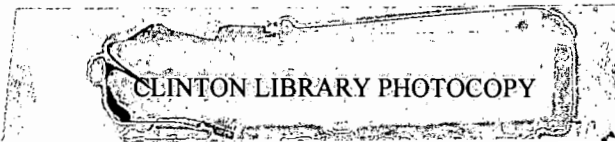
18) Further expansion of LIIDS **will require** ~~could be complicated by~~ a network environment ~~with where~~ remote terminals **potential y** ~~will eventually be~~ located at the Saipan airport and seaport, Rota airport, Tinian airport, the alien detention center, the labor and immigration adjudication office and the office of the immigration attorney responsible for all alien removals. **A more** ~~While this is necessary, attention should be paid to the need for a robust processing development platform, currently Microsoft Access, that will~~ **definitely be required** ~~be able to adequately handle the additional load. The present Personal Computers and Microsoft Access software will not be capable of supporting full requirements of LIIDS. INS suggests that Microsoft Access may not be the appropriate platform for the final system.~~

INS
IRM

19) During down time at the airport, Immigration inspectors manually match paper CNMI forms (Form 958 -- arrival and departure forms, almost identical to the INS form I-94). Their task is to match arrivals with departures, destroy the matched-set, and generate a handwritten list of non-matches -- alleged overstays. ~~This is exactly what LIIDS has the potential to eliminate yet this manual process goes on daily with no relief in sight.~~ The airport Inspections team, **a major end user**, has not been approached by the LIIDS Project Team to seek their input into LIIDS, as a major end item user.

INS
IRM

20) Immigration control is questionable with hundreds of thousands of tourists entering, thousands of alien workers overstaying their work permits, foreign businessmen entering with few restrictions, and foreign criminal presence ~~is~~ increasing.



Federal Immigration Efforts:

US Immigration and Naturalization Service (INS):

The INS stationed an INS officer in the CNMI for a two-year period beginning April 30, 1996. The officer has represented INS in the CNMI while surveying the training needs of CNMI immigration officers, conducting immigration related training, assisting in the coordination of CNMI Immigration and Labor departments in implementing effective systems and business practices and reporting topics of immigration concern, both to the CNMI and to the INS.

The INS Office of Information Resources **Management** (~~HOIRM~~) has provided technical assistance to the CNMI to facilitate CNMI's development of the ~~CNMI's~~ Labor and Immigration Identification and Documentation System (LIIDS) to support immigration processes. **INS IRM** *has agreed plans* to perform an Independent Validation and Verification of CNMI's automated system development process and products and make recommendations for optimal system effectiveness. The system must have **data** compatibility with INS data bases. LIIDS has made limited progress in the last twelve months. The CNMI has established prototype, temporary worker data collection capability, but not immigration function capability. However, the capability lacks the substantial planning, the determination of functional requirements, the systems design, and the development necessary for a system capable of reliable, high-volume activity. Recent reports indicate the CNMI is in the process of acquiring contractor support, which the INS believes critically necessary to accomplish systems development. INS considers the implementation of an automated arrival and departure control system to be a **critical top** priority for the CNMI Immigration Department.

INS
IRM

INS is exploring the possibility of increasing its training presence within the CNMI, including detention, forensics, investigative and management training.

CNMI Immigration Efforts:

Table ---- 4

Immigration

Deportations by Nationality¹

Year	Deported Chinese Nationality	Deported Filipino Nationality	Deported Other Nationality	Total number Deported
1997 (as of March 5, 1997)	28	20	4	52
1996	152	38	13	203
1995	6	35	1	42
1994	6	66	3	75
1993	6	46	2	54
1992	93	86	8	187

Immigration -- Arrest Warrants¹

	1995	1996	1997 (as of March 6, 1997)
Arrest warrants		189	96

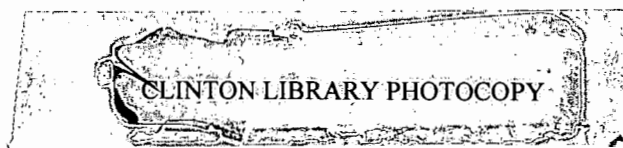
Immigration -- Exclusions at Port of Entry¹

	1995	1996	1997
Exclusions		354	

Immigration -- Voluntary Departures by Year¹

Year	1990	1991	1992	1993	1994	1995	1996
Departures	86	75	159	1561	1333	2036	2962

¹ Information provided by the CNMI Department of Labor and Immigration



The Department of Labor and Immigration has undergone a reorganization. ~~The employees have a renewed sense of ethics and dedication.~~ CNMI officials report improvement of their employees' performance and attitudes towards their jobs. INS

The new detention facility at the airport is ~~another important step towards improving immigration control.~~ It can hold up to 36 detainees. *However, it is underutilized.* ~~For example,~~ in March eight Chinese were being detained for deportation awaiting possession of passport and eight Bangladesh were being detained and denied entry into the CNMI awaiting return transportation to Bangladesh. *The CNMI is in the process of making the facility meet federal standards.* INS NIC

Deportations increased over the past year. Over half of the workers *in deportation cases* have been already deported; the other half are in adjudication. The Department is using deportations in lieu of criminal proceedings. DOT/NIC

The Department of Labor and Immigration has been investigating an employment recruitment scam of Bangladesh workers who were granted work permits with no job certification in the CNMI. CNMI is going to try to prosecute the recruiter on local and federal charges. They are attempting to extradite the recruiter from the Philippines where he fled after the scam was uncovered. The CNMI is trying to repatriate the unemployed Bangladesh workers. The Administrative Labor Court has ruled that bonding companies are to pay three months of wages for *these* unemployed *Bangladesh* workers. The companies have 90 days to complete payments. As of May 8, 54 workers were issued temporary 90-day work permits, which will be reviewed on August 6. At that time, the employers can decide if they want to sign a full-year contract under usual procedures, or they are absolved and the workers will be repatriated to Bangladesh. Another 14 have applied for temporary work permits and are being currently being processed. A total of 38 workers have found permanent jobs on a one-year contract. This leaves 27 worker cases unresolved; many of these workers have not come forward. Karidat did provide temporary shelter and food for the workers. CNMI Labor Officials traveled to Bangladesh, Nepal, and Thailand to meet with foreign government labor officials and foreign manpower agencies to inform them of scams and to try to stop further exploitation of workers. DOT/LC

C. Law Enforcement -- Initiative Findings and Efforts:

Law Enforcement-Related Findings:

1) ~~6)~~ A lack of specialized training hampers the best efforts of well-meaning members of the local law enforcement community of the Department of Public Safety including police officers, detectives, and corrections officers.

2) ~~4)~~ Many *local* cases cannot be brought to trial because of lack of documented evidence. The CNMI is unable to properly investigate and present convincing evidence because of lack of adequate investigation skills and no criminal laboratory. Much important evidence is not able to be processed because of the lack of a forensic lab.

It should be noted that the narcotics investigations initiated by the DEA/CNMI Ad-Hoc Task Force are properly investigated and accepted by the United States Attorneys Office in the District of Guam and the CNMI for prosecution. The members of the Task Force have been well trained in all aspects of drug law enforcement (i.e. investigative skills, case initiation, evidence handling, firearms safety, recruiting of confidential sources, etc.) . All of the drug evidence is forwarded to and analyzed by the Western Laboratory in San Francisco, California. None of the drug or non-drug evidence seized by the Task Force has been lost or stolen.

DOJ
DEA

3) ~~14)~~ Many rape cases are not prosecuted due to lack of forensic evidence. Many non-resident alien victims fail to report cases to authorities because of fear of retaliation, loss of employment, or loss of face.

4) ~~15)~~ CNMI has not adequately addressed correctional facility deficiencies and public safety needs.

5) ~~2)~~ Active Criminal enterprises in the CNMI *include* ~~are~~ Japanese organized crime members and Chinese criminal elements, primarily from the Fujian Province of the People's Republic of China.

DOJ

The number of Chinese criminals is growing in the CNMI. Many of the crime problems in the CNMI can be attributed to the activities of organized criminal groups. The criminal activities in which these groups engage include a wide range of racketeering activity, such as prostitution, drug trafficking, firearms trafficking, extortion, illegal gambling, murder, and public corruption. Chinese criminal enterprises include the smuggling of illegals into the CNMI. It is reported that these groups have gained operating footholds in the CNMI through the use of business permits issued upon "invitation letters" from the CNMI. After establishing a "front" business, these Chinese groups obtain fraudulent immigration documents for members and associates in China to enter the CNMI and work for the front company, often in the karaoke bar business as waitresses. One of the activates in which these Chinese groups are involved is encouraging



women who reside illegally in the CNMI to engage in prostitution. They coerce the women thorough intimidation, threat of physical harm, and similar means. Information exists that occasionally women who refuse to cooperate are kidnaped, raped, and physically tortured. As a result of this intimidation, many of the victims are reluctant to cooperate with law enforcement authorities. Chinese organized crime groups also recruit prostitutes from the Chinese female garment workers. Other Chinese women willingly come to the CNMI to intentionally engage in prostitution.

In 1995, Saipan experienced 10 homicides, the largest number of murders in the island's history. Among those murders were two young Chinese females, who it is believed were murdered either for refusing to engage in prostitution or for cheating gang members. A Chinese businessman was presumed murdered when his blood-stained car was found in a remote area. A man and woman from Hong Kong, also are missing and may have been murdered.

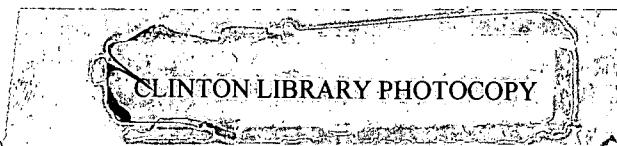
Japanese organized crime members are involved in the trafficking of crystal methamphetamine and firearms, as well as gambling, in the CNMI. Indications are that these organized crime members engaged in illegal activity tend to enter the CNMI as tourists or under business certificates.

At least six of the drug cases prosecuted in the CNMI by the U.S. Attorney had, as defendants, known Yakuza members or self-described "former members". ATF has investigated four defendant cases on Yakuza in the CNMI over the past 12 months. In comparison, no Yakuza cases were found in Guam this year.

DEA has developed evidence and intelligence that Chinese and Japanese criminals are involved in drug trafficking in the CNMI. However, based on DEA initiated investigations and intelligence information DEA cannot definitively determine how organized these individuals are or from what faction of an organization they represent. **DEA**

6) *3) Based on-going DEA investigation, CNMI has become a drug transshipment point for heroin being exported from Thailand by Chinese nationals to Australia and ~~Canada~~, and Hong Kong.* During the month of February, 1997, 14 kilograms of heroin were hidden in bronze statues destined for Saipan, CNMI. The heroin was intercepted by the DEA. The DEA CNMI/Federal Task Force conducted a controlled delivery of the statues, containing a representative sample of heroin to a Republic of China national residing in Saipan. Subsequently, with the cooperation of the accomplice in Saipan, another controlled delivery was conducted to two Chinese nationals in Calgary, Canada. It appears that this particular organization consisting of ROC nationals are using Saipan as a transshipment point to ship heroin to either Australia or Canada via DHL or UPS express mail service. This is the first indication that Saipan and express mail service are being used to tranship drugs. **DEA**

7) *(4) The CNMI reports that \$7,089,392 in marijuana and methamphetamine has been seized in 1995 and 1996. [Criminal Justice Planning/CNMI Drug Task Force]*



8) 9) The imminent development of casino gambling on Tinian causes concerns associated with money laundering, credit card fraud, and organized crime. In addition, the impact on the corrections system by the types of crimes and the number of arrests will make current three cell police lock-up on the Tinian and the other correctional facilities on Saipan inadequate. Facilities are already inadequate for current concerns. The Tinian police department has already expressed concern about not having enough officers to deal with problems associated with the developing casino industry.

10) 8) There have been allegations of public corruption from bribes and kickbacks related to immigration, gambling license, health care matters, **drug trafficking** and related criminal activity. DEA

11) ~~13)~~ Credit card fraud is a major concern in the CNMI. CNMI can provide a haven for money-laundering and credit card fraud.

12) There is a trend of increased gun trafficking in CNMI and Guam. Firearms which are being found in the CNMI predominantly originate from Guam. Firearms are leaving CNMI and going to Japan for purchase at a high price.

13) ~~10)~~ Murders statistics are 10 in 1995; 4 in 1996; and 2 in first two months of 1997.

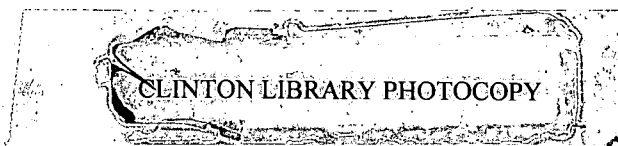
14) ~~11)~~ Domestic Violence increased 60% in 1996 from 778 victims in 1995 to 1062 victims in 1996.

15) ~~17)~~ Criminal child exploitation in the CNMI and transportation of prostitutes from the CNMI to other Asian countries and Pacific islands has been uncovered.

16) ~~15)~~ Prostitution and Child Exploitation: A case exposed international movement of bar workers who have been a part of a pornography ring with underage women being forced to perform live sex acts on stage in the CNMI.

17) ~~7)~~ The CNMI Vital Statistics Department and the Commonwealth Health Center in Saipan are presently without adequate security measures in the issuance of Certificates of Live Birth. The use of printing templates and Banknote/Safety paper by these offices could vastly reduce the possibility of counterfeited birth certificates.

~~16) The CNMI controls local immigration and customs and does not adequately enforce these laws.~~



Federal Efforts:

Under the Initiative, additional federal law enforcement personnel have been stationed in the CNMI including one Assistant U.S. attorney, one FBI agent, and one Deputy U.S. Marshal. Three more law enforcement personnel are being recruited including another Assistant U.S. Attorney, an FBI agent, and a DEA agent.

Table 5 -----

Federal District Court

Criminal Cases (by specific type i.e. civil rights prosecutions; immigration; official corruption; labor management offenses; violent crime including assault and battery; prostitution; rape and; narcotics prosecution; organized crime; white collar crime; government regulatory offenses including customs, health & safety violation, and money laundering)

Criminal Cases by <u>specific type</u>	FY 1995	FY 1996	FY 1997 as of 3/11/97
number of cases filed			
Investigations conducted			
Cases prosecuted	23	38	20
Cases declined	6 Dismissed 2 removed	3 dismissed 2 removed	5 dismissed
Cases pending	3	14	19
Convictions	12	19	10

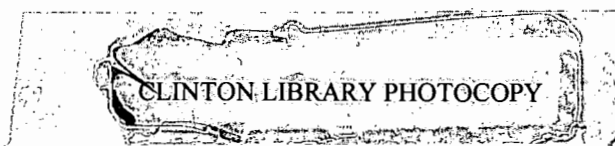
Civil Cases (by specific type, i.e. civil rights, immigration, enforcement, labor management)

Civil Cases by <u>specific type</u>	FY 1995	FY 1996	FY 1997
Number of cases filed	55*	54**	20***
Investigations conducted			
Cases prosecuted			
Cases Declined			
Convictions			

* 8 cases involving the U.S. Court, all have been closed

** 10 cases involving the U.S. Court, all have been closed

*** 7 cases involving the U.S. Court, 3 cases pending and 4 cases are closed



United States Attorney:

Table 6 -----

United States Attorney

Criminal Cases (by specific type i.e. civil rights; immigration; official corruption; labor management offenses; violent crime including assault and battery prostitution; rape; narcotics prosecution; organized crime; white collar crime; government regulatory offenses including customs, health & safety violation, and money laundering)

Criminal Cases	FY 1995	FY 1996	FY 1997 (through 3/97)
Cases filed	24 - 1 official corruption 11 narcotics 4 white collar 2 gvt. regulatory 1 other	47- 1 official corruption 23 narcotics 2 organized crime 7 white collar 9 gvt. regulatory 5 other	28 - 14 narcotics 2 white collar 3 gvt. reg. 9 other
Cases declined	1 - 1 other	1- 1 other	3- 1 civil rights 1 official corruption 1 gvt. reg.
Cases pending under investigation		5- 1 civil rights 1 official corruption 1 violent crime 1 gvt. regulatory 1 other	10- 1 civil rights 1 official corrupt 1 labor offense 3 narcotics 2 white collar 1 gvt. reg. 1 other
Convictions (# defendants)	11 -6 narcotic, 1 white collar, 2 gvt. regulatory, 2 other	28- 17 narcotic, 1 organized crime, 3 white collar crime, 6 gvt regulatory, and 1 other	9 - 6 narcotic, 1 white collar crime, and 2 gvt. regulatory offenses

Civil Cases (by specific type, i.e. civil rights, immigration, gvt. regulatory, labor management)

Civil Cases	FY 1995	FY 1996	FY 1997 (through 3/97)
Cases filed	9-- 3 labor offense 6 gvt. regulatory	14-1 civil rights 1 immigration 4 gvt. regulatory 8 other	7- 1 official corruption 2 labor offense 4 gvt. regulatory
Investigation conducted	1-1 gvt. Regulatory	4-1 civil rights 3 others	1-1 immigration

Federal Bureau of Investigation:

A task force operation has been established. The FBI-CNMI Task Force is composed of three FBI agents, two CNMI police officers and aided by a Department of Interior Inspector General agent. The FBI has traditionally had two special agents assigned full time to the CNMI. Two additional agent positions are being funded through the Initiative; the third agent was assigned in October 1995 and the fourth agent is currently being recruited. It is the **primary objective** ~~sole purpose~~ of the FBI-CNMI Task Force to investigate cases that will be prosecuted ~~solely~~ in Federal court. FBI

The FBI has dedicated the majority of its investigative resources in the CNMI to address the most significant Asian criminal enterprises operating in the CNMI. Analysis of investigative information has demonstrated consistently that the most significant impact in the CNMI will be realized through the elimination of most active Asian criminal enterprises. The violent crime, public corruption, and racketeering activities including drug trafficking, fraud, public corruption, sexual exploitation and prostitution, are types of existing crimes in the CNMI. The FBI does not rank or prioritize criminal activity in the CNMI, other than identify organized crime and public corruption as the most significant crime problems in the CNMI. To address these activities, the FBI employs the use of long-term, sustained investigations in order to identify and dismantle the entire criminal enterprise.

White Collar crime, official corruption, racketeering and civil rights matters have been targeted for investigation by FBI-CNMI Task Force. Several white collar crime and public corruptions cases are under investigation.

Table 7 -----

**Federal Bureau of Investigation
(Federal Cases)**

Criminal Cases	FY 1995	FY 1996	FY 1997(as of March 1, 1997)
Number of Federal Arrests	(5)	10	5
Number of Federal indictments	(6)	11	6
Number of Federal Convictions	(6)	12	2

The cases above are broken down as follows:

4 -- Drug

12 -- Organized Crime (Drug)

4 -- Organized Crime (Other -- Extortion/Racketeering)

5 -- White Collar/Public Corruption

} FBI

Drug Enforcement Agency (DEA):

The DEA/CNMI Ad Hoc Task Force was formally established on February 28, 1996, through a memorandum of understanding. The task force consists of six Department of Public Safety officers (four at Saipan, one at Rota, and one at Tinian) and two Saipan customs officers. The members of the task force have made significant progress in establishing and debriefing confidential sources, initiating cases, arresting suspects, and seizing drugs and assets. The most notable change was the confidence level of each officer assigned to the task force. When first assigned, collectively, the officer appeared somewhat inexperienced in the cultivation and management of confidential sources. This had a direct negative effect on case initiation. However, with training, supervision by DEA personnel, and on-the-job experiences, each officer gained a higher level of self-confidence. Task force officers now are eager to establish confidential sources, initiate cases and target significant violators. Additionally, the CNMI task force has gained the respect of the community. DEA is working towards self-sufficiency of CNMI with its management and investigations of narcotic traffic.

Through the Initiative funding, a DEA agent will be assigned to the CNMI for two years beginning in 1997.

Three significant seizures amounting to 390.1 grams (net) of ice occurred in 1996 at the Saipan International Airport. The market price for ice is \$1000 per gram. A total of \$38,000 worth of assets have been seized.

DEA presented several training workshops for local CNMI law enforcement officials including drug awareness, asset forfeiture, raid planning and vehicle stops, and ballistic shield and live-fire shooting.

Table 8 -----

**Drug Enforcement Agency
(Federal Cases)**

Criminal Cases (Narcotics)	1995	1996	1997 as of 3/13/97
number of cases filed	3		
Investigations conducted	3	23	7
Cases prosecuted	3	19	7
Cases declined			
Cases pending		11	
Convictions	5	19	7



Civil Rights Division/DOJ:

The Civil Rights Division has opened four matters for federal investigation. The FBI and the U.S. Labor Department have been requested to refer any incidents which may involve labor abuses covered by federal criminal statutes prohibiting slavery and peonage directly to the Civil Rights Division for further investigation and possible prosecution.

Criminal Division Child Exploitation and Obscenity (CEOS):

CEOS is establishing a foundation for investigations of the transportation of women and minors into the CNMI for purposes of criminal sexual activity. Current intelligence indicates that some women have been brought from the Philippines and are beginning to be brought from China and other mainland Asian countries. Recently, the Department of Labor referred two matters to the CEOS, and in turn referred them to the United States Attorney's Office and to the FBI in the CNMI to pursue the investigations. Since the filing of the second annual report, CEOS has continued to develop a strategy for investigating and prosecuting cases of child sexual exploitation in the CNMI. CEOS further believes that the trafficking may involve illegal smuggling, document fraud, organized crime, and pornography. CEOS also is working with representatives of the countries from which the women are recruited to provide training and technical assistance, and a perspective on the global nature of trafficking. CEOS anticipates a site visit in 1997 to coordinate further and stimulate case development in conjunction with efforts in the women's home countries. CEOS and the United States Attorney for Guam and the CNMI will determine the appropriate timing for the in-person assistance for case development as well as assistance at trial.

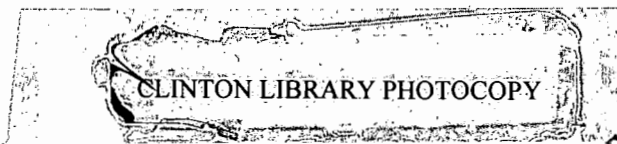
National Institute of Corrections (NIC):

The National Institute of Corrections continues to work with the CNMI on its correctional needs. Since March 1996, the NIC has provided assistance in upgrading CNMI training programs and assessing the implementation of a new employee training program at the CNMI Community College. With the assistance of the Federal Bureau of Prisons, the NIC has assessed several potential sites for a new correctional facility and reviewed the blueprints that the Commonwealth had contracted to be developed. The plans ~~are were~~ six years old and for a site no longer available.

Further assistance is planned in several areas: 1) continuing assistance in planning, site selection, and construction of a new correctional facility; 2) documenting policies and procedures; 3) developing an inmate classification program; and 4) developing inmate programs and services.

US Marshals Service:

The U.S. Marshals Service's primary contribution to the Initiative is the provision of support services to the federal judiciary. The increased investigative and prosecutorial activities in the CNMI has had a direct impact on the judicial system resulting in a 2% increase in the number of civil cases filed between the calendar years of 1995 and 1996; a 68% increase in criminal cases that were filed in the same time period; and a 123% increase in the number of



prisoners handled. The U.S. Marshals Office in Saipan is staffed with two full-time Deputy U.S. Marshals. One position is funded from the U.S. Marshals Service appropriation and the other position is funded from the Initiative. Two full-time deputies are necessary to meet the growing demands of the Federal Court in the CNMI.

U.S. Secret Service:

The Secret Service rotates an agent to the CNMI once every two months. Over the past year, the Service has noticed an increase of incidents warranting investigations. One counterfeit arrest has been made (a second should have occurred but CNMI deported the person before an arrest could be made). The Secret Service has investigated two bank fraud cases and two counterfeit cases in 1996.

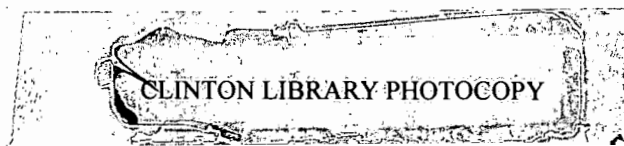
Bureau of Alcohol, Tobacco, and Firearms:

Table 9 ----- **Bureau of Alcohol, Tobacco, and Firearms**

Criminal Cases	1995	1996	1997 as pf 3/11/97
number of cases filed	2	7	5
Investigations conducted	3	5	6
Cases prosecuted	1	3	1
Cases declined	0	0	0
Cases pending	1	2	4
Convictions	1	3	1

U.S. Customs Service

U.S. Customs Service provided law enforcement training for local law enforcement officers in safety and mental preparation in law enforcement, airport operations, passenger inspection and analysis of airline passenger manifests, seaport operations and cargo inspection, and K-9 (drug detecting dogs) operations. The Customs Attache in Tokyo has been working closely with Japan's National Police Agency to promote communication and the exchange of intelligence between the NPA and local and federal law enforcement agencies in Saipan. This new line of communication has been a significant factor in several successful drug cases in Saipan involving Japanese nationals.



Bureau of Diplomatic Security of the Department of State

Bureau of Diplomatic Security of the Department of State joined the federal law enforcement agencies in the Initiative in January 1997. The Service believes the CNMI has a high propensity for a significant amount of passport fraud. At the present time, three passport fraud cases are originating from the CNMI and will be presented to the U.S. Attorney's Office for prosecution. In an effort to develop a stronger case load of passport fraud investigations, Diplomatic Security plans training seminars to enhance the ability of the CNMI Immigration and police authorities to detect fraudulent, altered or photo-substituted passports. Diplomatic Security will work with appropriate CNMI officials to assist them in establishing effective countermeasures against counterfeit birth certificates.

The Service will provide training to the CNMI Department of Labor and Immigration on identification of fraudulent documents. The training will focus on passport and document fraud. In addition, the Service intends to work with the Commonwealth Hospital and Bureau of Vital Statistic to upgrade security of birth certificate documentation.

Inspector General of the Department of the Interior:

The Inspector General (OIG) assigned a senior criminal investigator to those task force investigations involving of alleged violations of Federal criminal law in the CNMI, specifically white collar crime and public corruption. The OIG investigator is working with the FBI, under the supervision of the U.S. Attorney's Office in Saipan. Presently, eight investigations are being conducted by this office as part of the Initiative, five of which were based upon information provided by the OIG Office of Audits in Guam. These investigations represent a significant undertaking over a short period, given the complex, exacting, and lengthy nature, and intensive labor demands.

CNMI Law Enforcement Efforts:

CNMI Attorney General:

Revision of the Criminal Code is incomplete. The Office of the Attorney General is reviewing the draft and is attempting to toughen the revision.

The following table illustrates the 1996 Criminal Case Load from the Criminal Prosecutor in the Attorney General's Office. Statistics are incomplete at time of publication. As should be noted that these figures include only 35% of 1995 cases filed and because of that the number of convictions is low. The number of cases declined is incomplete. If a defendant has been charged with two or more counts of a certain type of charge it only has been counted once.

Charges received -- indicates the number of requests the Attorney General/Criminal Division received for charges to be filed.

Cases declined --- indicates the cases the Attorney General/Criminal Division declined to prosecute for various reasons. Some were declined because of lack of evidence or because the victim requested no prosecution. Others were declined because no crime was committed or the defendant died or left the island.

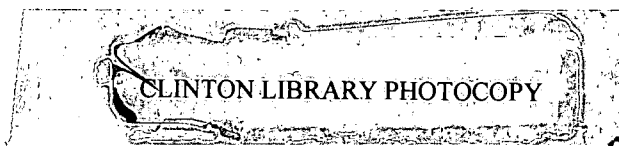
FI Req -- means that the Attorney General/Criminal Division asked the detective to bring present more evidence before charges are filed. In some cases, the filed charges and the case would then be included under "Charges Filed."

Convictions -- indicates the number of convictions received on the charges filed.

Dismissals -- indicates cases that were dismissed by the prosecuting attorney. Sometimes the case is dismissed and then re-filed under a new case number once the Attorney General/Criminal Division received the results of the tests or had more evidence to pursue the case.

Acquittals -- indicates cases that went to trial and the defendant was acquitted of charges.

The bottom line of the chart is called "Actual Court Case Information." This indicates the number of court cases that were filed regardless of types of charges. This number will be lower because many times the attorney will charge, two, three or more types of charges in the same court case.



Criminal Case Totals for 1996

TABLE 10 CNMI Criminal Case Totals for 1996

Types of Charges	Charges Received	Charges Filed	Cases Declined	F.I. Reg.	Convictions	Dismissals	Acquittals
Arson/Reckless Burning	6	5			1		
Assault & Battery	253	184	22	1	77	23	3
AWDW	94	63	8	1	25	16	2
Burglary & Theft	279	173	15	6	96	12	
Cattle Killing	2	2			2		
Child Abuse	16	4	1	2	8		
Conspiracy							
Criminal Coercion	3	2					
Criminal Contempt	38	37	1	1	15	3	
Criminal Mischief	135	69	14	3	30	3	2
Curfew Violation	4		3				
Drugs	23	21		1	11	6	
DTP	129	48	30		21	8	2
Embezzlement	2		1				
Escape	11	11	1		4	1	
Forgery/Bad checks	53	21	2	1	18	2	
Fraud	1	1			1		
Homicide/Murder	8	16			2	2	
Kidnapping	16	13			1	5	
Minor Consuming Alcohol	12	12			10		
Misconduct in Public Office	13	3	3		2		
Poss. Weapons & Ammunition	21	24			20	1	
Possession of Tobacco							
Prostitution		1					
Rape	4	2				1	
Receiving Stolen Property	2	1			1		
Resisting Arrest/Obstr Just	22	22			10		
Robbery	21	30			3	14	
Sexual Abuse	15	13	1	1	6		
Traffic	10	8			8		
Trespassing	9	1	4		1		
Usury	1	1					
Wardship Cases	4	4			1 clos-d		
Totals of Charges	1207	792	106	17	374	97	9
Actual Court Case Information	907	552	75	16	265	57	3

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Table 11 ----- *CNMI Investigations¹*

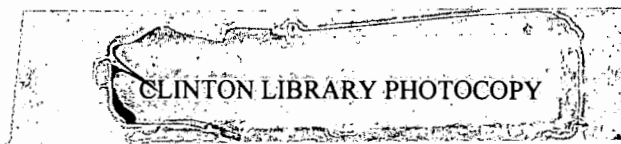
CNMI Drug Cases	1995	1996	1997
Investigations Conducted	3	2	1
Cases Prosecuted			
Cases Declined			
Cases Pending			
Convictions		Cases turned over to Federal Task Force	

CNMI Criminal -- Assaults	1995	1996	1997
Number of Complaints	5	7	1
Investigations Conducted	5	7	1
Cases Prosecuted			
Cases Declined	2		
Cases Pending		3 (filed by Criminal)	1
Convictions		2	

CNMI Criminal -- Homicides	1995	1996	1997
Number of Complaints	10	1	
Investigations Conducted	10	1	
Cases Prosecuted	2	4	
Cases Declined			
Cases Pending	Assisted DPS	Assisted DPS	1
Convictions	Assist DPS/ Suspected Suicide		

CNMI Criminal -- Rape	1995	1996	1997
Number of Complaints	2	2	
Investigations Conducted		2	
Cases Prosecuted		2	
Cases Declined	2		
Cases Pending		10 charges against one person	
Convictions			

CNMI Theft	1995	1996	1997
Investigations Conducted	10	26	
Cases Prosecuted	7	7	8 from 1995 & 1996



Cases Pending		14	
Convictions	7	Civil filed on land cases	

CNMI Misconduct	1995	1996	1997
Number of Complaints	8	26	4
Investigations Conducted	8	25	
Cases Declined	4	3	
Cases Pending		5	
Convictions	2	14 handled/3 convictions	

CNMI Witness Protection	1995	1996	1997
Number of Complaints	2	5	
Investigations Conducted	2	5	
Cases Prosecuted	2	5	2
Convictions (Protection Completed)		5	1

CNMI Civil	1995	1996	1997
Number of Complaints	8	34	1
Investigations Conducted	8	34	1
Cases Prosecuted	3	5	1
Cases Declined		1	
Cases Pending	5		1
Convictions		23 resolved administratively	

CNMI -- Labor and Immigration Related	1995	1996	1997
Investigations Conducted	15	32	
Cases Declined		2	
Cases Pending		4	
Filed Criminal	3		
Filed Civil or Administrative	4		

¹Statistics from CNMI Office of the Attorney General Investigations Unit -- 1995 caseload/106 cases, 1996 caseload/149 cases. Training and assistance to the Department of Public Safety, Immigration & Labor have been part of the function of this office.

Department of Public Safety:



The Department of Public Safety officers and investigators need more training. DPS is concerned with personnel corruption and drug abuse.

The CNMI budget provided \$14,154,000 last year for Department of Public Safety, which included Corrections.

Table 12 -----

CNMI LAW ENFORCEMENT

Drug Crimes*

CNMI DRUG CASES	1995	1996	Totals
Number of arrests	123	144	167
Investigations conducted	159	112	270
Cases declined	4	6	10
Cases pending	77	83	160
Convictions	18	12	30

* Department of Public Safety/Criminal Justice Planning Agency

Sexual Assault Incidents*

Sexual Assault Incidents	1995	1996	Totals
Child Sexual Abuse	107	69	176
Adult Sexual Assault	15	44	59
Adult Molested as Children	12	3	15
Totals	134	116	250

*Victims of Crime Assistance Project/Criminal Justice Planning Agency

Correctional Facility:

The current correctional facility has 95 inmates, including six non-residents. Jail detention has 15 cells with two inmates per cell. Corrections has 32 rooms with two inmates per room. The average length of sentence is 30 years. Local law allows for early parole. A prisoner is eligible for parole after one-third of sentence has passed. The Department of Corrections is concerned with the rehabilitation of inmates and the overcrowded facilities. The Department of Public Safety is having difficulty getting support from the Legislature and CNMI government to address correctional deficiencies. It needs support from the Legislature for increased funding for public



safety needs and correctional facilities. It is trying to get the Legislature to provide emergency funding to provide power to identified site for prison. Additional land is needed for construction of new facility.

The CNMI is *beginning to* ~~negotiateing a self financing arrangement with a company to build~~
~~for~~ a new corrections facility ~~based on an 1989 architectural design~~. It has been brought to the CNMI's attention by the National Institute of Corrections that a different facility design would be much more economical. In addition, the Office of Insular Affairs offered to waive matching requirements on FY 1995 Covenant Funds for the construction of the prison.

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APPENDIX III

Initiative Agenda Set in the Second Annual Report

The Administration set out an agenda to examine several issues in the 1996 Second Annual Report of the Federal-CNMI Initiative on Labor, Immigration, and Law Enforcement. The agenda included:

Agenda Item: Develop options to increase the Federal role in local immigration as is necessary to establish immigration control if local CNMI control of immigration does not become more effective.

Accomplishment: These options are *discussed in* ~~included as~~ Appendix V

DOL

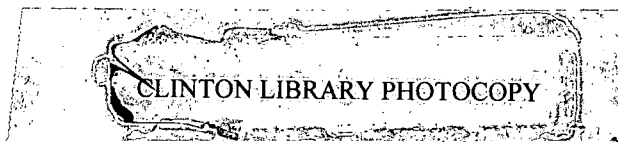
Agenda Item: Devise a plan for information sharing and cooperation between the CNMI and the Immigration and Naturalization Service including identification, and if necessary, CNMI exclusion or deportation of persons who represent security or legal risks to the CNMI or the United States.

Accomplishment: No significant progress to report.

Agenda Item: Develop specific information during the next year as to the scope, nature, and frequency of any requirement that non-resident alien workers sign shadow contracts that diminish the effective minimum wage paid in the CNMI, and consider possible changes in CNMI and Federal law.

Accomplishment: Two shadow contracts have been documented among Chinese garment and construction workers in the CNMI. Attached are copies of the translated text of such contracts. See Appendix IV. The frequency of such contracts is unknown; however, it is believed it is common practice. Human rights activists and private lawyers representing the non-resident alien workers stress these contracts are frequent. It has been determined that these contracts are executed with the Chinese workers before leaving China for employment in the CNMI. See Labor-Related Findings in Appendix II on page 6.

The contracts are executed by three parties, the Chinese government, the worker, and guarantors. The Chinese government collects from the worker the two-year management fee, cash pledge for the fulfillment of the contract on the passport application, and round-trip airplane ticket. The worker understands that the worker shall strictly adhere to laws and regulation rendered either by the workers country or the government of the locality, and to conform to the disciplines of foreign affairs, social customs and cultural practices of the locality, rules, and regulations set forth by the proprietor. The worker agrees to pay to the Chinese government all those costs stipulated as compensation and deductions. The worker must have a guarantor as part of the contract, usually the worker's parents,



who will be responsible for contract obligations if the worker fails to repay the fees and purchase the return airplane ticket.

Discussions between the U.S. Department of Labor and the Chinese Government Labor Ministry should be arranged to *discuss* ~~determine~~ the ~~exact~~ extent of contracts and to develop an assurance that civil rights of workers are honored from both countries.

In May, the People's Republic of China Ministry of Foreign Trade and Economic Cooperation (MOFTEC) signed a Memorandum of Understanding with the CNMI to facilitate improved management of Chinese nonresident workers in the CNMI. MOFTEC intends to open an office in Saipan to process work contracts between the CNMI and Chinese workers. The MOU requires that all Chinese workers obtaining employment in the CNMI go through this agency to eliminate recruiters and their unscrupulous recruitment fees. The State Department is currently reviewing the agreement and has informed the PRC and the CNMI of its concerns with PRC establishing an MOFTEC office in Saipan. The U.S. ~~Government Department of Labor~~ *DOL* will ~~continue to work with MOFTEC to ensure that the MOU is implemented and that~~ workers' rights and compliance of labor law *is* honored.

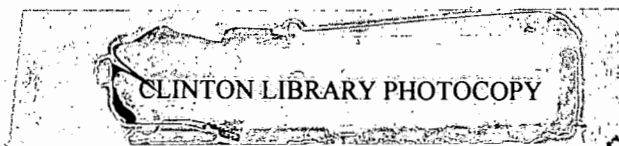
Agenda Item: Develop a means for addressing non-payment of wages to employees and unreimbursed costs to the CNMI government.

Accomplishment: ~~It has been determined that~~ CNMI requires employers to bond their employees including 1) one way transportation between the point of hire and the point of employment in CNMI, 2) three months salary as specified in the contract not to exceed \$3,000 per employee; and 3) \$3,000 for medical expenses. The statutory period for filing a complaint must be within six months from cause of action or within one year if under willful violation.

One The problem with ~~this such a~~ system is that the bonding companies are not required to prove their assets. Under actual payment for non-compliance *with a* work contract, the bonding company may not perform adequately. The U.S. Department of Labor has had difficulty in collecting back wages from several employers where bonding companies have not paid.

~~One solution would be to require the employers to establish an escrow account equivalent to three month's salary in a FDIC bank in CNMI and utilize a new wage payment structure. The employer would pay the wages to the bank. The bank would then pay the employee. If the employer did not pay the bank, the bank would alert the employee and pay wages from the escrow amount. After one month's non-payment of wages, the employee would be allowed to look for another employer in the same industry sector.~~ *DOL*

Justification for changing the structure is particularly important for small business employees, domestic maids, and farmers. The CNMI does not have a strong enough



mechanism that can ensure the financial responsibility of the employer. The minimum financial requirements are that an employer must meet the income criteria for family size, as indicated by income level schedule. Many workers, usually domestic maids and farmers, of businesses which gross under \$500,000 annually experience many payless pay periods and often are not paid overtime.

Agenda Item: Deploy Department of the Interior Office of Inspector General (OIG) personnel in the CNMI to provide investigative support for the Initiative to an extent consistent with the OIG's authority under the Inspector General Act of 1978, as amended.

Accomplishment: During the past two years, a senior criminal investigator from the OIG's Guam Field Office has been assigned to the Federal-CNMI Labor, Immigration, and Law Enforcement Initiative and has conducted investigations involving white collar crime and public corruption. The agent has extensive experience in financial crimes and public corruption and devotes a significant amount of time to the Initiative. In Fiscal Year 1997, the Office of Insular Affairs (OIA) and the OIG entered into a Reimbursable Support Agreement in which the OIA provided \$75,000 to the OIG to support investigative travel costs related to the Initiative.

Agenda Item: Investigate activities relating to transportation and coercion of women for prostitution.

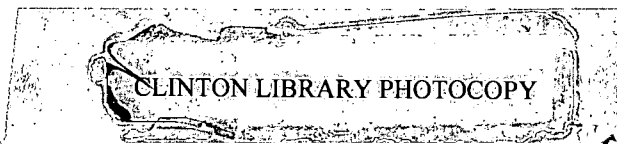
Accomplishment: The Federal Bureau of Investigation, U.S. Attorney, Child Exploitation and Obscenity Section of the Criminal Division of the Department of Justice, and the U.S. Department of Labor ~~Solicitor's Office~~ as a part of the Initiative are conducting investigations and exploring investigative opportunities. The FBI and the U.S. Attorney have recently prosecuted two Chinese nationals involved in using interstate facilities in the aid of racketeering activities (i.e. prostitution).

Agenda Item: Aid the CNMI in developing a plan for construction of correction and detention facilities.

Accomplishment: CNMI is *beginning to negotiate* ~~negotiating a self-financing arrangement with a Korean company to build a new corrections facility based on an 1989 architectural design.~~ It has been brought to the CNMI's attention by the National Institute of Corrections that a different facility design would be much more economical. In addition, the Office of Insular Affairs has offered to waive matching requirements on FY 1995 Covenant Funds for the construction of the prison.

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National Institute of Corrections (NIC) has provided technical assistance and training for correctional officers. NIC has reviewed a previous design of new correctional facilities and given modification recommendations.



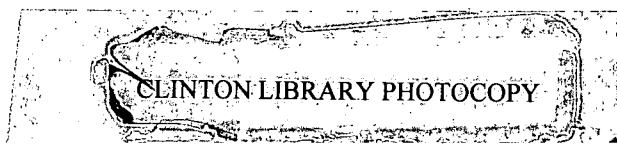
Agenda Item: Continue to seek international cooperation that complements Federal efforts in the CNMI with regard to labor, immigration, and law enforcement policies.

Accomplishment: The Federal agencies in the CNMI continue to work closely with the Philippine Consul in Saipan. The Philippine Consul is concerned over the CNMI's lack of labor law enforcement and adherence to the 1994 Memorandum of Agreement between CNMI and the Philippines. The President of the Philippines has called for an extensive study to investigate the large increase of labor complaints filed by Filipino workers since January 1997. *The U.S. State Department has informed the CNMI Governor that any future discussions with the Philippines and new agreements or amendments to 1994 should first be coordinated and cleared through State.* DOL

The U.S. Departments of State, Interior, and Labor are deliberating actions to become involved with the discussions and the MOU between the People's Republic of China and the CNMI. These PRC and the CNMI have been informed that the U.S. Department of State is reviewing the MOU and has asked that opening of the MOFTEC office be delayed for further consultations. DOL The U.S. Department of Labor Solicitor's Office, through the Department of State, will further the discussions with the People's Republic of China (PRC), which began in Saipan, and will consider sending a delegation of Justice and Labor officials to Beijing to meet with equivalent PRC officials to discuss labor issues relating to laborers sent by the PRC to the CNMI.

Department of the Interior met with State Department to discuss the possibility of developing bi-lateral labor agreements between the United States and foreign countries which send workers to the CNMI. *The Departments of State, Interior, and Labor are working together to react to the recent discussions with PRC and the Philippines and the MOU that the CNMI signed with PRC MOFTEC.* DOL

The Department of the Interior and State Department has assisted the CNMI with the Bangladesh, Thai, and Nepalese Foreign and Labor Ministries in dealing with non-resident alien workers' employment in the CNMI.



APPENDIX IV

Agreement

Party A

Address:

Telephone:

Statutory Representative:

Party B

Address:

Telephone:

ID Card No.:

Party C

Address:

This Contract is entered into by three parties as a consistent agreement for the equality and benefit of the three parties. Terms and conditions stipulated herein are negotiated and agreed among the three parties in good faith, to such an extent that Party B is hired under the UIC Saipan to devote her endeavors to the Company's knit wear manufacturing business.

Article 1 General Principals

1. The three parties agree that contract signed between Party A and [redacted] Corporation For International Economic and Technical Cooperation (Branch Office), and the contract signed between Party B and UIC Saipan, shall be regarded as an additional provisions apply to this Contract and shall be performed conscientiously and earnestly by both Parties.

2. The terms of the employment contract for Party B hired under UIC Saipan shall be for a period of two (2) years. (Period for the employment shall be extended accordingly on time renewal of employment.)

Article 2 Responsibilities of Party A

1. Party A shall be, as a representative of the Government Department of the country, responsible for the sending, as well as supervising of Party B.

2. In consistent with the laws and regulations rendered, Party A shall be responsible for the collecting from Party B the management fee (include management fee incurred after the renewal of employment contract), passbook, cash of pledge for the fulfillment of the contract, any formality charges on Passbook application.

Article 2 - Party B shall be responsible for the completion of all formalities for Party B in going to Saipan.

4. Party B shall have the responsibilities for the safeguard of the right and interests of the Party B in her employ of the Company in Saipan.

Article 3 Responsibilities of Party B

1. Party B understands and recognizes that she shall strictly adhere to laws and regulations rendered either by her own country or the Government of the locality, and to conform to the disciplines of foreign affairs, social customs and cultural practices of the locality, rules and regulations set forth by the proprietors. Party B further agrees that she shall not take part in any activity that may incur impairment to the country, Party A as well as the proprietors.

2. Party B shall have the responsibility to comply with reasonable rules and regulations rendered by the representative of Party A.

3. Party B agrees that she shall pay to Party A all those costs and charges herein stipulated in "Compensation and Deductions".

4. Party B shall have the responsibility to return within specified time to Party A the Passbook upon the expiration of her employment contract. (within one (1) month commencing on the date she returns to her point of hire.)

5. Party B understands and recognizes that expenses on all formalities processing in her own country are personal expenses and shall be paid by Party B herself.

Article 4 ~~Responsibilities of Party C~~ (The Guarantors)

1. Party B appoints (Name) [REDACTED] (Address) [REDACTED], [REDACTED] (Relationship) [REDACTED], as her guarantors on her leaving aboard. To this ends, the guarantors agree that they have the obligations to undertake and supervise Party B to perform, in consistent with terms and conditions stipulated herein, the responsibilities bounded within this Contract. By virtue of this Party C assumes the responsibilities to undertake and perform for Party B the execution of this Contract, and shall bear the obligations for the payment abided by Party B hereof stipulated. (Forfeit imposed upon the period of renewal the employment contract shall be adhered to Articles 5 of this Contract) when Party B is in failure to perform her duties and responsibilities consisted within this Contract. In the failure of the guarantors to such a fulfillment, Party A reserves to itself the right to recover in full from Party B the sum of the money that should be handed in by Party B. In case like this, Party A shall have the right to execute in accordance with terms and conditions enlisted herein to repatriate Party B. Under such a circumstance, Party B shall be responsible for such expenses incurred, and the purchase of her return airplane ticket to her point of hire.

APPENDIX IV
The time period for the guarantee shall be commenced on the departure date of Party B
and ended on the date when Party B return to the point of hire.

3 Signatory of the guarantors:

I hereto specify that I shall be the guarantor of [REDACTED]. In virtue of this, in her
violation of the Contract, or in her failure to bear the responsibilities for the payment, I shall
understand all such expenses to Party A at an amount of RMB1,3000/annum. (Forfeit imposed
on the violation of the contract shall be dealt with in accordance with terms and conditions
stipulated in Article 5). Leaving my family and properties as a pledge, I assume to undertake all
of the responsibilities

Guarantors :

Signatory :

Date:

28 June, 1996

Article 5

Renewal of Employment

In the completion of her two-year contract, Party B may apply for the renewal of her employment provided that following three conditions are satisfied.

- A Prior to the renewal of her employment contract, Party B should submit an application in writing to the respective Department/Company. Proceeding of the formalities can only be conducted upon the approval of her application by the Department/Company.
- B A permission from LIC in Saipan.
- C The application is of Party B's own accord.

If the above three conditions are satisfied, A management fee at an amount of ~~USD 60/month~~ per person shall be charged on the renewal of the contract. In her failure to pay the amount upon the renewal of the Contract, or the proceeded application is not yet approved by the respective Department/Company, Party B and her guarantors in China shall be fined USD 120/month.

Article 6

Compensation and Deductions

1. The term of the Contract on Party B shall be for a period of two (2) years. Precise date shall be commenced on the approval of the permission given by the Government of the locality.
2. The work schedule will be 40 hours per week. Services rendered or performed will be compensated a salary of USD 2.75/hr. payable on a two-week interval. Overtime work will be compensated at a rate of 1.5 times on the regular compensation. On completion of the 40 hours regular work schedule, the worker shall have the options to decide her overtime works schedule.
3. The foreign party shall have primary responsibility for providing Party B food and lodging. Costs on such an expense shall be withheld from Party B's salary at each pay period in consistent with regulations set forth by the foreign party. The sum, in accordance with the present salary schedule, will be USD 190.00/month (this shall be subject to change depending on the rendered salary schedule and any changes of the compensation schedule of the locality.)
4. Expenses such as annual body check-up and ~~Passbook~~ application fee are personal expenses and Party B assumes that she bears all responsibilities to pay such costs incurred.
5. The foreign Party shall provide Party B with medical expenses in her employ of the Company in Saipan, EXCEPT:
 - (1) Relapsable Chronic disease
 - (2) Disease which no medicinal medication can be cured, and a frequent consultation to the doctor is necessary.
 - (3) Pregnant

APPENDIX IV
Part B shall be responsible for the booking and purchase of her own ~~supplies~~ ~~board~~ ~~to Saipan~~. Deductions of such payment shall be made at each pay period. Returned payment on the taxes pre-paid, if any, will be returned to Party B at end of the year.

7. Party B shall be responsible for the booking and purchase of her own ~~supplies~~ ~~board~~ ~~to Saipan~~.

8. The foreign party shall be responsible for Party B's insurance expenses which is USD10,000/person accordance to the present standard. Any charges which are in excess of insurance expenses hereof shall be deemed abandoned and Party A shall not be granted responsible for any and other payment of this kind.

9. In the event of suspension, termination of employment contract by the foreign party due to Party B not adhering to the Laws of the locality, violating seriously of the proprietors' regulations, Party B shall be responsible for all loss incurred to the foreign party on such a circumstance. (Repatriation of discharged worker under this situation shall grand an approval from Party A prior to the return of the worker to his/her point of hire).

10. Party B agrees that he shall pay the following expenses prior her leaving aboard:

- (1) Two-year Management Fee, ~~RMB13,000~~.
- (2)
- (3) Cash pledge on the Passbook, ~~RMB1,000~~.
- (4) Round-trip airplane ticket, ~~USD600~~ (RMB7,000).

Article 7 Obligations on violation of the Contract/ The Entire Agreement

1. In the event that if Party B is not allowed leaving aboard because of problems arised on Party B, on account of which the foreign party has proceeded all regular immigration formalities to the respective departments, Party B shall be responsible for all formalities expenses to the foreign party (USD150), airplane ticket fee (depending on the actual amount refunded), compensation for losses that may incur to the company, in the total of RMB5,000. The amount shall be handed in to Party A, and Party A shall be responsible for passing the paid indemnity on to the Company.

2. In the event that if Party B is not allowed leaving aboard either because of violation of Laws in her locality, or not in consistence with the supervision from Party A, Party B shall be responsible for compensation to the Saipan Company on formality expenses that are incurred to the Company. The amount shall be handed in to Party A, and Party A shall be responsible for passing the paid indemnity on to the Company.

3. In the event that if the fulfillment of the contract is abortive due to the problems arised on foreign party, the foreign party shall bear all responsibilities for the compensation to Party B on formality expenses, and all such expenses incurred. (except those materials that has been

...and under supervision of the Labor Department. The amount shall be handed in to Party A, and Party A shall be responsible for passing the paid indemnity on to Party B.

4. Any costs and expenses on formality charges incurred to Party B prior to the approval of the Entrance Registration by the Saipan Government shall be regarded as her personal expenses.

5. In the event that if Party B is in violation of the contract; defying of the Laws of the locality, by which reasonable regulations of the Company are seriously affected, failure to conform to the rules and regulations set forth by the Party A, in replacing of the chronic disease; having a disease to which no medicinal medication on the cause can be cured; pregnant; upon which termination of contract prior to the date of its expiration and repatriation are necessary, Party A shall have the right not to refund to Party B any pre-payment which Party B has handed in before her leaving aboard. In virtue of this, if tremendous influences are thus produced, Party A shall have the right to claim from both Party B and her guarantors in China a forfeit specified: (RMB2,000).

6. Within one (1) month upon Party B's arrival (commencing on the first day of her arrival in aboard), Party B shall submit to Party A her Passbook. Failure to conform to this may incur a forfeit of RMB25/day to Party B.

Article 8 SEVERABILITY AND APPLICATION

1. The foregoing terms and conditions shall be regarded as legally effective from the date it is signed by the three parties and notarized by the notary company, and shall be regarded as terminated upon the time when Party B has completed his duty in honoring the agreement, provided that she has submitted her Passbook to the respective department. Party A, upon the time this contract is terminated, shall return the cash pledge RMB1,000 to Party B.

2. This contract has identically four (4) copies separately distributed among Party A, Party B, Party C and the notary company. Each Party shall have one copy of the contract.

Article 9 GRIEVANCES

The three parties herein agree to negotiate in good faith to reform this contract in the event that if any dispute is arisen in connection with its execution. Any dispute rendered which is regarded as unable to be adjusted or settled shall be declared and referred to law court of the locality for arbitration.

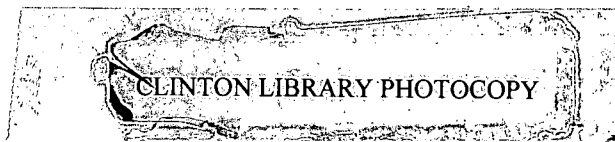
Party A.

[Redacted signature]

Party B.

(Signatory)

[Redacted signature]



This is to certify that the preceding Agreement is signed on 28 June, 1996.

[REDACTED]

[REDACTED]
their signatory and fingerprint on the agreement as the guarantors of [REDACTED]

Having examined the Agreement, I verify that the act of signing this agreement is in consistent with Rules #55 under "Principle for the Civil Laws of the People's Republic of China", and the signatory and fingerprints in the above three parties are legitimated, and legally effective.

Notary: [REDACTED]

[REDACTED] Public Office (Seal)

The People's Republic of China
July 2, 1996

Translation of Overseas Worker Contract between
 [REDACTED] Work Service Corporation [REDACTED] Corporation
 and
 [REDACTED]

96/12/14

Overseas Work Service Contract

Party of the first party:
 (Branch) [REDACTED]

Party of the second party: [REDACTED]

The 2nd party willingly accepts the offer of the 1st party to go to Saipan as a carpenter for a period of two years. Both parties must obey the following provisions:

1. After the parties sign the 2nd party will follow the rules and leaders of the 1st party. While the 2nd party is overseas for work he will obey the laws of place he works. He is forbidden from engaging or participating in any political or religious activity. He is prohibited from smuggling, prostitution, taking or selling drugs, fighting, drunkenness and watching sex movies, etc. While in foreign work service the 2nd party can not fall in love or get married. If the above are not obeyed by the 2nd party, he may be punished by economic and legal actions whether the act is serious or not. The 1st party can act with regard to the 2nd party's salary and the expense of the round trip ticket.
2. While the 2nd party is working overseas he must obey the employer's rules; work hard. He can't stop working without reason, can't request a change of employer, can't request a salary increase, can't find another job, can't strike. If the 2nd party breaks the rules, he will be fired, sent home and will pay his own return fare.
3. The 2nd party must finish the contract. He can not stop working before the end of the contract or request to return to China before the end of the contract. If he has some problems at home, he must overcome them, he can not return home for that reason. If there are problems with the work arrangement or if he can not work because of the employer, the 2nd party has the right to notify the 1st party. The 1st party will negotiate with the employer in accord with the contract. The 2nd party must obey the decision reached by the 1st party and the employer.
4. After the 2nd party completes the contract, he can not stay overseas and must return by the route selected by the 1st party. The 2nd party may not return with any prohibited items or items for sale or foreign money for exchange.

5. The 2nd party shall be paid a salary of _____ while in foreign work service. These monies must be sent to the home country, exchanged for Renminbi and given to the family. Overtime should be paid to the 2nd party.
 6. While in overseas service, the 2nd party can not borrow or lend money.
 7. The 2nd party agrees to deposit \$3,000 renminbi; when he finishes the contract and returns his passport, the 1st party will refund the money. \$400 renminbi will be paid for processing the papers. If the 2nd party can not go overseas because of his action, the \$3000 and \$400 are not refundable. If the 2nd party can not go overseas because of the 1st party's action, the \$3000 will be refunded and 50% of the \$400.
 8. If while overseas, the 2nd party requests money, it will be deducted from the \$3000 deposit.
 9. If the 2nd party asks for money and does not have the ability to repay it in time, his guarantor shall pay all of the 2nd party's economic obligations.
 10. While overseas, the expenses for the 2nd party's transportation, tickets, housing, food, medical treatment, insurance, taxes, etc. should be paid by the employer. The 2nd party has the right to all the welfare benefits of the contract.
 11. There are three copies of this contract. The 2nd party has one, the 1st party has one and _____ has one. After the 2nd party returns to the home country, the 1st party shall notify him when he has no further obligation under the contract.
- 1st Party: _____
- Representative: _____
- 2nd Party: _____
- 2nd Party's guarantor: _____
- Guarantor's Address: _____

Dated: 1991. 11. 11

APPENDIX V



U.S. Department of Justice
Immigration and Naturalization Service

Office of the Commissioner

425 I Street NW.
Washington, DC 20536

The Honorable Bonnie R. Cohen
Assistant Secretary for Policy,
Management and Budget
Department of the Interior
Washington, DC 20240

JUN 13 1997

Dear Ms. Cohen:

The Immigration and Naturalization Service (INS) is submitting its findings, discussion of options, and recommendations paper regarding the immigration system in the Commonwealth of the Northern Mariana Islands (CNMI) for inclusion in the Department of Labor's Annual Report to Congress on the Commonwealth of the Northern Mariana Islands.

The report, which was based on a fact-finding visit of a team of INS officials to the CNMI in February and March, analyzes the current state of immigration in the CNMI. The report describes serious deficiencies in all facets of the CNMI's current system of immigration enforcement and control.

In addition, the report describes widespread abuses arising directly from the CNMI's nonresident, nonprofessional alien contract worker system. The attached report discusses six options for redressing the widespread immigration-related problems in the CNMI.

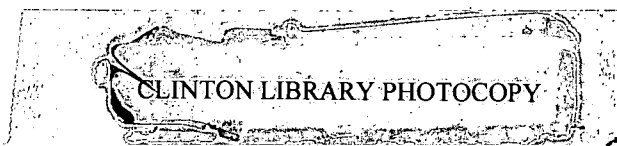
The INS recommends that Congress enact legislation to extend the Immigration and Nationality Act, in full, to the CNMI, with special provisions to allow for the orderly phasing out, in the shortest time practical, of the CNMI's nonresident, nonprofessional alien contract worker program, as well as an appropriate schedule for phasing in the INS' new staffing and other responsibilities in the CNMI. Should Congress adopt the INS recommendation to apply the INA in full to the CNMI, the Labor and Immigration Identification and Documentation System prototype, as discussed in last year's report, would be unnecessary and replaced by the standard INS computerized immigration control systems.

Please do not hesitate to contact me if you have further questions on this issue.

Sincerely,

Doris Meissner
Commissioner

Enclosure



Findings, Options, and Recommendation of the Immigration and Naturalization Service Regarding the Immigration System in the Commonwealth of Northern Mariana Islands (CNMI)

Background

Pursuant to the request of the U.S. Department of Interior, the Immigration and Naturalization Service (Service) has prepared the following findings of fact, option paper, and recommendation for inclusion in the Department of Interior's Third Annual Report to Congress on the Federal-CNMI Initiative on Labor, Immigration, and Law Enforcement. To prepare this report, the Service sent a team of representatives on a fact-finding visit to the CNMI. During the course of this visit, which took place over a 2-week period in February and March of 1997, the fact-finding team discovered, through discussions with CNMI and Federal Government officials, members of the private sector, and a number of non-resident aliens, serious deficiencies in all facets of the CNMI's current system of immigration enforcement and control. In addition, the fact-finding team found widespread abuses arising directly from the CNMI's non-resident, nonprofessional alien contract worker system.

Based on these findings, the Service formulated six options, discussed herein, for redressing the widespread immigration-related problems in the CNMI. Upon thorough analysis of these options, the Service recommends that Congress enact legislation to extend the Immigration and Nationality Act, as amended (INA), in full, to the CNMI, with special provisions to allow for the orderly phasing out, in the shortest time practical, of the CNMI's non-resident, nonprofessional contract worker program, and the orderly phasing in of the Service's new staffing and other responsibilities in the CNMI.

Findings of Fact

Introduction

We have organized the following findings of fact to reflect what we believe to be the five basic cornerstones of an effective system of immigration control: (1) visa issuance; (2) adjudication of eligibility for admission; (3) inspections; (4) investigations; and (5) removal of aliens who are unlawfully present.¹ We strongly believe that failure to perform even one of these functions in an adequate manner not only creates serious immigration enforcement problems, but contributes to a variety of other problems affecting the local jurisdiction, including, but not limited to, adverse effects on the local labor market and enforcement of labor laws; increased criminal activities; and adverse impact on the local economy. With respect to the CNMI in particular, it is also important to take into account the impact of legal immigration of non-resident contract workers and other aliens.

In considering how effective the CNMI is in performing these five functions, we have taken into account the relatively close proximity of the CNMI to many of the largest--and poorest--population centers in the world. A lax immigration policy in the CNMI is an open invitation to residents of China, Bangladesh, Russia, and other desperately poor countries to travel to the CNMI and, as seen below, possibly to the United States itself.

Certain Adverse Effects of an Inadequate CNMI Immigration Policy on the United States

A lack of adequate immigration enforcement on the CNMI not only creates serious problems in the CNMI, but has both a direct and indirect adverse impact on the United States itself. We note here just a few of the problems which can result from inadequate immigration control on the CNMI. First, under U.S. law, with certain limited exceptions, persons born in the CNMI of alien parents are considered to be U.S. citizens by birth. Easy access to the CNMI by aliens, particularly non-resident workers who are typically of child-bearing age, therefore carries the strong potential of creating a large pool of citizens by birth. Such children, upon reaching the age of 21, may "immigrate" their parents and other close relatives to the United States. Second, the presence of a large pool of non-resident aliens in the CNMI also increases the likelihood of marriages to the local U.S. citizen population. Such "immediate relatives" may obtain lawful permanent

¹ Because of their close relationship, we will discuss visa issuance and adjudications in the same section below.



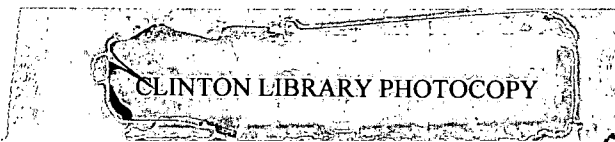
resident status, and ultimately, U.S. citizenship. Third, given the close proximity (approximately 40 miles) of the CNMI to Guam, which is considered to be part of the United States for all purposes under the INA, uncontrolled immigration to the CNMI increases the chances of illegal immigration to the United States itself. Fourth, as is discussed below, the CNMI's non-resident contract worker system has the inherent potential to cause violations of U.S. labor laws which, with certain exceptions, apply in the CNMI. Finally, and most fundamentally, since the CNMI is under U.S. sovereignty, we as a nation are diminished if we are to tolerate, let alone accept, any immigration- or labor-related abuses occurring in the CNMI.

The Human Dimension of Illegal Immigration to the CNMI

According to figures provided to us by the U.S. Department of Interior, there are currently far more non-resident aliens (at least 32,000) than locally born U.S. citizens (approximately 22,000) present in the CNMI. For this reason, no discussion of the immigration question can be complete unless it is first acknowledged that immigration has an impact on almost every phase of life in the CNMI. There is no question that the CNMI economy is currently dependent on the importation of cheap alien labor. The garment and hotel industries are almost entirely staffed by non-resident (contract) workers. So, too, are many smaller businesses staffed by non-resident aliens. The fact is that the local population is too small to support the type of economy now existing in the CNMI.²

Uncontrolled immigration to the CNMI creates a variety of social and labor problems. In addition, certain problems are inherent in the CNMI immigration laws themselves. For example, many of the problems existing in the CNMI arise under color of law. There is no provision under United States law for the entry of non-resident, non-professional contract workers to fill permanent positions. In the United States, such temporary workers may enter this country only if they will be filling positions which themselves are temporary (i.e., seasonal, intermittent, or peak need) in nature. Further, unlike under the INA, there is no provision for change of nonimmigrant status which would enable an alien to change employers without departing from the CNMI. Currently, an alien seeking to change employers must either depart from the CNMI and seek a new

² We learned that more than 50 percent of the local citizenry of employment age is employed by the CNMI Government. In addition, approximately 15 percent of the local population is currently unemployed. Even if the majority of these persons were employed in occupations currently filled by nonresident workers, there would still exist a need to import labor in order to maintain current economic levels.



work permit, or file a labor complaint against his or her current employer, which will enable the alien to work while his or her labor case is being adjudicated. This system encourages frivolous labor complaints, on the one hand, by aliens seeking to change employers or extend their stay at the end of their contract. On the other hand, this forces many aliens to go "underground" and engage in unlawful employment. These persons then become subject to the whims of the new employer, who knows that the unlawfully present alien probably will not complain about exploitative working conditions.

There is another negative aspect of uncontrolled immigration to the CNMI. The CNMI lacks the resources to determine the authenticity of birth certificates and other documents, and therefore, in many cases, simply admits these persons on the basis of approved work permits. Such persons include, among others, a number of underage "dancers" and other workers on the CNMI. Many of these underage persons are subject to a variety of labor abuses, and some of these persons are engaged in prostitution or other illegal activity.

Uncontrolled immigration creates other law enforcement problems. There appears to be universal recognition amongst the CNMI Government authorities that various organized crime groups, such as the Japanese Yakuza, the Chinese Triads, and the Russian Mafia have made inroads into the CNMI. Many of these persons enter initially either as tourists or as short-term business visitors. Few of these persons are ever detected at the port-of-entry or apprehended while in the CNMI.

Specific Findings of Fact

Adjudications and Visa Issuance

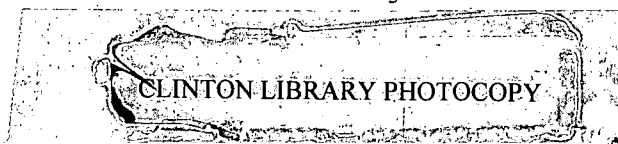
Based on our observations, as well as discussions with a number of CNMI and Federal Government officials, members of the local bar, and other individuals in the CNMI, we believe that the CNMI's system of immigration adjudication is not only grossly inadequate but, in many respects, particularly in the area of visa issuance, non-existent. Insofar as permanent immigration to the CNMI is currently restricted to immediate relatives of U.S. citizens residing permanently in the CNMI, we have limited our discussion to that of the CNMI's system of temporary, as opposed to permanent, entry.

Aliens seeking to come to the CNMI on a temporary basis may be admitted on the basis of: (a) short-term (90-day) business permit, issued at the Port-of-Entry in the CNMI itself; (b) long-term business permit; (c) investor permit; (d) non-resident worker permit; or (e) tourist permit. As in the case of U.S. immigration law under CNMI immigration law, in theory, an alien must establish that he or she is eligible for admission in the respective temporary entry category and, in addition, that he or she is "admissible" to the CNMI, e.g., not a criminal.

The "Double-Check" System under the INA

To grasp the extent to which institutional problems adversely affect immigration control in the CNMI, it is necessary to understand certain basic differences between the CNMI's immigration laws and those of the United States. Under the INA, an alien must, in most cases, obtain a visa from a U.S. consular officer abroad before he or she may travel to the United States.³ Carriers are subject to substantial fines for boarding aliens lacking visas or other proper documentation. In most cases involving employment in the United States, before a consular officer may issue a visa, the alien's prospective employer must file with

³ In certain limited cases, most notably those involving Canadian citizens and certain business visitors and tourists from "low risk" countries such as Great Britain, France, Germany, and Japan, a visa is not required for short-term visits. See section 217 of the INA (Visa Waiver Pilot Program or VWPP); section 212(l) of the Act (Guam Visa Waiver Pilot Program); 8 C.F.R. part 212. (Canadians). The conditions of entry under the VWPP are very restricted. Aliens from VWPP participating countries who are seeking entry on another basis are subject to the normal visa requirement.



the INS, and obtain approval of, a nonimmigrant worker visa petition.⁴ Issuance of the visa itself, however, does not ensure that the alien will be admitted to the United States. Under the "double-check" system of immigration into the United States, an alien must then apply for admission to an immigration officer at a U.S. Port-of-Entry. The immigration officer is charged with determining whether the alien indeed intends to perform the activities sought, and to determine whether the alien is, in fact, admissible. An alien who is denied admission at a U.S. Port-of-Entry cannot at that time then seek admission in a different classification, but typically must depart from the United States.⁵ The "double-check" system of visa issuance and adjudications, which, in one form or another, has been a cornerstone of immigration to this country for the greater part of this century, is intended to ensure not only that qualified aliens are admitted into the United States, but that unqualified aliens are prevented from even traveling to the United States for the purpose of seeking admission.

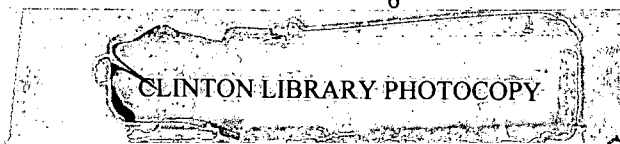
There is no visa requirement for travel to the CNMI. Further, in many cases, particularly those involving non-resident (contract) workers and short-term business visitors, the local immigration and labor authorities fail to properly screen and adjudicate requests for admission to the CNMI.

There is no "double-check" system in the CNMI. In fact, the CNMI does not require visas at all for travel to the Commonwealth. To the best of our knowledge, the CNMI immigration laws do not provide for sanctions against carriers which transport inadmissible aliens to the Commonwealth. In almost every case, an alien's first contact with a CNMI Government official occurs at the time the alien physically arrives in the CNMI. Further, turning to the three largest categories of visitors to the CNMI--tourists, short-term business visitors, and non-resident (contract) workers, it is clear that there exists, at the very best, a barely adequate system of determining an alien's eligibility for admission. Indeed, in many cases, the quality of adjudications does not rise even to that minimal level.

Tourists and Short-Term Business Visitors

⁴ A petition is not required of, among others, students, exchange visitors, business visitors or tourists, and treaty traders and investors. Such persons, however, with very limited exceptions, must obtain a visa.

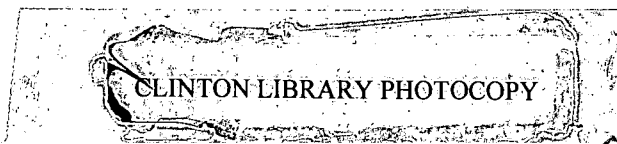
⁵ Under recently enacted law, an alien may challenge an immigration inspector's determination before an Immigration Judge in administrative proceedings only in cases where the alien has made a colorable claim for asylum.



As noted, under CNMI law, a tourist or short-term business visitor, regardless of his or her country of origin, does not require a visa. An alien seeking admission to the CNMI in such a category, therefore, can have his or her case adjudicated at the time of arrival at the CNMI port-of-entry. By contrast, with the exceptions of the cases noted in footnote 2, above, an alien seeking to enter the United States as a tourist or business visitor must first establish to the satisfaction of a U.S. consular officer, prior to departure, that the alien has a foreign residence which he or she has not abandoned, that he or she has adequate means to support himself or herself upon arrival in the United States, and that the alien intends to depart from the United States upon expiration of his or her period of stay. In addition, the U.S. consular officer can seek other evidence of the alien's admissibility, such as proof that the alien is not a criminal. A U.S. consular officer also benefits from a sophisticated computerized intelligence system which, among other things, can reveal if a document, such as a birth certificate, is fraudulent. As a result, a significant percentage of tourist visa applications are denied by U.S. consular officers in many countries, and, in some countries with high levels of visa fraud, such as China, the denial rate is quite high.

Non-Resident Contract Workers: A Case Study

Turning to the approximately 28,000 persons currently in the CNMI who were admitted as non-resident (contract) workers (as opposed to the total U.S. citizen population born in the CNMI of approximately 22,000), the lack of any visa requirement and an inadequate adjudications system has resulted in serious abuses. In fact, during our visit to the CNMI, a particularly troubling incident was transpiring which involved a taxi driver residing in the CNMI who had applied for, and obtained, non-resident work permits on behalf of approximately 160 Bangladeshis, based on an apparently fraudulent claim that he required these persons to staff his new business in the CNMI. In order to obtain these work permits, the Bangladeshis spent large sums of money on "finders" and other fees--apparently bankrupting themselves and their families in certain instances--only to find upon their arrival in Saipan that no jobs existed. It is our understanding that these permits were issued over more than a 1-month period, based, in part, on false documents and business contracts relied upon by CNMI labor and immigration officials. It also appears that the work permit applications were "adjudicated," in part, in reliance on the fact that the fraudulent employer had obtained bonds from private companies ensuring return transportation and 3 months' salary for each non-resident worker. In adjudicating the applications, however, the CNMI officials did not verify that the bonding company or companies in question had the financial ability to fulfill their bond obligations. The net result of this tragic series of events is that it now appears that the bonding company may be unable to provide return transportation and/or pay to these



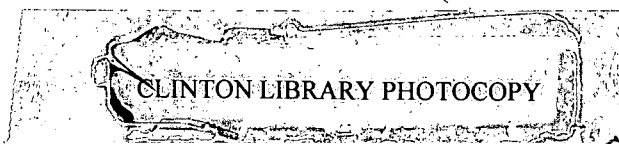
persons, and that these persons remain stranded in the CNMI without adequate funds to return home. It had not yet been determined, at the time of our visit to the CNMI, whether such persons would be granted "voluntary departure," or ordered deported.⁶

It is clear to us that, if the CNMI had a visa system and an adequate system of adjudications, this tragedy very likely could have been prevented. In the first place, these aliens would never have been able to obtain visas from a U.S. consular officer. Second, the adjudicators of the work permit applications would likely have been able to determine that, despite the taxi driver's representations, there were, in fact, no jobs to be filled. Third, the same adjudicators would have questioned whether the taxi driver had the ability to pay the wages promised. Fourth, had the CNMI verified the financial status of the bonding company, or required a higher bond, these aliens may not have been granted work permits or, at the very least, they may have been repatriated by now. In sum, we can only speculate whether the work permits were issued through inadvertence bordering on incompetence, or whether these permits were issued in knowing violation of the law. We need not speculate, however, on the very real hardship which resulted directly from this chain of events.⁷

Inspections

As the Labor and Immigration Identification and Documentation System (LIIDS) is discussed in a separate report, we will limit our discussion to other inspection issues. Based on conversations with immigration inspectors and other immigration officials, we learned that CNMI immigration inspectors receive no formal training; their training is limited to that obtained on-the-job. It became apparent in conversations with inspectors that, although they are willing to learn immigration law, they lack an understanding of such basic immigration concepts

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- ⁶ Unlike "voluntary departure," which does not preclude an alien from seeking readmission to the CNMI upon subsequent return to the Commonwealth, a deportation order bars the alien from seeking readmission to the Commonwealth for several years.
- ⁷ This is not an isolated incident. We learned that a few years ago, the CNMI Government issued an unspecified number of work permits to Chinese nationals for non-existent jobs. These Chinese individuals never intended to travel to the CNMI, but merely sought these permits in order to obtain Chinese passports for purposes of traveling elsewhere, including, presumably, the United States.



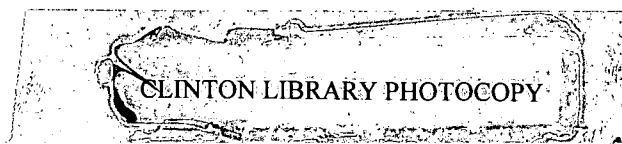
as exclusion and deportation. This lack of formal training makes it very difficult for them to perform their duties in a satisfactory fashion. For example, inspectors are not trained in determining the legitimacy of an application for admission as a short-term business visitor. In fact, when we asked a CNMI Government official why the CNMI Department of Commerce does not provide assistance adjudicating requests for admission as short-term business visitors, he responded, "it's not necessary, since the alien can always change his request and seek entry as a tourist." This response, which appears to condone misrepresentation on the part of arriving aliens, further illustrates the lax attitude of a number of CNMI Government officials towards effective enforcement of local immigration law.

The strongest indication, however, of the lack of an effective inspections system on CNMI is the fact that, for the last several years, there has been a population of some 2,000 to 4,000 persons present illegally in the CNMI. When we consider that the total U.S. citizen population born in the CNMI is approximately 22,000, the number of aliens unlawfully present amounts to some 10 to 20 percent of this figure! Further, since "illegally present" consists of persons overstaying their period of lawful admission; engaging in criminal or other unlawful activities during their assigned period of stay; and persons engaged in employment in a capacity other than that set forth in the work permit, we can see that the inspectors are unable to weed these persons out at the port-of-entry. Out of fairness to the inspectors, however, the lack of an adequate computer system clearly hinders their ability to determine who has a criminal record and who does not, who has entered illegally in the past, and other relevant facts.

Investigations

The purpose of an immigration investigations system is to determine whether aliens are lawfully present, and to develop cases to identify and remove such persons if it is found that they are not. Under the CNMI immigration system, aliens who are determined to be excludable at the time they seek admission are not entitled to a hearing before a judge. They may, however, request administrative review of the immigration inspector's determination and, in limited circumstances, judicial review of this decision. As a practical matter, we understand that few if any cases are ever reviewed by the courts. By contrast, an alien who is present in the CNMI is subject to deportation, which involves an initial hearing before a judge. The alien may seek review of the judge's determination before an appellate court.⁸

⁸ A third type of hearing, involving labor complaints, indirectly has an impact on an alien's deportability. An alien is permitted to seek employment with a

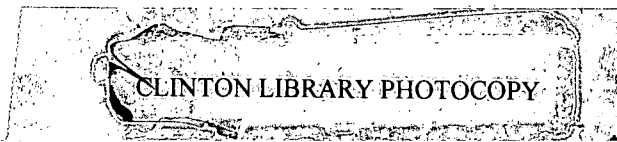


Once again, we have found that the CNMI lacks an adequate immigration investigations system. There are, at present, approximately five immigration investigators in the CNMI, up from one investigator in 1992. We interviewed several investigators, who uniformly stated that they receive no training.⁹ When asked why the illegal population continues to remain at 2,000 to 4,000, the investigators had no response. We asked whether they ever performed large-scale worksite enforcement activities against the hotels and other large employers on the island, and the investigators responded in the negative. When we asked why, they replied that they had never thought of it, and then indicated that it was probably the responsibility of the labor investigators, who are in the same Department of Immigration and Labor. When we asked the head of immigration how many labor investigators there are, he responded that he did not know. We asked whether the labor and immigration investigators coordinate their activities, and we were told that, basically, each group works independently. We were also informed that the immigration investigators are unarmed and that, in fact, has an impact on the degree to which they carry out enforcement activities.

We learned of one inherent problem in the current judicial system of removals. In the CNMI, an immigration investigator must be present and testify at the deportation proceeding (as opposed to exclusion, in which there is no right to a hearing before a judge). In the United States, Service investigators rarely, if ever, appear before an Immigration Judge; they typically submit written reports which are subsequently made part of the record of proceedings. The CNMI judicial system of deportation itself, therefore, diverts investigators from their day-to-day investigations duties. Finally, when we asked the head of immigration whether he thought there was effective enforcement on the CNMI, he responded affirmatively, citing "great improvement" since 1992 when, with one investigator, the CNMI deported 187 persons, to 1996, when with five investigators, the CNMI deported approximately 200 aliens illegally present in the CNMI.

different employer while such complaint is pending. Should the complaint be dismissed, however, the alien may be placed in judicial deportation proceedings for working in a capacity other than that specified in his or her labor permit.

⁹ Significantly, these statements were in direct conflict to those of the investigators' supervisor, who informed us that all of his investigators receive 6 months of training at the local law enforcement academy.



Removals

We have noted that the CNMI deported only 200 persons in 1996. In addition, approximately 2,000 persons "voluntarily departed" from the CNMI. These voluntary departures, however, are largely attributable to persons who departed upon expiration of their labor contracts, or who departed by other than deportation. We have also noted, however, that the "illegal" population has remained relatively constant at 2,000 to 4,000 persons. It is therefore clear that the CNMI has failed to remove the vast majority of persons who are illegally present in the Commonwealth. When we asked the CNMI Government immigration attorney charged with prosecuting deportation cases how many he believed he could handle per week, he stated that he could bring 30 per week. To date, however, the recently built detention facility has a capacity to hold thirty persons, but has never been filled. Further, based on the 1996 figures, only four persons are actually deported each week.

Presumptive Causes of Inadequate Immigration Enforcement in the CNMI

Problems with the CNMI's immigration laws

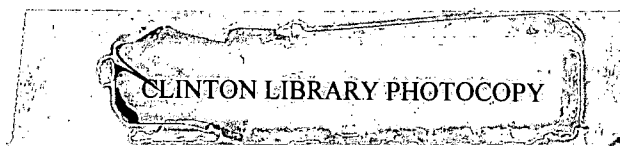
We recognize that many of the problems described above exist in one form or another in the United States itself. We strongly believe, however, that any comparison between the United States and the CNMI in this respect is misleading. Unlike the United States, with its extensive land and sea borders, the CNMI is a geographically small place, and has only three populated islands. Further, the CNMI has a combined local and alien population of approximately 60,000 -- the size of a small city. For these reasons, effective immigration enforcement should be a relatively simple matter--there are only a few places an alien can go or hide on three small islands. We have nevertheless found serious flaws in the CNMI's system of immigration control.

We believe these problems arise from a variety of factors, including, but not limited to: (1) inherent deficiencies in the CNMI's immigration laws; (2) the CNMI's small local population base; (3) the lack of coordination between various departments of the CNMI's executive branch, between the CNMI's executive and legislative branches, and between the local and Federal Government; (4) the lack of training provided to immigration officials; (5) an apparent lack of will by key government officials to address these problems in a serious fashion, as

demonstrated in part by the tendency to "pass the buck";¹⁰ (6) economic pressures by private entities; (7) lack of accountability and internal controls; (8) lack of criminal and other law enforcement databases; (9) lack of financial resources to address the immigration problems; (10) lack of long-term planning; and finally, (11) the possibility of corruption at various levels of government.¹¹ In addition, there may exist several other reasons for, as we describe below, the overall poor performance of the CNMI Department of Labor and Immigration in immigration enforcement.

¹⁰ In this regard, a number of immigration investigators opined that it is not their responsibility, but the responsibility of the labor investigators, to conduct work site immigration enforcement activities. Similarly, several senators blamed the Governor's office, and several executive branch officials blamed the legislature, for many of the immigration-related problems in the CNMI. The Federal Government was not spared from blame either. A number of CNMI officials attributed the Commonwealth's immigration problems to, among other things, lack of sufficient Federal funding; poor liaison with the Federal Government; and an overall patronizing attitude of the Federal Government toward the local citizenry. In addition, certain officials laid partial blame for the slow progress of the LIIDS system on personality conflicts.

¹¹ This possibility was raised by a number of CNMI and Federal Government officials, including the U.S. Attorney's office, as well as by several private individuals with whom we met.



Options

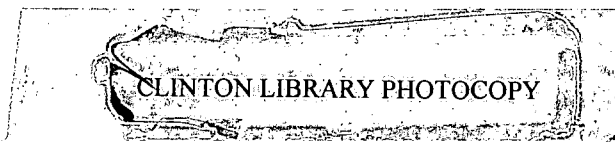
Option 1: Retain the CNMI's current immigration laws and control over immigration

In light of the above discussion, we strongly believe that retention of the CNMI's current immigration legal system, without any institutional modification, will not adequately resolve the problems currently occurring in the CNMI. Without certain fundamental changes in the CNMI's immigration law and in the attitude of responsible CNMI Government officials, merely introducing and activating the LIIDS system, allocating more resources for training and equipment, and granting certain immigration officials firearms will do little to cure the current immigration and associated problems in the CNMI. As we see it, without a "double-check" system of visas and an adequate system of adjudications, it will be impossible to verify the legitimacy of all aliens arriving in the CNMI.

This said, we do not question the desirability of introducing computerized systems such as LIIDS in the CNMI. However, a LIIDS system can only determine who has been admitted and when--it cannot determine who is qualified for admission and therefore may actually be admitted. Absent an adequate adjudications and visa system, aliens from countries such as Russia and China will continue to gain virtually free access to the CNMI without pre-screening and be able to remain in the CNMI in violation of the terms of their admission with relatively little fear of deportation.

Based on the foregoing discussion, we believe it is necessary to assess the extent to which immigration-related problems in the CNMI have resulted from external forces and from the actions (and inaction) of the CNMI Government itself. In making this assessment, we are acutely aware, as a number of CNMI senators emphasized, that the CNMI is still a young political entity, and that it inevitably has, and will continue to, make mistakes in its path to political maturity. While recognizing the normal growing pains of this young U.S. Commonwealth, however, we cannot ignore the sheer magnitude and human costs of the problems resulting from the CNMI Government's lax control over immigration to the Commonwealth. These problems, it seems to us, cannot be attributed solely to external forces, but result, in large part, from conscious or unconscious policy decisions of the CNMI Government.

Without a fundamental change in attitude towards the immigration question by officials with authority in the CNMI, therefore, we believe there will continue to be immigration, labor, and other associated social problems in the

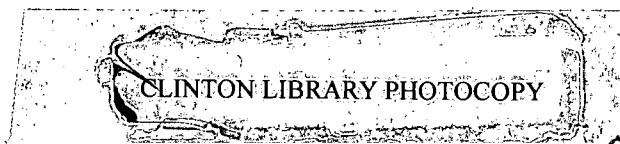


Commonwealth. Despite almost universal representations of concern by CNMI Governmental officials, both in the legislative and executive branches, the fact is that the current immigration situation has been over 10 years in the making.¹² In this overall context, we believe it is reasonable to expect that, over this time, the CNMI Government would have developed a concrete strategy to address these large-scale immigration-related problems. Instead, as noted in footnote 10 above, we constantly heard officials of one governmental branch or executive agency blame another, or the Federal Government for the current problems.

Despite the repeated warnings of the U.S. Department of Interior and other agencies, including the INS, that the CNMI put its immigration house in order, the problems continue and, as can be seen in the recent incident involving Bangladeshis, appear to have grown worse. In fact, deportations, in relative numbers have decreased significantly from 1992, while prostitution and other labor abuses continue. For these reasons, we believe that, in spite of the many promises made to us by CNMI Government to improve immigration enforcement in the future, it is apparent that the prevailing attitude of the CNMI Government has been, at its best, reactive towards solving its immigration-related problems. For example, we question whether our trip to the CNMI was related to the exclusion at the Saipan airport of six prospective business visitors from China during our visit. Similarly, we do not understand why it took our visit to the CNMI to encourage Government officials to rapidly arrange a long-needed "Memorandum of Understanding" between the Department of Public Safety and the Department of Labor and Immigration" regarding training of immigration officials. These actions appear to us to be reactive, as opposed to proactive, and indicate that the CNMI authorities having the power to effect real change lack the will to do so.

In light of this apparent lack of serious will to resolve the immigration problems despite repeated warnings from the Federal Government of the possibility of its losing authority over immigration, we conclude that preserving the status quo will only perpetuate the current immigration problems in the CNMI.

¹² Although Congress approved the Covenant establishing the CNMI in political union with the United States in 1976, see Public Law 94-241, the Covenant did not enter fully into force until November 3, 1986.



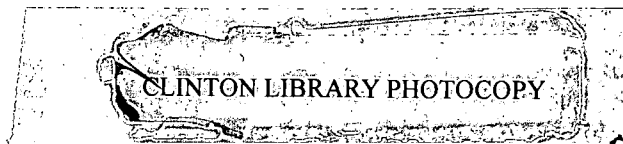
Option 2: Retain the current system and impose numerical caps and maximum duration of stay on non-resident nonprofessional (contract) workers

This option would limit uncontrolled numbers of aliens from arriving in the CNMI to engage in employment, and would place legal limits on the length of time aliens (other than those from certain Pacific compact states) can be present in the CNMI without obtaining political and other rights enjoyed by the local population. In light of the above discussion, however, such an option would at best only limit the problems inherent in the present system. In particular, absent adequate visa and immigration controls, this option would still result in abuses, such as criminal activity and overstays, since there would continue to be inadequate control over the admission of tourists, business visitors, and other non-contract workers to the CNMI. Moreover, given the current inadequate system of investigations and removals, the CNMI would be unable to ensure that the lower number of arriving non-resident contract workers under this option will in fact engage in legitimate activities and will depart upon expiration of their contracts.

Option 3: Retain the Current System and Strengthen Immigration and Naturalization Service Assistance

The primary difficulty with this option is that it does not address the fundamental problem that the CNMI lacks a double-check system. Without a visa system, adjudications will continue to be performed in the CNMI itself, with all of its above-described attendant problems. In addition, this option would preserve the non-resident contract worker system, with its inherent potential for abuse. Further, this option entails training Service officials in local CNMI immigration law.

On the other hand, this option could provide several valuable benefits to the CNMI. First, assuming INS officials would have the authority to implement changes, and would not be answerable to the local government, it would enable the CNMI to gain valuable training. Second, it would address, in part, the problem of lack of intelligence regarding criminal and fraudulent activities, since, presumably, Service officials would have access to law enforcement and other databases which might not be available to the local CNMI authorities. Third, assuming Service authorities would be able to maintain their independence, this option would ensure some sort of "internal affairs" and quality control in enforcing the immigration laws. All of these changes, if properly implemented, would improve, to some extent, the quality of the CNMI's current system of adjudications, inspections, and removal.



Option 4: Retain the Current System and Impose Department of State Visa Controls

We have noted repeatedly the need for visa controls in the CNMI. If aliens cannot gain access to the CNMI until they have been pre-cleared by the Department of State, a significant portion of the criminal activity and immigration fraud currently occurring will be eliminated. First, the State Department has access to intelligence databases, and also has access to information occurring in each country where a consular post is located (e.g., use of fraudulent birth certificates). Second, the State Department is trained in detecting whether an alien actually intends to engage in the activities for which admission will be sought.

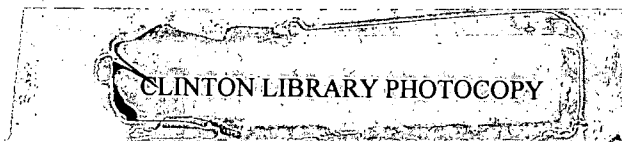
As with option three above, however, one down side of this option is the need to train State Department officials in CNMI immigration law. Further, it is our understanding that the State Department, to date, has expressed a reluctance to play an active part in immigration to the CNMI, deferring to the Department of Interior and, to a lesser extent, the Service. Third, retention of the current system does not address the contract labor problem. Even aliens who are properly visaed may be subject to labor abuse, or unlawfully change occupations upon arriving in the CNMI.

Option 5: Extend the INA in full to the CNMI

The obvious benefits of adopting this option would be that the CNMI would be subject to the same rules as all other U.S. territories. With this comes full Service presence in the CNMI and, therefore, full access to all the intelligence and systemic tools available to the INS at this time. In addition, it would mean that the State Department would now have full visa-issuing authority for the CNMI. A third mixed advantage is the complete elimination of the current non-resident contract worker system, since there is no analogous program under the INA.

Economic Consequences

We recognize, however, that this option would result in certain immediate, and difficult, social and economic changes in the CNMI. Before discussing these changes, we wish to emphasize that it is not within the scope of this report to decide whether the CNMI's current economic policies are good or bad for the Commonwealth. We merely note that the current economic situation in the CNMI is a result, in significant part, of policy decisions and actions taken by the CNMI over the last several years. It is also not for us to determine, within the context of



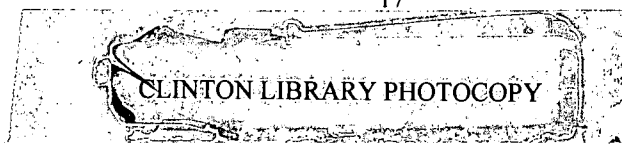
this report, whether the resultant dependence on alien workers is good or bad, but merely to state the problems, from an immigration perspective, which result from such economic dependency. We are unable to ignore, however, the longstanding United States immigration and labor policy of excluding from admission unskilled non-agricultural alien contract laborers seeking to fill permanent positions in this country.

Having noted this, we believe that elimination of the non-resident, nonprofessional contract work program would have a major impact on the local garment and hotel industries, in particular, as well as on other employers of nonskilled alien workers. As noted, there is no provision for non-resident, nonprofessional workers under the INA. As a result, if Congress were to reintroduce the INA, without any special provision for the CNMI, local employers would be required to take one or more of the following steps to maintain current employment levels: (a) hire U.S. workers; (b) hire local (U.S. citizen) workers; (c) hire workers from the freely associate states (FAS) and other Pacific states, who have access to the CNMI pursuant to various compacts; and/or (d) file employment-based immigrant visa petitions on behalf of such nonprofessional workers. As will be seen, there are problems with each of these options.

With respect to option (a)--hiring U.S. workers--such individuals would either have to come from the Mainland, Guam, Hawaii, other U.S. territories, or from the CNMI itself. We have indicated above that there are insufficient local workers in the CNMI to fill all vacancies in the current economy. Based on our discussions with numerous officials and others in the CNMI, we learned that, for a variety of reasons, it would be extremely difficult to attract nonskilled U.S. workers to the CNMI. For one thing, the CNMI is geographically remote from the United States; persons are reluctant to uproot their families for a relatively low-paying position several hours by air from home. In order to attract such workers, wages would have to rise substantially to offset such a disadvantage.

Further, the cost of living in the CNMI is currently much higher than in the Mainland or Hawaii. For example, a gallon of regular gasoline cost approximately \$2.00 during our visit to the CNMI, as compared to \$1.20 in the District of Columbia, and \$1.55 in Hawaii. Phone calls are exceptionally expensive as well. On the other hand, Guam, which is subject to the INA, currently must, and is apparently able to, staff its positions with U.S. workers. In Guam, unlike the CNMI, however, the "prevailing wage" is more than \$6.00 per hour, as opposed to \$2.90 minimum wage in the garment industry and \$3.05 in the hotel industry.

As a result of rising wages, the garment industry, which enjoys use of the "Made in USA" label, and avoids trade quota restrictions by being situated in the



CNMI, would likely suffer a great, if not crippling, blow. We were informed by various officials of the CNMI Department of Commerce that the garment industry is already suffering from the presence of maquiladoras in Mexico which enjoy the benefits of the North American Free Trade Agreement and, as we understand, a daily minimum wage of less than \$5.00. The hotel and tourist industries, which are primarily dependent on location, are less vulnerable to a rise in minimum wages. In fact, the tourist industry, recognizing the large East Asian market, is expanding to include casinos, such as the one under construction on the island of Tinian. As officials in the CNMI Department of Commerce informed us, a rise in the minimum wage in the hotel industry would not be crippling, but would simply reduce profits.

Option (b)--hiring local workers--is a subpart of the first option, since such locals are also citizens of the United States. As noted above, approximately 15 percent of the local working age population is unemployed, and another 55 percent is employed by the local government. It is likely that the CNMI Government will be required to encourage the unemployed population to seek positions in the hotel and other industries which are currently dependent on alien workers. In addition, the CNMI Government would be required to consider streamlining its work force. At present, for example, we understand that there are over 20 immigration officials on the island of Tinian which, at the time of the 1990 census, had a population of 2,116 persons, including 890 nonresident workers. Again, however, there are not enough local workers available to sustain the current employment levels, let alone expand employment.

Option (c)--hiring workers from the FAS and other Pacific states--suffers, in part, from the same problems as option (b). There are probably not enough FAS (and other Pacific compact) workers available to fill all positions. Further, we have been told by various government officials that there are cultural and educational problems associated with assimilating and/or encouraging the migration to the CNMI of large numbers of workers from other Pacific countries. It is unclear whether these fears are factually justified.

Turning to option (d)--filing immigrant visa petitions--under the INA, a maximum of 10,000 nonskilled workers may obtain immigrant visas each year on the basis of a job offer. Currently, there is well over a 6-year waiting period for such a visa. The last option, therefore, would create no benefits for the foreseeable future.

Local Political Consequences

It is not clear whether imposition of the INA will have an immediate direct effect on the composition of the local electorate. Since there does not exist a



nonprofessional contract worker provision under the INA, aliens hired pursuant to option (d), above, would be unable to immigrate to the CNMI for at least 7 or more years.¹³ Under the INA, such persons would not be able to gain U.S. citizenship, or voting rights, for another 5 more years (i.e., a total of at least 12 years). On the other hand, it is possible that U.S. citizens, whether from Guam or elsewhere, could move to the CNMI to fill positions (presumably at a higher pay) which were formerly staffed by non-resident contract workers. This could, in fact, have an effect on the local electoral base.

In light of the above, with the possible exception of increased immigration from the FAS and other Pacific compact states, imposition of the INA could result in an actual reduction in the alien population in the CNMI. This fact, in itself, could have an indirect effect on the outcome of future elections in the CNMI. To explain, it is our understanding that under current CNMI law, a district's representation is determined by the total population of the district, including the local citizenry and the non-resident, non-voting population. A reduction in the non-resident population would clearly have an effect on those districts currently having a large nonresident population, and therefore, ultimately, who controls the local government.¹⁴

For this reduction to occur, the problem of the 2,000 to 4,000 illegal aliens currently present in the CNMI would have to be addressed. Were such persons to be granted a form of immigration amnesty, that could, in fact, result in a change in the composition of the local electorate. On the other hand, were such persons to be granted amnesty, it is likely that many of them would then move to other parts of the United States. Since any such amnesty would have the net result of increased immigration to the United States, it is unlikely that Congress would approve an amnesty.

Effect on INS

Under the above-described scenario, the INS would face the immediate burden of removing persons who were legally admitted previously but are now illegally present in the CNMI. Under the INA, as amended by the Illegal

¹³ Currently, it takes approximately 7 years from the date of filing a labor certification application with the U.S. Department of Labor to "immigrate" an unskilled worker to the United States.

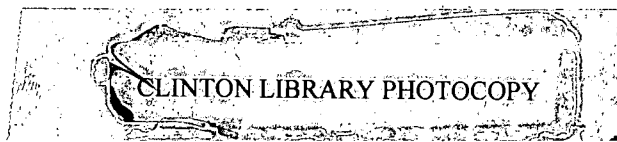
¹⁴ It is worth noting that, under the present system, large employers can affect the outcome of an election by situating their non-resident, nonvoting employees in barracks and other facilities within particular districts.

Immigration Reform and Immigrant Responsibility Act of 1996, most such persons would be entitled to a full-scale adversarial proceeding before an Immigration Judge prior to removal. This would result in increased work for the Executive Office of Immigration Review, the Department of Justice entity charged with conducting removal proceedings, and the Service itself, which would be charged with seeking such removal, as well as the costs of detention and removal of such persons. On the other hand, such removals would be on a one-time basis only.

In addition to the 2,000 to 4,000 aliens currently present illegally in the CNMI, however, the INS would be charged with ensuring the voluntary, orderly departure of the other 28,000 contract workers who are now legally in the CNMI. One option would be to allow such persons to work until their contracts expire, and then ensure that their current employers repatriate these persons in accordance with the terms of their existing contracts. It may occur, however, that certain employers will no longer be able to remain in business, or would be unwilling to honor their existing employment contracts. In such a case, the Service would be required to seek such persons' departure at the expense of the Service, and ultimately, the U.S. taxpayer. Removing some 30,000 persons would clearly result in severe financial and manpower burdens on the Service.¹⁵ It is likely, however, that the number of removals would be much lower, since, presumably, many of these persons would be repatriated at their employer's expense, and would have no objection to departing from the CNMI upon termination of their current contracts.

In sum, in deciding whether to extend the INA in its entirety to the CNMI, Congress must ultimately decide whether the negative aspects of such an upheaval are outweighed by the need to take radical action to cure the current immigration-related problems in the CNMI.

¹⁵ The Service District Director in Hawaii currently has jurisdiction over the Service's suboffice in Guam. The Hawaii District Director expressed his opinion that, in order to meet these new burdens, it would probably be necessary to create a new INS District Office in Guam with jurisdiction over the CNMI.



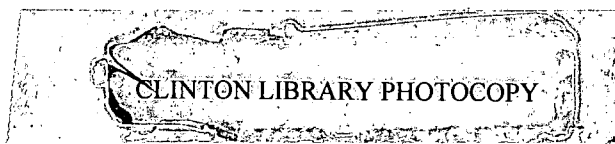
Option 6: Extend the INA in full to the CNMI, with special provisions to allow for the orderly phasing out, in the shortest time practical, of the CNMI's non-resident nonprofessional contract worker program, and the orderly phasing in of the Service's new staffing and other responsibilities in the CNMI.

A sixth immigration option for the CNMI would be to extend the INA in full, but to provide by statute for an expeditious and orderly phasing out of the CNMI's non-resident nonprofessional alien contract worker classification, as well as an appropriate schedule for phasing in the Service's new staffing and responsibilities in the CNMI. As discussed above, extension of the INA in full to the CNMI would address the serious immigration enforcement problems existing in the CNMI today. On the other hand, as further discussed above, it appears that the day-to-day functioning of the CNMI's social, economic, and political institutions has become so dependent on the importation of unskilled alien contract workers that an immediate termination of the program would cause severe disruptions in the CNMI. It is the opinion of the Service that the sixth option presents the best compromise to these competing concerns. This option, which the Service recommends, would provide all of the benefits of option 5, above, but would also take into account the CNMI's unique history, political status, geographical location, small geographical size, and small local population.

Under this option, Congress would extend the INA in full with CNMI-specific provisions to allow for a certain limited transition period deemed necessary to wean the CNMI from its dependency on nonprofessional alien contract workers.¹⁶ Such a transition provision would include reducing, on a yearly basis, the maximum permissible number of alien nonprofessional contract workers in the CNMI, with the ultimate goal of eliminating the non-resident nonprofessional contract worker classification in its entirety.

While we recognize a compelling need to terminate the CNMI's current non-resident nonprofessional contract worker program as soon as is feasible, we believe that a limited transition period is necessary to avoid, to the maximum extent possible, the potential economic, political, and social disruptions described in option 5 above. During this limited transition period, adequate legal provision should be made to protect the ever-decreasing alien non-resident contract worker

¹⁶ There is precedent for such special treatment of a U.S. territory or possession under existing immigration law. See section 212(l) of the INA (Guam visa waiver program); 20 C.F.R. § 655.4; 8 C.F.R. § 214.2(h)(6) (Governor of Guam may issue labor certifications).



population. One such immigration-related protection would be to permit an alien to change his or her employer without departing the CNMI.¹⁷ In addition to this immigration-related protection, we believe the U.S. Department of Labor and other interested Federal agencies should be given the legal authority to provide other protections deemed necessary during this transition period for the remaining non-resident nonprofessional contract workers in the CNMI.

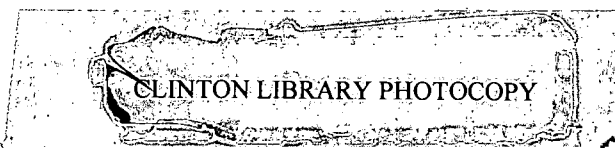
Since there is no provision under the INA permitting nonprofessional temporary workers to fill permanent positions, upon completion of the limited transition period the CNMI would be required to fill positions previously held by non-resident nonprofessional alien contract workers with U.S. workers, certain workers from the FAS and other Pacific states, and/or with immigrant workers. It can be reasonably anticipated that, due to decreased supply and increased demand, elimination of the current alien contract worker program would result in an overall wage increase for unskilled workers in the CNMI. It is anticipated that such a rise in wages will serve to attract new U.S. and Pacific island workers to fill these newly vacated positions. This, in turn, would return the CNMI to an acceptable course of economic development, based on normal U.S. labor market forces. At the end of this limited transition period, the Federal Government, together with responsible CNMI authorities, can assess whether certain technical modifications, within the framework of the existing INA, may be needed to address any further CNMI-specific immigration issues.

Departure Control and Re-Inspection

Prior to implementing this option, special provision should also be made to address the legitimate immigration enforcement concerns resulting from the CNMI's relatively close proximity and access to foreign territory.¹⁸ Since the CNMI would be deemed to be the "United States" for purposes of enforcing the INA, an alien gaining access to CNMI territory without inspection theoretically could board an airplane or ship and travel to other points in the United States without further inspection. To address this concern, we strongly believe that, as

¹⁷ To avoid undue hardship to the original employer, a new employer, as a condition to hiring an alien who is already present in the CNMI, could be required to assume the original employer's obligation to pay the return fare and, where appropriate, the initial transportation costs of the alien worker.

¹⁸ In addition to the populated islands of Saipan, Rota, and Tinian, the CNMI is comprised of a number of uninhabited islands extending northward towards Japan.



is currently the Service's policy in Guam, any alien departing from the CNMI should be required to pass through a thorough departure control and be re-inspected upon arrival in the United States. Such a procedure would not require new legislation.

Benefits

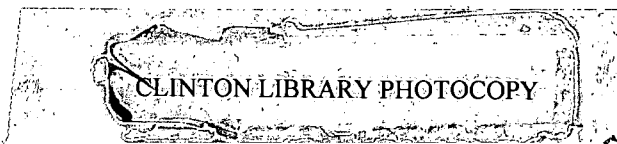
There are several benefits in adopting option 6. First, this option addresses the short-term problem of protecting the CNMI's remaining nonresident contract workers by allowing them to change employers during the limited transition period. Second, this option directly addresses the longer term problem of guarding against future labor abuses in the CNMI, since, unlike the non-resident nonprofessional alien contract workers currently in the CNMI, aliens who would immigrate to the CNMI in the future would have not only have access to the open job market in the CNMI, but in the remainder of the United States as well.¹⁹ Third, like all other immigrants to the United States, such persons, if qualified, would have the right, after a certain period of residency, to seek United States citizenship.²⁰

This option also would address fears expressed by various CNMI Government officials of cultural, political, and demographic "dilution" of the local indigenous population. To explain, under this option, the CNMI Government, as is the case with other local governments, would play a role in determining, through the creation of tax and other economic incentives, the types of businesses and industries (e.g., labor-intensive or capital-intensive) it wishes to attract to its jurisdiction. As in any democratic institution, the CNMI Government, in making such planning decisions, would be subject to local economic and political pressures. Such decisions, in turn, presumably would be based, in part, on a determination by the CNMI of the number of aliens it wishes to absorb annually on a permanent basis.²¹ Under this option, therefore, the CNMI Government, like

¹⁹ Employers filing petitions on behalf of such persons could enter into private contracts with prospective employees for reimbursement of transportation costs in the event the employment relationship terminates through no fault of the employer, or prior to the expiration of a certain period of time.

²⁰ Under this option, the time an alien resides in the CNMI after immigrating to the United States would count toward meeting the residence requirements for naturalization in the United States.

²¹ We were informed by various CNMI officials that, even under the current CNMI immigration system, as a matter of demographics, the local indigenous population will eventually (within some 20 to 40 or more years)



the remainder of the United States, will be required to decide for itself whether normal U.S. labor market forces can support the continued expansion of such labor-intensive industries such as tourism and garment manufacturing.

In short, this option would bring the CNMI into line with the rest of the United States with respect to exclusion of non-resident nonprofessional contract workers. Under this option, the CNMI would be required, by statute, to come to terms with its dependency on cheap foreign labor to fuel its economic growth. Specifically, the CNMI would be required to adopt the longstanding policy of the United States that, despite the desirability of economic growth, such growth may not come at the expense of creating an underclass of foreign contract laborers.

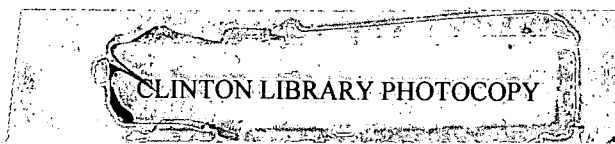
Recommendation

Based on the foregoing, the Service recommends that Congress adopt Option 6 by extending the INA in full to the CNMI, with special provisions to allow for the orderly phasing out, in the shortest time practical, of the CNMI's non-resident, nonprofessional contract worker program, and the orderly phasing in of the Service's new staffing and other responsibilities in the CNMI.



Doris Meissner
Commissioner

become a minority in the Commonwealth. This can be explained by the fact that, under the principle of jus soli, almost all persons born in the CNMI, whether or not to U.S. citizen parents, are deemed to be United States citizens by birth. In addition, under current CNMI law, an "immediate relative" (i.e., spouse or minor child) of a U.S. citizen residing permanently in the CNMI is eligible for status as a lawful permanent resident of the United States, and ultimately, citizenship. Under CNMI law, U.S. citizens, which include both the indigenous local population and others, may vote in local elections, although only Chamorros and Carolinians may own land in the CNMI.



APPENDIX VI

Table 1

CNMI: POPULATION AND LABOR FORCE

Source: CNMI Censuses of 1980, 1990 and 1995

<u>Population</u>	<u>1980</u>	<u>1990</u>	<u>1995</u>
Total	<u>16,780</u>	<u>43,345</u>	<u>58,846</u>
U.S. Citizens		20,082	27,478
Non-Citizens		23,263	31,368
Temporary Residents		21,075	27,963
Born in CNMI		16,752	22,208
Born in Asia		20,610	28,792

Labor Force and Unemployment

Total	6,102	26,589	37,393
Unemployed	146	516	2,670
percent	2.4%	2.3%	7.1%
Born in CNMI		5,090	7,001
Unemployed		340	995
percent		6.7%	14.2%
Born in Asia		18,531	26,022
Unemployed		121	1,182
percent		0.7%	4.5%
Born in China		2,644	6,500
Unemployed		1	513
percent		0.0%	7.9%

INCOME

		<u>1989</u>	<u>1994</u>
Mean household income	\$22,341	\$34,713	\$30,301
Per Capita Income:		\$7,199	\$6,986

Table 93. Industry and Class of Worker by Place of Birth, CNMI: 1995
 [For definitions of terms and meanings of symbols, see text]

Industry Class of Worker	CNMI					Palau	FSM	Asia			Guam/ United States	Else- where
	Total	Total	Salpan	Tinian	Rota			Total	Phil- ippines	Korea		
Employed persons 16 years and over.	34,723	6,006	4,755	380	741	797	880	24,840	15,910	1,002	1,962	238
Agriculture.	377	18	9	3	4	1	2	351	257	2	4	1
Forestry and fisheries.	50	7	6	-	-	1	2	35	30	-	5	-
Mining.	142	8	7	1	-	1	-	126	119	-	6	1
Construction.	3,479	75	63	-	11	4	3	3,349	3,085	84	36	12
Manufacturing.	7,764	230	213	4	7	92	267	7,092	1,262	153	67	16
Non durable goods.	7,630	222	206	3	7	90	266	6,978	1,166	144	58	16
Food and kindred products.	97	22	20	1	1	2	-	63	56	3	7	3
Textile mill products.	9	1	1	-	-	1	2	4	3	-	1	-
Apparel and other finished textiles.	7,289	178	166	1	6	84	262	6,710	928	134	44	11
Printing, publishing, & allied industries.	167	18	16	1	-	2	1	129	123	3	5	2
Petroleum and coal products.	6	-	-	-	-	-	-	6	6	-	-	-
Rubber and miscellaneous plastics.	1	-	-	-	-	-	-	-	-	-	-	-
Other non durable goods manufacturing.	61	3	3	-	-	1	1	56	50	-	-	-
Durable goods.	134	8	7	1	-	2	1	114	96	9	9	-
Lumber and wood products, incl. furniture.	21	-	-	-	-	-	1	18	15	1	2	-
Stone, clay, glass & concrete products.	36	1	-	1	-	1	-	32	28	-	2	-
Metal industries.	4	1	1	-	-	-	-	2	2	-	1	-
Machinery and transportation equipment.	11	-	-	-	-	-	-	10	8	-	1	-
Professional and photographic equipment.	-	-	-	-	-	-	-	-	-	-	-	-
Other durable goods manufacturing.	62	6	6	-	-	1	-	52	43	7	3	-
Transportation, communication, & other												
Public utilities.	3,539	796	596	28	63	159	113	1,150	753	158	287	34
Transportation.	1,730	416	355	15	40	123	92	915	543	151	163	21
Bus service and urban transit.	136	59	57	1	1	6	6	54	43	1	9	2
Taxicab service.	1,011	202	178	5	13	45	40	662	330	141	55	7
Communications.	355	100	94	2	4	25	14	125	107	3	81	10
Utilities and sanitary services.	454	280	247	11	19	11	7	110	103	4	43	3
Wholesale trade.	516	109	101	1	5	15	15	323	276	18	49	5
Durable goods.	234	45	44	-	1	6	13	139	112	13	29	2
Non durable goods.	282	64	57	1	4	9	2	184	164	5	20	3
Retail trade.	5,441	734	656	15	48	184	141	4,149	3,170	326	199	34
Eating and drinking places.	2,135	119	104	1	13	18	23	1,931	1,533	80	36	9
Finance, insurance, and real estate.	717	220	199	4	16	31	19	363	286	40	71	13
Services.	11,156	1,832	1,454	77	246	247	257	7,732	6,524	220	980	108
Business services.	1,385	84	78	2	3	7	12	1,242	941	14	38	2
Repair services.	648	39	32	1	6	8	6	576	489	34	18	1
Private households.	2,126	23	15	-	8	1	6	2,089	1,940	2	6	1
Personal services.	2,954	234	192	1	32	92	99	2,393	2,003	80	119	17
Hotels and motels.	2,603	226	185	1	31	84	90	2,085	1,779	51	101	17
Entertainment and recreation services.	936	129	115	3	8	24	20	671	496	40	79	13
Professional and related services.	3,107	1,323	1,022	70	189	115	114	761	655	50	720	74
Hospitals.	564	314	245	15	40	25	24	68	63	-	103	30
Health services, except hospitals.	98	17	9	5	3	1	1	52	42	5	23	4
Elementary and secondary schools.												
and colleges.	1,517	634	490	29	96	62	72	310	294	3	414	25
Other educational services.	17	1	1	-	-	1	1	9	4	4	5	-
Social services, religious and membership organizations.	151	37	28	2	6	8	2	73	39	28	29	2
Legal engineering and other professional services.	760	320	249	19	44	18	14	249	213	10	146	13
Public administration.	2,542	1,977	1,351	247	341	62	61	170	148	2	258	14
CLASS OF WORKER												
Employed persons 16 years and over.	34,723	6,006	4,755	380	741	797	880	24,840	15,910	1,002	1,962	238
Private wage and salary workers.	28,769	2,480	2,189	57	180	621	701	21,736	15,279	748	1,072	159
Government workers.	5,006	3,147	2,424	318	535	162	173	527	482	4	732	65
Self-employed workers.	860	166	132	5	24	11	5	518	137	218	149	11
Unpaid family workers.	88	13	10	-	7	3	1	59	12	32	9	3

Source: 1995 CNMI Mid-Decade Census

Table 83. Industry and Class of Worker by Place of Birth, CNMI: 1995
(For definitions of terms and meanings of symbols, see text)

Industry Class of Worker	Total	CNMI				Palau	FSM	Asia			Guam/ United States	Else- where
		Total	Saipan	Tinian	Rota			Total	Philippines	Korea		
Employed persons 16 years and over.	34,723	6,006	4,755	380	741	797	880	24,840	15,910	1,002	1,962	238
Agriculture.	377	18	9	3	4	1	2	351	257	2	4	1
Forestry and fisheries.	50	7	6	-	-	1	2	35	30	-	5	-
Mining.	142	8	7	1	-	1	-	126	119	-	6	1
Construction.	3,479	75	63	-	11	4	3	3,349	3,085	84	36	12
Manufacturing.	7,764	230	213	4	7	92	267	7,092	1,262	153	67	16
Nondurable goods.	7,630	222	206	3	7	90	266	6,978	1,166	144	58	16
Food and kindred products.	97	22	20	1	1	2	-	63	56	3	7	3
Textile mill products.	9	1	1	-	-	1	2	4	3	-	1	-
Apparel and other finished textiles.	7,289	178	166	1	6	84	262	6,710	928	134	44	11
Printing, publishing, & allied industries.	167	18	16	1	-	2	1	139	123	3	5	2
Petroleum and coal products.	6	-	-	-	-	-	-	6	6	-	-	-
Rubber and miscellaneous plastics.	1	-	-	-	-	-	-	-	-	-	1	-
Other nondurable goods manufacturing.	61	3	3	-	-	1	1	56	50	4	-	-
Durable goods.	134	8	7	1	-	2	1	114	96	9	9	-
Lumber and wood products, incl. furniture.	21	-	-	-	-	-	1	18	15	1	2	-
Stone, clay, glass & concrete products.	36	1	-	1	-	1	-	32	28	1	2	-
Metal industries.	4	1	1	-	-	-	-	2	2	-	1	-
Machinery and transportation equipment.	11	-	-	-	-	-	-	10	8	-	1	-
Professional and photographic equipment.	-	-	-	-	-	-	-	-	-	-	-	-
Other durable goods manufacturing.	62	6	6	-	-	1	-	52	43	7	3	-
Transportation, communication, & other public utilities.	2,539	796	696	28	63	159	113	1,150	753	158	287	34
Transportation.	1,730	416	355	15	40	123	92	915	543	151	163	21
Bus service and urban transit.	136	59	57	1	1	6	6	54	43	1	9	2
Taxicab service.	1,011	202	178	5	13	45	40	662	330	141	55	7
Communications.	355	100	94	2	4	25	14	125	107	3	81	10
Utilities and sanitary services.	454	280	247	11	19	11	7	110	103	4	43	3
Wholesale trade.	516	109	101	1	5	15	15	323	276	18	49	5
Durable goods.	234	45	44	-	1	6	13	139	112	13	29	2
Nondurable goods.	282	64	57	1	4	9	2	184	164	5	20	3
Retail trade.	5,441	734	656	15	48	184	141	4,149	3,170	325	199	34
Eating and drinking places.	2,135	119	104	1	13	18	23	1,931	1,533	80	36	8
Finance, insurance, and real estate.	717	220	199	4	16	31	19	363	286	40	71	13
Services.	11,156	1,832	1,454	77	246	247	257	7,732	6,524	220	980	108
Business services.	1,385	84	78	2	3	7	12	1,242	941	14	38	2
Repair services.	648	39	32	1	6	8	6	576	489	34	18	1
Private households.	2,126	23	15	-	8	1	6	2,089	1,940	2	6	1
Personal services.	2,954	234	192	1	32	92	99	2,393	2,003	80	119	17
Hotels and motels.	2,603	226	185	1	31	84	90	2,085	1,779	51	101	17
Entertainment and recreation services.	936	129	115	3	8	24	20	671	496	40	79	13
Professional and related services.	3,107	1,323	1,022	70	189	115	114	761	655	50	720	74
Hospitals.	564	314	245	15	40	25	24	68	63	-	103	30
Health services, except hospitals.	98	17	9	5	3	1	1	52	42	5	23	4
Elementary and secondary schools and colleges.	1,517	634	490	29	96	62	72	310	294	3	414	25
Other educational services.	17	1	1	-	-	1	1	9	4	4	5	-
Social services, religious and membership organizations.	151	37	28	2	6	8	2	73	39	28	29	2
Legal engineering and other professional services.	760	320	249	19	44	18	14	249	213	10	146	13
Public administration.	2,542	1,977	1,351	247	341	62	61	170	148	2	258	14
CLASS OF WORKER												
Employed persons 16 years and over.	34,723	6,006	4,755	380	741	797	880	24,840	15,910	1,002	1,962	238
Private wage and salary workers.	28,769	2,480	2,189	57	180	621	701	21,736	15,279	748	1,072	159
Government workers.	5,006	3,147	2,424	318	535	162	173	527	482	4	732	65
Self-employed workers.	860	166	132	5	24	11	5	518	137	218	149	11
Unpaid family workers.	88	13	10	-	2	3	1	59	12	32	9	3

Source: 1995 CNMI Mid-Decade Census

Table 85. Poverty Status in 1994 of Families and Persons by Birthplace, CNMI: 1995
(for definitions of terms and meanings of symbols, see text)

Poverty Workers in Family	Total	CNMI				Palau	FSM	Asia			Guam/ United States	Else- where
		Total	Saipan	Tinian	Rota			Total	Philippines	Korea		
ALL INCOME LEVELS IN 1989												
Families	8,256	3,642	2,912	204	433	405	399	2,817	1,884	494	897	96
Householder worked in 1989	6,586	2,545	2,008	172	301	334	306	2,529	1,742	415	785	87
With related children under 18 years	6,383	3,172	2,533	178	279	328	333	1,878	1,283	348	607	65
With related children 5 to 17 years	4,626	2,561	2,045	139	308	254	271	1,059	660	263	434	47
Female householder, no husband present	1,244	627	508	24	77	109	78	353	277	30	71	6
Householder worked in 1989	773	297	241	16	34	79	51	286	236	16	55	5
With related children under 18 years	1,022	542	439	23	65	91	61	262	206	22	61	5
With related children under 6 years	766	453	369	18	53	72	55	135	99	19	47	4
Unrelated individuals	7,798	505	403	17	65	112	156	6,738	5,657	152	260	27
Worked in 1989	6,422	296	231	9	47	78	92	5,740	4,958	87	198	18
Persons	53,711	20,279	17,140	1,162	1,736	1,333	1,822	26,505	16,682	1,568	3,461	311
Related children under 18 years	14,689	11,470	9,982	730	728	222	454	1,002	561	310	1,469	72
Related children 5 to 17 years	9,288	6,603	5,703	433	443	187	398	856	484	270	1,182	62
60 years and over	1,405	757	599	9	125	68	61	399	283	65	107	13
65 years and over	836	479	373	7	81	47	41	192	118	43	67	10
INCOME IN 1989 BELOW POVERTY LEVEL												
Families	2,482	984	814	33	101	144	211	1,015	847	71	112	16
Percent below poverty level	30.0	27.0	28.0	16.2	23.3	35.6	52.9	36.0	45.0	14.4	12.5	16.7
Householder worked in 1989	1,830	545	453	22	51	110	159	919	778	61	83	14
With related children under 18 years	2,064	899	744	29	92	126	190	744	637	54	92	13
With related children 5 to 17 years	1,441	735	606	23	76	105	158	362	289	42	72	9
Female householder, no husband present	512	250	197	7	33	46	50	146	127	5	19	1
Householder worked in 1989	285	98	69	3	12	29	32	123	110	3	12	1
With related children under 18 years	444	229	180	7	30	40	40	116	104	3	18	1
With related children under 6 years	334	191	151	5	25	34	39	54	45	3	15	1
Unrelated individuals	6,661	319	271	10	25	83	137	5,960	5,030	94	141	21
Percent below poverty level	85.4	63.2	67.2	58.8	38.5	74.1	87.8	88.5	88.9	61.8	54.2	77.8
Worked in 1989	5,304	116	103	2	8	50	73	4,970	4,335	29	83	12
Persons	29,977	7,113	6,271	247	498	549	1,126	19,236	11,988	391	850	103
Percent below poverty level	51.3	35.1	36.6	21.3	28.7	41.2	61.8	72.6	71.9	24.9	24.6	33.1
Related children under 18 years	3,657	4,480	4,050	162	258	114	316	324	215	81	399	24
Related children 5 to 17 years	3,413	2,435	2,180	95	154	93	283	270	175	73	312	20
60 years and over	469	244	183	4	44	21	28	154	127	12	18	4
65 years and over	279	161	117	4	31	17	19	66	47	7	13	3
INCOME IN 1994 BELOW SPECIFIED POVERTY LEVEL												
Below 50 percent of poverty level	14,366	2,968	2,659	62	207	246	551	10,135	5,396	186	409	57
Below 125 percent of poverty level	33,300	8,967	7,795	371	682	691	1,316	21,187	13,448	491	1,022	117
Below 185 percent of poverty level	40,102	12,609	10,814	583	1,057	975	1,526	23,350	14,981	752	1,490	152
Related children under 18 years	9,596	7,646	6,729	392	508	173	409	597	383	151	737	34
Related children 5 to 17 years	5,855	4,245	3,720	218	295	143	359	502	319	134	577	29
WORKERS IN FAMILY IN 1994												
Families	7,577	3,328	2,641	186	408	388	370	2,584	1,785	421	824	83
No workers	357	253	206	9	29	16	20	43	15	18	25	-
1 worker	2,065	963	782	40	121	120	122	637	286	225	399	24
2 workers	3,163	1,169	919	78	137	152	126	1,258	941	135	414	44
3 workers	1,222	622	492	40	71	57	62	336	276	27	137	8
4 workers	443	197	151	15	25	26	18	163	142	11	34	5
5 or more workers	145	70	47	3	19	7	5	55	47	2	7	1
	182	54	44	1	6	10	17	92	78	3	8	1
Mean income for families (in dollars)	38,074	42,084	40,987	54,453	45,386	27,776	24,027	30,754	23,077	52,592	54,702	50,906
No workers	16,277	15,399	15,717	23,997	11,656	13,648	11,251	22,455	7,219	37,644	20,232	-
1 worker	26,752	25,917	25,983	22,888	27,199	15,780	13,928	28,709	13,627	41,879	38,560	30,466
2 workers	34,851	40,045	38,337	51,941	47,059	26,495	23,317	25,701	18,405	60,332	52,297	56,184
3 workers	55,758	61,915	60,758	90,297	55,067	40,245	26,010	42,183	34,207	68,280	81,388	49,419
4 workers	60,600	74,550	79,097	71,750	57,846	50,230	37,713	41,928	34,156	156,158	83,711	98,865
5 or more workers	69,718	88,499	74,441	55,832	130,698	64,326	118,501	41,415	41,558	27,280	73,038	82,280
	66,536	92,501	93,675	89,696	100,375	58,754	67,295	49,963	46,465	93,327	92,028	50,000

Source: 1995 CNMI Mid-Decade Census

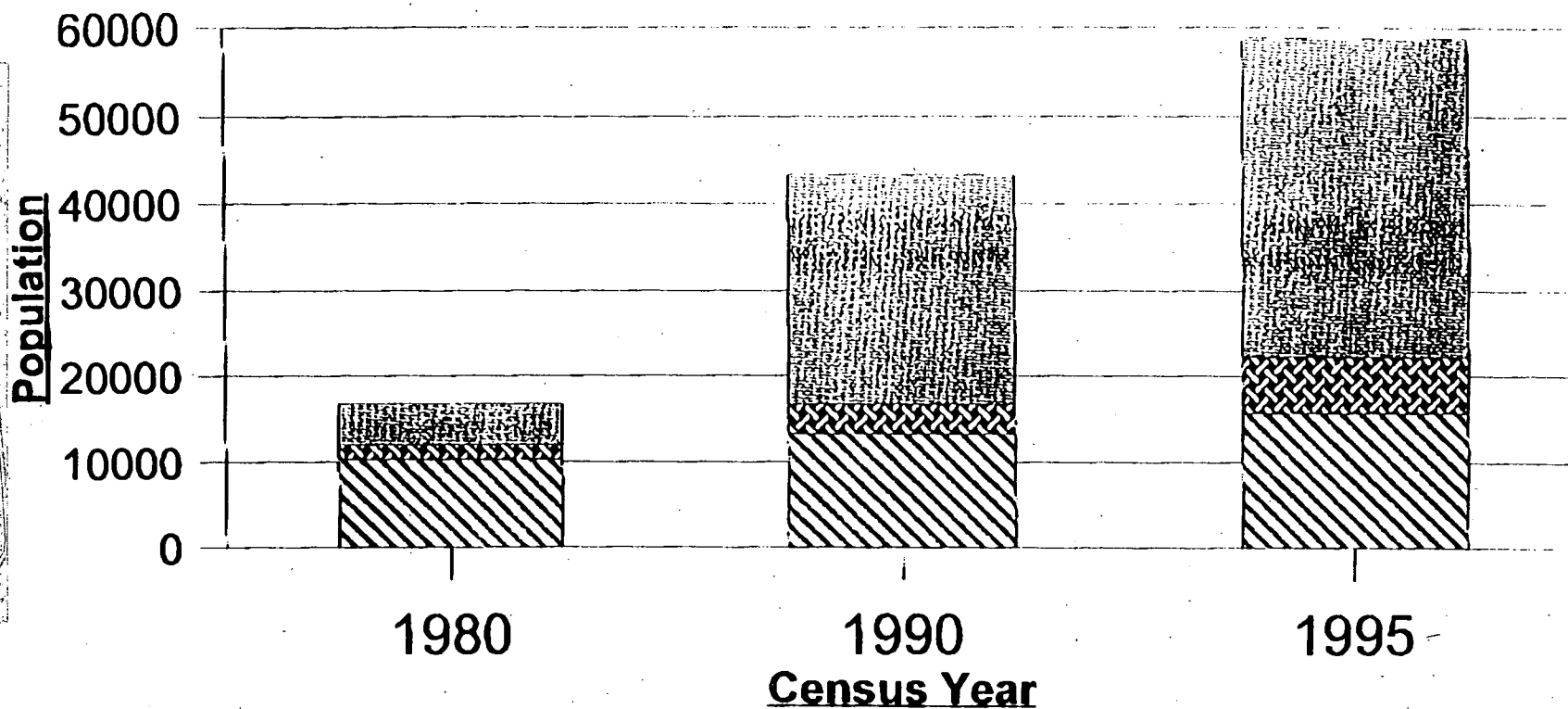
Table 111. Citizenship and Year of Entry by Labor Force Status, CNMI: 1995
 [For definitions of terms and meanings of symbols, see text]

Citizenship Year of Entry	In labor force										Not in Labor Force	
	Total	Total		Employed						Unemployed		
				Total	At work							
					Number	Percent	Total	Number	Percent	35 or more hrs		34 hrs or less
Persons 16 years and over.	43,846	37,393	85.3	34,723	33,634	32,534	96.7	1,100	2,670	7.1	6.451	
U.S. citizen.	14,061	9,961	70.8	8,707	8,327	7,770	93.3	557	1,254	12.6	4.100	
Born in CNMI.	10,421	7,001	67.2	6,006	5,757	5,384	93.5	373	995	14.2	1.420	
Born in the U.S. or other U.S. territory or commonwealth.	2,569	2,159	84.0	1,962	1,873	1,734	92.6	139	197	9.1	4.11	
Born abroad of U.S. parent(s).	120	92	76.7	84	80	75	93.8	5	8	8.7	7.1	
Naturalized citizen.	951	709	74.6	655	617	577	93.5	40	54	7.6	2.0	
Not a U.S. citizen.	29,785	27,432	92.1	26,016	25,307	24,764	97.9	543	1,416	5.2	2.351	
Permanent resident.	2,895	2,181	75.3	1,932	1,854	1,746	94.2	108	249	11.4	7.1	
Temporary resident.	26,890	25,251	93.9	24,084	23,453	23,018	98.1	435	1,167	4.6	1.651	
Females 16 years and over.	22,211	17,995	81.0	16,455	15,900	15,351	96.5	549	1,540	8.6	4.211	
U.S. citizen.	6,689	4,166	62.3	3,531	3,369	3,102	92.1	267	635	15.2	2.521	
Born in CNMI.	5,082	2,982	58.7	2,484	2,377	2,206	92.8	171	498	16.7	2.101	
Born in the U.S. or other U.S. territory or commonwealth.	1,055	804	76.2	704	667	590	88.5	77	100	12.4	2.1	
Born abroad of U.S. parent(s).	50	34	68.0	32	30	25	83.3	5	2	5.9	1.1	
Naturalized citizen.	502	346	68.9	311	295	281	95.3	14	35	10.1	1.1	
Not a U.S. citizen.	15,522	13,929	89.1	12,924	12,531	12,249	97.7	282	905	6.5	1.691	
Permanent resident.	1,730	1,172	67.7	1,028	981	918	93.6	63	144	12.3	1.1	
Temporary resident.	13,792	12,657	91.8	11,896	11,550	11,331	98.1	219	761	6.0	1.101	
Persons 16 years and over.	43,846	37,393	85.3	34,723	33,634	32,534	96.7	1,100	2,670	7.1	6.451	
Born in the CNMI.	10,421	7,001	67.2	6,006	5,757	5,384	93.3	373	995	14.2	1.420	
Born outside the CNMI.	33,425	30,392	90.9	28,717	27,877	27,150	97.4	727	1,675	5.5	3.311	
1994 or 1995.	16,019	14,830	92.6	14,114	13,796	13,475	97.7	321	716	4.8	1.101	
1990 to 1993.	10,234	10,354	92.2	9,712	9,375	9,166	97.8	209	642	6.2	8.1	
1987 to 1989.	2,789	2,435	87.3	2,305	2,220	2,153	97.0	67	130	5.3	1.1	
1985 or 1986.	864	745	86.2	711	695	656	94.4	39	34	4.6	1.1	
1980 to 1984.	1,087	917	84.4	862	835	805	96.4	30	55	5.0	1.1	
1975 to 1979.	600	479	79.9	440	425	404	95.1	21	39	8.1	1.1	
1965 to 1974.	548	464	84.7	423	398	369	92.7	29	41	8.8	1.1	
Before 1965.	284	168	59.2	150	133	122	91.7	11	18	10.7	1.1	
Not a citizen.	29,785	27,432	92.1	26,016	25,307	24,764	97.9	543	1,416	5.2	2.351	
1994 or 1995.	14,634	13,672	93.4	13,057	12,788	12,528	98.0	260	615	4.5	1.1	
1990 to 1993.	10,356	9,623	92.9	9,046	8,744	8,582	98.1	162	577	6.0	1.1	
1987 to 1989.	2,468	2,166	87.8	2,054	1,982	1,930	97.4	52	112	5.2	1.1	
1985 or 1986.	721	627	87.0	601	587	562	95.7	25	26	4.1	1.1	
1980 to 1984.	854	735	86.1	696	679	659	97.1	20	39	5.3	1.1	
1975 to 1979.	389	315	81.0	291	281	272	96.8	9	24	7.6	1.1	
1965 to 1974.	250	207	82.8	191	178	166	93.3	12	16	7.7	1.1	
Before 1965.	113	87	77.0	80	68	65	95.6	3	7	8.0	1.1	
Females 16 years and over.	22,211	17,995	81.0	16,455	15,900	15,351	96.5	549	1,540	8.6	4.211	
Born in the CNMI.	5,082	2,982	58.7	2,484	2,377	2,206	92.8	171	498	16.7	2.101	
Born outside the CNMI.	17,129	15,013	87.6	13,971	13,523	13,145	97.2	378	1,042	6.9	2.101	
1994 or 1995.	8,782	7,935	90.4	7,499	7,328	7,161	97.7	167	436	5.5	8.1	
1990 to 1993.	5,793	5,166	89.2	4,734	4,547	4,429	97.4	118	432	8.4	6.1	
1987 to 1989.	1,046	797	76.2	733	692	664	96.0	28	64	8.0	2.1	
1985 or 1986.	371	286	77.1	268	257	234	91.1	23	18	6.3	8.1	
1980 to 1984.	508	391	77.0	355	346	331	95.7	15	36	9.2	1.1	
1975 to 1979.	266	194	72.9	170	163	149	91.4	14	24	12.4	1.1	
1965 to 1974.	220	172	78.2	149	136	131	96.3	5	23	13.4	1.1	
Before 1965.	143	72	50.3	63	54	46	85.2	8	9	12.5	1.1	
Not a citizen.	15,522	13,929	89.1	12,924	12,531	12,249	97.7	282	905	6.5	1.691	
1994 or 1995.	8,175	7,475	91.4	7,094	6,943	6,806	98.0	137	381	5.1	1.1	
1990 to 1993.	5,407	4,879	90.2	4,481	4,306	4,214	97.9	92	398	8.2	5.1	
1987 to 1989.	911	695	76.3	640	605	583	96.4	22	55	7.9	2.1	
1985 or 1986.	306	237	77.5	221	211	200	94.8	11	16	6.8	8.1	
1980 to 1984.	391	305	78.0	279	274	264	96.4	10	26	8.5	8.1	
1975 to 1979.	172	126	73.3	113	108	104	96.3	4	13	10.3	1.1	
1965 to 1974.	111	81	73.0	70	62	59	95.2	3	11	13.6	1.1	
Before 1965.	49	31	63.3	26	22	19	86.4	3	5	16.1	1.1	

Source: 1995 CNMI Mid-Decade Census

Birthplace and Mother's Birthplace

CNMI, 1980 to 1995



Legend



Foreign-Born Persons



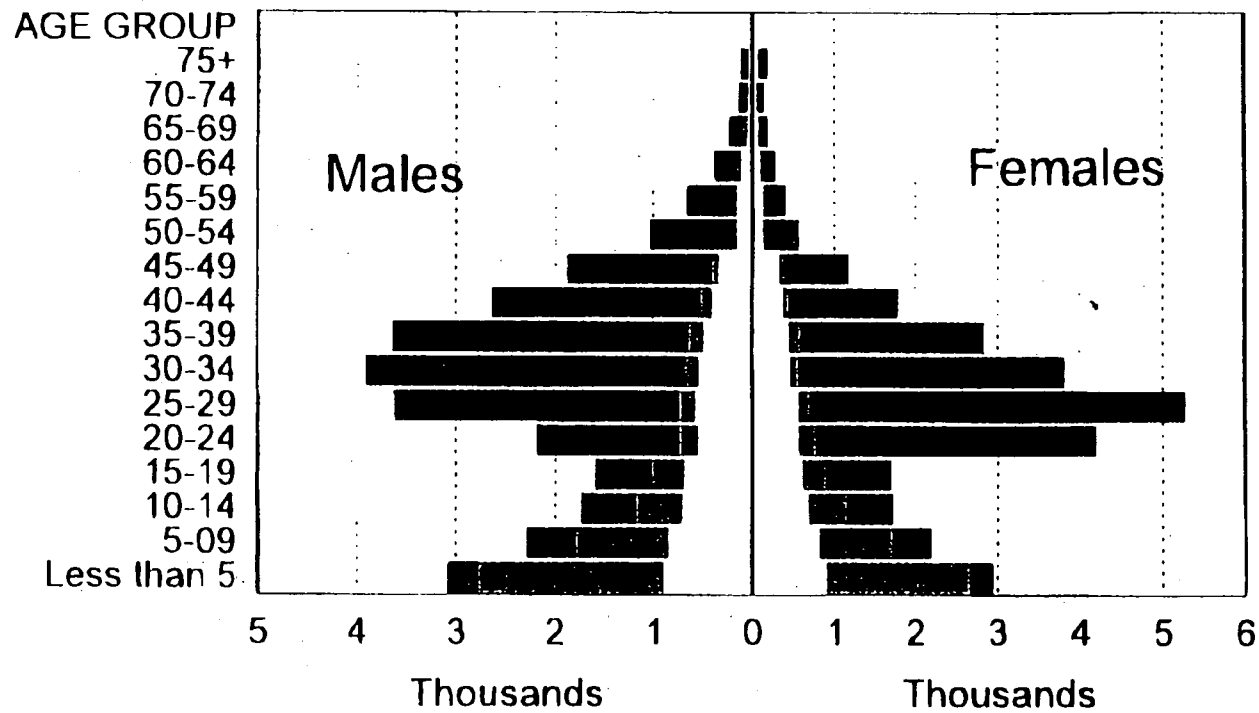
Mother - Born Elsewhere



Mother - CNMI Born



AGE AND SEX BY PLACE OF BIRTH AND PARENTS PLACE OF BIRTH



- CNMI BORN WITH BOTH PARENTS CNMI BORN
- CNMI BORN WITH ONE OR BOTH PARENTS NON-CNMI BORN
- NON-CNMI BORN WITH ONE OR BOTH PARENTS NON-CNMI BORN

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APPENDIX VII



United States Department of the Interior

OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20240

MAY 7 1986

The Honorable Pedro P. Tenorio
Governor of the Northern
Mariana Islands
Saipan, Mariana Islands 96950

Dear Governor Tenorio:

The recent news reports on the tremendous growth in alien labor in the Northern Mariana Islands are extremely disturbing. As Assistant Secretary for Territorial and International Affairs, and as a friend, I would be remiss if I did not speak frankly to you on the possible consequences of the NMI's alien labor policy.

I appreciate the concern that you have shown over both the positive and negative impacts that large numbers of alien labor can have on the NMI's economy. The recently announced moratorium on licensing new garment factories and a study on the impact of alien labor in textile manufacturing are steps in the right direction.

Let me note that leading officials of the territory of Guam and the United States are dealing with the same issue of alien labor but at much lower levels. While alien labor on Guam is currently at 1,200, it is reported that it is now 6,600 in the NMI and without any limits it could reach 10,000 by the end of 1986. During periods of similar economic circumstances, Guam's use of alien labor has never approached the levels now seen in the NMI.

It was two years ago that I counseled the NMI Chamber of Commerce and spoke to you regarding the use of alien labor in the garment industry and the likely reaction from the mainland textile manufacturers. Despite this and several other warnings, the NMI chose to pursue a policy of maximizing the use of alien labor for the assembly of woolen knit sweaters that resulted in the U.S. territories being adversely affected by revised rules of origin issued by the U.S. Customs Agency. As I have often stated, the intent of Congress in providing the privilege of Headnote 3(a) to the territories is to benefit local and not alien job and business growth. The extensive and permanent use of alien labor in Headnote 3(a) industries is an abuse which cannot be tolerated by the Administration.

On the basis of the NMI's promise to aggressively implement a local labor job development effort in the existing sweater factories, the Department of the Interior was able to convince other federal agencies to grant a quota waiver of 70,000 dozen/year for NMI assembled sweaters. In recent testimony before Congress, the

leadership of the NMI expressed surprise over the Administration's position regarding H.R. 2225. H.R. 2225 as originally drafted complemented the earlier quota relief by continuing to provide duty-free status to NMI assembled sweaters. The local labor requirement advanced by the Administration is similar to the NMI's own scheduled objectives for local labor contained in reports provided to OTIA. The Administration's schedule would require slightly higher percentages of local labor to be met earlier than proposed by the NMI but nevertheless is reasonable given the delayed enforcement by Customs of the duty on the sweaters and the two years that the NMI has had to address this issue. The Administration's position should be no surprise given my well-known and publicized views on the local labor issue.

Contrary to the assertion in the NMI's testimony that OTIA is pursuing "active protectionism against the Northern Mariana Islands," it has been only through the extensive efforts of OTIA, the Office of the U.S. Trade Representative, and Delegate Ben Blaz that there exist any sweater factories in the NMI today. Protectionism, in textiles, has been directed at the U.S. territories principally because of the actions taken by the NMI, despite ample warnings and counseling. Such actions have unfairly impacted on the neighboring territory of Guam whose garment industry utilizing local labor is a model success of Headnote 3(a).

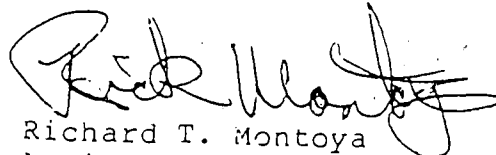
Recent reports again indicate an unwarranted increase in the use of alien labor in the NMI garment industry. The recent certification of 400 additional Chinese garment workers on Saipan, the early report of 200 Thai women garment workers, the number of garment factories close to operational status in the NMI (ten), and additional ones planned (eleven) can only lead to the conclusion that, contrary to the NMI's previous expression of support for local labor objectives, no improvement in the situation can be soon expected.

These events may lead to the ruin of textile opportunities under Headnote 3(a) not only for the NMI but for all of the U.S. territories. Furthermore, the uncontrolled influx of alien workers in many segments of the NMI economy can only result in increased social and cultural problems. The objectives of the recently negotiated Covenant financial agreement could be derailed as the wholesale transfer of U.S. tax, trade and social benefits to non-U.S. citizens occurs under the NMI's alien labor promotional policies.

As in the past, I stand ready to assist you in developing appropriate responses to the reactions which are sure to come because of the unfettered growth of alien labor in the NMI. As a start I would suggest a complete review of the NMI's immigration system. Without timely and effective

action to reverse the current situation, I must consider proposing Congressional enactment of U.S. Immigration and Naturalization Service requirements for the NMI.

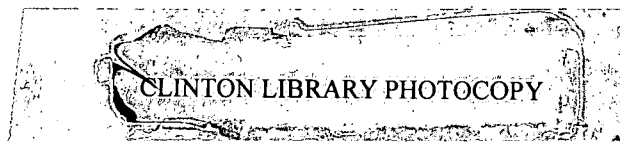
Sincerely yours,



Richard T. Montoya
Assistant Secretary, Territorial
and International Affairs

cc: The Honorable James A. McClure
The Honorable Morris K. Udall

Appendix VIII



THE WHITE HOUSE

WASHINGTON

May 30, 1997

The Honorable Froilan C. Tenorio
Governor of the Northern Mariana Islands
Saipan, MP 96950

Dear Froilan:

As you know, the 1976 Covenant that established the political union between the Northern Mariana Islands and the United States did not immediately extend all of our Nation's immigration, naturalization, and minimum wage laws to the Commonwealth. The Covenant provided, however, that these laws would be extended at a later time.

I am writing now out of concern about certain labor practices in the islands that are inconsistent with our country's values. More than half of the people in the islands are temporary alien workers; these workers, who comprise an overwhelming majority of the islands' work force, are imported to fill permanent jobs, while the jobless rate among residents remains high; the minimum wage is plainly inadequate; there have been persistent incidents of improper treatment of alien workers and inadequate enforcement of their rights; and manufacturers using foreign workers unfairly compete with other production under the U.S. flag.

Federal officials have, for many years, strongly encouraged Commonwealth officials to rectify these problems and have provided substantial assistance for doing so, but the problems persist and, in some cases, are getting worse. I have, therefore, concluded that federal immigration, naturalization, and minimum wage laws should now be applied to the Commonwealth, as provided by the Covenant.

My Administration will work with the Congress to extend these laws in a reasonable and appropriate manner. We will, of course, consult with you and other representatives of the Commonwealth about how these laws should be applied.

I am dedicated, as I am sure you are, to protecting the rights and well-being of all who work and live in the Islands as well as to fulfilling our mutual Covenant responsibilities.

Sincerely,

Bill Clinton

Withdrawal/Redaction Sheet

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. draft	Ron Peterson to Legislative Liaison Officers re: Report on Federal Initiatives in the Commonwealth of Northern Mariana Islands (105 pages)	06/13/97	P5

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Richard Stalcup
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- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advise between the President and his advisors, or between such advisors [(a)(5) of the PRA]
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- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
Washington, D.C. 20503-0001

Friday, June 13, 1997

LEGISLATIVE REFERRAL MEMORANDUM

TO: Legislative Liaison Officer - See Distribution below
Ron Peterson
FROM: Ronald K. Peterson (for) Assistant Director for Legislative Reference
OMB CONTACT: Anna M. Briatico
PHONE: (202)395-7301 FAX: (202)395-5691

SUBJECT: INTERIOR Report on Federal - Commonwealth of the Northern Mariana Islands (CNMI) Initiative on Labor, Immigration and Law Enforcement

DEADLINE: 5 p.m. Wednesday, June 18, 1997

In accordance with OMB Circular A-19, OMB requests the views of your agency on the above subject before advising on its relationship to the program of the President. Please advise us if this item will affect direct spending or receipts for purposes of the "Pay-As-You-Go" provisions of Title XIII of the Omnibus Budget Reconciliation Act of 1990.

COMMENTS: Attached is a draft Interior report on the above subject. Advance copies of the report have been forwarded to your agency contacts for the working group on the Federal CNMI initiative (as listed below). Please note that Interior has scheduled an interagency meeting to discuss the report and recommendations on Thursday, June 19th.

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N. Mariana
Islands...



United States Department of the Interior

OFFICE OF THE SECRETARY

Washington, D.C. 20240

June 12, 1997

Memorandum

To: Interagency Working Group Members
Federal-CNMI Initiative on Labor, Immigration, and Law Enforcement

From: Allen P. Stayman *AP Stayman*
Director
Office of Insular Affairs

Subject: Annual Report to the Congress

Attached is the Department of the Interior's draft report on the Federal-CNMI Initiative on Labor, Immigration, and Law Enforcement. This copy is for your interagency coordination and review. The Department of the Interior is sending this draft report to the Office of Management and Budget for Administration clearance.

Since the President has written to the CNMI expressing his intent to extend Federal immigration and minimum wage laws to the CNMI, it is of utmost importance that the Administration send this report to Congress as soon as possible. I would appreciate your diligent efforts to streamline the review process within your agency. In order to expedite the interagency clearance of the report, we will hold an interagency meeting on Thursday, June 19, at 3:45 p.m. in room #4311 at the Department of the Interior to discuss the report and its recommendations. We ask that you or your representative attend the meeting.

If you have questions or comments, please contact Steve Sander or Debbie Subera-Wiggin of my staff at (202) 208-6816.

Attachment — Draft Report with Appendices

Members of the Interagency Working Group on CNMI

<u>Name</u>	<u>Organization</u>	
John Schwartz	Dep. Atty General's Office (Justice)	514-4375
John Frazier	Deputy Administrator, Wage and Hour (Labor)	219- ~~8035~~ 8305
Jim Dunlap	Secret Service	435-5775
Michael Bukovac	ATF (Treasury)	927-7790
Dan Pokis	U.S. Diplomatic Service	663-0379
Mary Joyce Paulson	National Labor Relations Board	273-3700
I E ?	State	649-9141

FEDERAL - CNMI INITIATIVE
ON
LABOR, IMMIGRATION, & LAW ENFORCEMENT

In the Commonwealth of the Northern Mariana Islands

THIRD ANNUAL REPORT

June 1997

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EXECUTIVE SUMMARY

The Commonwealth of the Northern Mariana Islands (CNMI) is a chain of islands (three inhabited) in the Western Pacific Ocean. Since 1986, the CNMI has been under United States sovereignty and its people have been United States citizens. Yet, it faces serious economic, demographic, financial, legal and potential diplomatic problems that need to be addressed.

These problems have arisen from a peculiar confluence of often unrelated factors which are seen nowhere else under the U.S. flag. For example, the CNMI, under the provisions of the Covenant with the United States, is currently exempt from Federal immigration controls, Federal minimum wage laws, and Federal tariffs and taxes, yet it has been heavily subsidized by the U.S. Treasury and its products are sold as "Made in USA" even though 95% or more of the workers in the manufacturing sector are not U.S. citizens.

Problems include:

- o **Substantial Losses of U.S. Citizen Jobs, Both in the CNMI and in the 50 States.** The CNMI's extensive use of low-paid alien workers has led to more than twice the level of citizen unemployment in CNMI as in nearby Guam, and the loss of thousands of garment manufacturing jobs for workers in the fifty states.
- o **Massive Importation of Alien Workers who are often Ill-Treated.** Local authorities have permitted a situation to develop in which three-quarters of the labor force (approximately 30,000 out of 40,000) are temporary alien workers, essentially bonded to their employers. These workers cannot settle in the CNMI on a permanent basis, are not covered by Federal naturalization laws, and are subject to abuse by their employers. Their presence has twisted the local economy into a two-caste system, with citizens mostly employed by the local government, and with the essentially indentured alien workers doing virtually all the physical work in the islands.
- o **Failed Reform Efforts at the Local Level.** The Reagan, Bush and Clinton Administrations have urged local elected officials to correct these problems. This Administration has spent millions of dollars in technical assistance to help the local government under this Initiative, which was established by Congress in 1994. The situation continues to deteriorate.

Accordingly, the Administration has concluded that the time has come for congressional action, including (1) the gradual extension of the Immigration and Nationality Act (INA), (2) a requirement for local labor input for products to qualify for trade preference and the use of the "Made in the U.S.A" label, and (3) the gradual extension of the Federal minimum wage to the islands.

I. BACKGROUND

The Reason For This Report. In response to concerns regarding immigration, labor, and law enforcement problems in the Commonwealth of the Northern Mariana Islands (CNMI), the Congress, in Public Law 103-332 (1994), directed the establishment of the Federal-CNMI Initiative on Labor, Immigration, and Law Enforcement. The Congress appropriated \$7 million for fiscal years 1995 and 1996, and \$3 million for fiscal year 1997. (See Appendix I). In hearings before the Senate Committee on Energy and Natural Resources, the Administration offered to report annually to the Congress. This is the third annual report on the Initiative. Progress on the Initiative's agenda, as set forth in last year's report, and government efforts appear in Appendices II and III.

Covenant Agreement. The Marianas were, sequentially, colonies of the Spanish, German and Japanese Empires. In 1944, after much bloody fighting, they came under the control of the United States, and were administered thereafter by the United States as a United Nations trusteeship. Twenty-two years ago, in 1975, the representatives of the Northern Mariana Islands District of the Trust Territory of the Pacific Islands and the United States concluded a Covenant to Establish a Commonwealth of the Northern Mariana Islands in Political Union with the United States of America (Covenant). This agreement was approved by 78 percent of the people of the Northern Marianas in 1975, in a United Nations-observed plebiscite, and was approved by the United States Congress in Public Law 94-241 in 1976. The Covenant entered into full force on November 3, 1986, when the President of the United States declared that the Trusteeship Agreement for the Trust Territory of the Pacific Islands was no longer applicable to the Northern Mariana Islands.

The Covenant may be amended by the Congress, except for certain non-economic provisions set forth in Articles I, II, III and in sections 501 and 805. Covenant section 503 states that immigration, coastal shipping, and minimum wage laws will not apply to the CNMI "except in the manner and to the extent made applicable to them by the Congress by law after termination of the Trusteeship Agreement," which occurred eleven years ago.

Immigration as Envisioned by the Covenant Negotiators and the Congress. In the 1970s, the Northern Marianas negotiators feared that many persons from neighboring Asian countries, each of which had an annual immigration ceiling into the United States of 20,000 per year under the Immigration and Nationality Act (INA), might choose to settle in the CNMI and thereby alter the CNMI's culture and community. The Northern Marianas negotiators, therefore, requested that the CNMI be given authority over immigration in order to control the number of aliens admitted into the CNMI. Federal negotiators and the Congress agreed.

In approving the Covenant in 1975, the Senate Committee on Interior and Insular Affairs stated (Senate Report 94-433) the following with regard to the exemption from the INA:

The reason this provision is included is to cope with the problems which unrestricted immigration may impose on small island communities. . . . It may well be that these problems will have been solved by the time of the termination of the Trusteeship Agreement and that the Immigration and Nationality Act containing adequate protective provisions can then be introduced to the Northern Mariana Islands.

Covenant Economic Development Privileges. The Covenant established the CNMI as a member of the American political family, under United States sovereignty and with a grant of United States citizenship to its residents. The Covenant contained several provisions designed to stimulate the local economy and to help the new United States citizens move toward the standard of living enjoyed in the United States and its territories. Among these provisions were duty-free access to the United States market for local products, exemption from the Federal minimum wage, exemption from Federal taxation, and exemption from coastwise shipping laws.

Federal Financial Assistance – \$1 Billion. The Covenant also provided seven years of financial assistance for local government operations and construction of infrastructure. This assistance has been twice extended by the Congress and now totals more than \$500 million dollars. In addition, the Covenant provided access to Federal grant programs, which have provided about \$500 million in aid (in addition to the Covenant grants) for a total of \$1 billion over 20 years – about \$50,000 for each United States citizen in the CNMI in 1990.

II. POST-COVENANT DEVELOPMENTS

Unintended Consequences. The CNMI thus found itself with a political-legal-economic package which is unique under the United States flag.^{1/} All of its residents became United States citizens. Immigration and minimum wage controls, keys to guiding the private sector economy, were placed in local hands. Meanwhile, three other factors helped the local economy -- the waiving of all Federal taxes, the influx of \$1 billion in Federal assistance, and the growth of a Japan-oriented tourist trade. What did the CNMI do with these tools, and what was the effect of the CNMI's actions?

The CNMI has used its Covenant-granted powers over immigration, not to protect itself from massive immigration, nor to build a U.S. citizen-based economy, but to build a two-caste economy based on the work of low-paid alien workers, none of whom could settle in the CNMI and become U.S. citizens (and voters). The workers are drawn from low-wage economies, and they do not have political rights in the CNMI. Local laws lifting the minimum wage to the Federal level were recently repealed.

Initially these decisions about immigration and the minimum wage simply held down wages for existing employers, the largest of which were off-island interests in the tourism industry. In more recent years, the combination of unfettered access to United States markets, low wages, and the availability of (in effect) indentured servants from Asia led some garment manufacturers to open plants on Saipan, using Asian equipment, Asian cloth, Asian management, and Asian workers -- the latter primarily from the Peoples Republic of China.

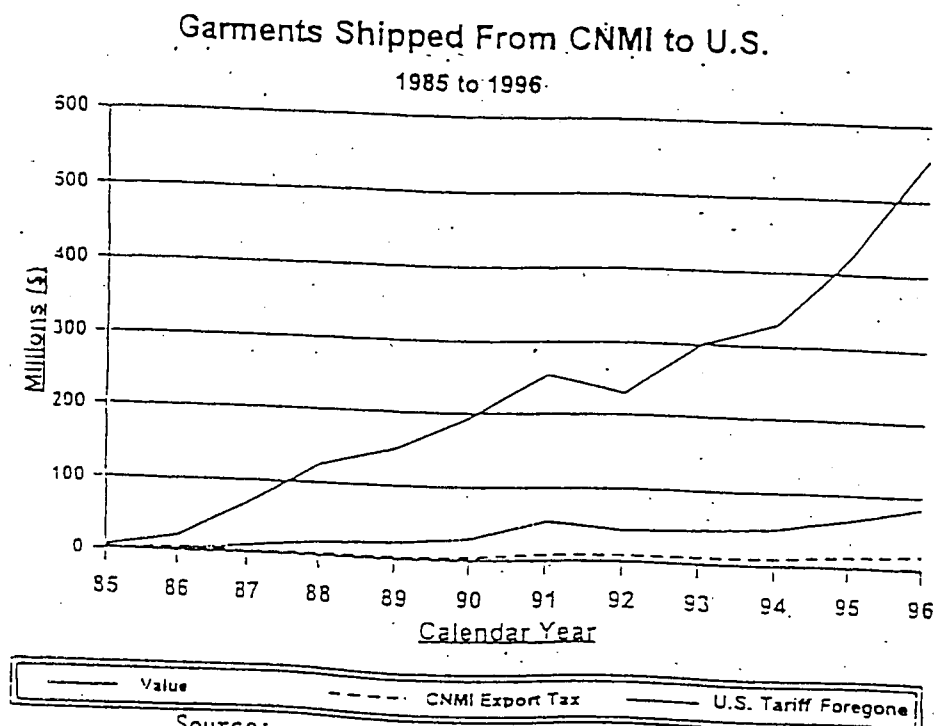
Federal investments, and grants of powers, clearly helped build the economy of the CNMI, but at considerable cost. It is estimated that business gross receipts increased from about \$250 million in 1980 to \$1.5 billion in 1995. The mix of unusual policies and economics of the CNMI, however, have had a series of negative impacts on Federal responsibilities, on the people of the CNMI, and on the lives of the alien workers, all described below.

1. The Effects of CNMI Policies on Federal Responsibilities.

Job Loss in the United States Mainland Garment Industry. The CNMI garment industry is in direct competition with manufacturers in the 50 States, as both have duty-free and quota-free access to the U.S. market and produce goods labeled "Made in USA". Data from 1996 show the shipment of garments worth \$555 million (at wholesale prices) to the

^{1/}American Samoa, with a much smaller economy, is the only other United States jurisdiction with control over its own immigration policy. Minimum wages in American Samoa are set biennially through a Federal process set forth in the Fair Labor Standards Act.

United States; the growth rate of the CNMI industry is about 30 percent a year for the past two years, as can be seen in the following graph.



Source:
Value/Shipments — U.S. Dept. of Commerce
CNMI Export Tax — CNMI Dept. of Commerce

Garments produced in the CNMI for the United States market directly displace American garment production, including jobs, profits, and other economic benefits. It is sometimes argued that the CNMI garment production competes with China, other Asian countries, Mexico or the Caribbean. But this is not the case. China and other Asian countries have quota limitations, which have been exhausted and leave no room for additional production. Mexico and the Caribbean have preferential access to the United States only for garments made with United States fabric. CNMI garment production is in fact at the expense of the fifty states.

Garments produced for the United States market affect the United States Treasury directly. It is estimated that the United States tariffs foregone on this level of imports would have been at least \$116 million in 1996.

In the international arena the United States is subject to embarrassment because of continuing ill treatment of foreign persons on United States soil. (This was, for example, the subject of the lead article in the June 1997 issue of Reader's Digest.) The Philippine Consul reports that the CNMI is not implementing the terms of the labor agreement between the CNMI and the Philippines. The agreement was the basis for the Philippine government's lifting its ban in 1996 on new workers entering the CNMI. The lack of significant and measurable improvement in alien labor conditions is shown in the fact that in 1996, over 390 Philippine workers filed complaints with the Philippine Consul in Saipan, including wage disputes, non-payment of overtime, and illegal deductions.

Philippines' President Fidel Ramos recently called for an extensive study of illegal labor activities in the CNMI affecting Philippine workers. He cited a 66 percent rise in the number of labor complaints by Philippine workers in the first quarter of 1997 as contrasted with the first quarter of 1996. The Philippine Consul noted that of the Philippine workers who have prevailed in numerous CNMI labor cases, most have not been paid or received other prescribed restitution.

Chinese officials recently visited the CNMI to deal with worker problems, including wage disputes and recruitment. They, too, expressed concern regarding the treatment of their workers. The Chinese are now establishing a worker liaison office in the CNMI.

An Inappropriate Policy Model. While there is a vigorous debate in the United States regarding the appropriate number of permanent resident aliens (legal immigrants) to be admitted, there is no support (or current legal authority for) the admission of large numbers of alien workers to occupy **permanent** jobs, which is the CNMI policy. It is inappropriate for the Federal government to continue to tolerate the CNMI policy of giving employment preference to low-wage alien workers.

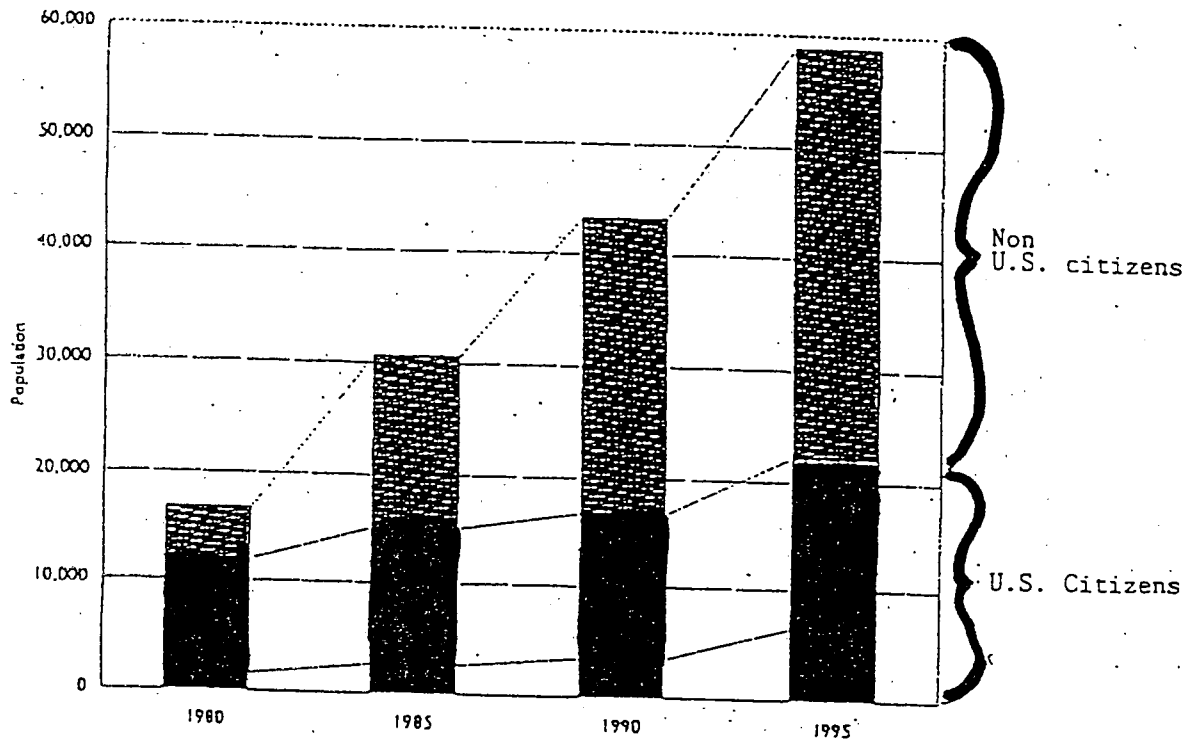
Further, there are indications that CNMI immigration policies have undermined United States immigration controls outside the CNMI: a number of Chinese nationals have been smuggled to Guam in small boats from the CNMI island of Rota, 35 miles away — 14 have been caught by Federal INS officials in Guam.

2. The Effects of CNMI Policies on the People of the Northern Mariana Islands

Demographic Impacts. The Commonwealth has experienced remarkable, self-imposed

population explosion -- a 350 percent increase from 1980 to 1995 -- as shown in the following chart.

Population: U.S. citizen and Non-U.S. Citizen



Source:

Census Years

Central Statistics Division/CNMI Dept. of Commerce

While some of this increase was caused by normal birth and death rates, most of the increase was caused directly or indirectly by the CNMI immigration policy. For example, the number of guest workers currently in the Commonwealth, (approximately 30,000) is almost double the entire population (about 16,000) just 17 years ago, at the time of the 1980 Census.

Although alien workers do not bring children, and few marry and form families while still on CNMI temporary work permits, births to aliens have a substantial and increasing impact on the local population. (See the population pyramid in Appendix VI.) The 1995 census shows that nearly half, 651 of the 1411 children under one year of age, were born to Asian mothers. These 651 children are three and a half times the number of six year olds with Asian mothers. Many unwed Asian mothers return to their homelands, raising future

United States citizens who were born on United States soil in the CNMI.

This information demonstrates that children of aliens have barely begun to affect school enrollment, but should roughly double the number of first graders between 1995 and 2000. If these trends continue, children of aliens will constitute a substantial majority of new students entering school soon after the year 2000 -- many needing special programs and special assistance from local and Federal programs.

The claim is made in the Hay report that guest workers have little effect on local social issues, such as crime and education. The experience of every country and territory that has experimented with large alien worker programs, from Fiji to Western European countries, contradicts this assertion. The United States territory of the Virgin Islands, along with the Federal Government, is still paying the price of a doubling of the Virgin Islands' population in the 1960's due to a massive inflow of alien workers, who eventually brought relatives and established families.

One is reminded of the classic lament of a Western European official of a generation ago, who, while commenting on alien worker programs, said: "We sent for workers, and what we got was people."

Unemployment. The 1995 census registered an unusually high unemployment rate of 14.2 percent for United States citizens who were born in the CNMI. By contrast, the September 1995 unemployment rate for Guam was 6.6 percent and for the United States it was 5.6 percent.

The great majority, 91 percent, of private sector jobs in the CNMI are held by workers born outside the CNMI; for the most part, they are occupied by low-paid alien workers. This virtually unlimited supply of alien workers drives down wages in the private sector, discouraging young local workers from applying for entry-level positions. Such experience would lead to skilled and management jobs in the CNMI's fast growing economy. Thus, a higher minimum wage would tend to increase wages at all levels. A higher minimum wage would tend to reduce United States citizen unemployment, and encourage young people to remain in the CNMI, instead of leaving for higher wages in Guam and the United States mainland, or opting for unemployment and food stamps.

The 1995 census also showed a 4.5 percent unemployment rate among alien workers from Asia in the CNMI. According to CNMI law, an alien worker can only be present legally in the CNMI if that worker is employed. This means that 4.5 percent of the CNMI alien worker population is both unemployed and illegal. This lack of effective immigration control is further evidence of problems with CNMI immigration policy.

Minimum Wage. On January 1, 1996, the local minimum wage was scheduled to rise

from \$2.75 per hour to \$3.05 per hour (with annual 30-cent increases up to the \$4.25 Federal level). However, the CNMI legislature, just before the new year, froze the minimum wage at \$2.75. In June 1996, the Legislature and Governor confirmed the single increase in the minimum wage to \$3.05 per hour for most workers, while removing future scheduled 30-cent annual increases; they also set a subminimum wage for garment and construction workers at \$2.90 per hour. This subminimum wage was to have increased automatically to \$3.05 on July 15, 1997, but the CNMI Governor has announced his intention to seek to eliminate this scheduled increase.

The Governor's office contracted with the Hay Group, a Washington-based consulting firm, to prepare a report, ostensibly to study the effect of alternative increases in the minimum wage. The report, released in April, made a series of recommendations, only one dealing with the minimum wage. The report recommended freezing the minimum wage for at least three years, a conclusion not supported by the analysis and in striking conflict with the other recommendations, which emphasize developing the local labor force.

The Hay Group's recommendation to freeze the minimum wage is based primarily on the finding that higher wages would reduce garment industry profits and discourage further expansion of this and related industries dependent on low-wage alien "guest workers". The recommended course of action, making the CNMI still more dependent on the garment industry and alien labor, is particularly inappropriate in view of the fragile nature of the industry as outlined by the report itself. United States apparel quotas are essential for the survival of the garment industry in the CNMI. By the year 2005, the system of international quotas will have been phased out under the World Trade Organization, which will likely result in the demise of the CNMI industry, regardless of minimum wages. The longer the artificial two-tiered labor system survives, the harder it will be for the CNMI economy and people to adapt to a normal labor market.

The garment industry stands alone in opposing any increase in the minimum wage. The CNMI Hotel Association and the CNMI Chamber of Commerce have not altered their support for a gradual increase in the minimum wage.

The Hay report, states that, "most CNMI guest workers earning a minimum wage of \$3.05 per hour receive a cash equivalent compensation value of \$4.64, which is comparable to the current \$4.75 minimum wage in the mainland U. S." If this is true, immediate application of the Federal minimum wage, which permits deductions for the cash equivalent of benefits (including food and housing), would have little impact. Thus, there is little basis for objection to the Federal minimum wage in the CNMI.

Role of the Garment Industry. While the industry is profitable, and there is a 3.5% CNMI tax on production, it is not clear that the presence of the garment industry is a net contribution to the islands' economy. The raw materials and the workers come from ~~Asia~~.

all the products and most of the wages and profits go off-island, leaving behind a severely strained set of water, power, sewage, solid waste,^{2/} and other public systems.

CNMI's Strained infrastructure. The dramatic increase in the population level of the CNMI (tourists, alien workers, and U.S. citizens) in recent years translates into an escalating need for new capital infrastructure: schools, and water, sewer, and electrical systems. The CNMI has failed to make the investment to meet this need. It would be appropriate to charge the large additional cost for new facilities to those who are responsible for the need for additional infrastructure and who benefit from the presence of the aliens in the CNMI. Instead, the Federal government and the residents of the CNMI subsidize this additional cost through insufficient user rates on businesses with alien employees or clientele. This highlights the hidden costs of the alien presence to local CNMI taxpayers.

The April 1997 Hay Group report advocates an upgrading of CNMI infrastructure through additional excise taxes and hotel room taxes (but not garment taxes) as a way to transfer costs to some of the users of capital facilities.

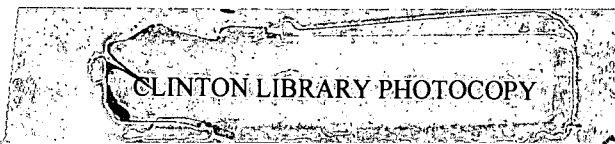
Increased Crime. Under Federal procedures, aliens seeking entry into the United States generally need both a passport and a visa; the traveler thus must secure a visa approved by a United States consular officer in the alien's country of origin and then must pass the INS examination at the United States port of entry. Because the CNMI requires no visa and cannot check criminal records at the airport, criminals are able to enter without detection.

Significant crime in the CNMI can be attributed to the activities of organized, largely non-indigenous, criminal groups. These crimes include prostitution, drug and firearms trafficking, extortion, illegal gambling, murder, and facilitating public corruption. Criminal enterprises active in the CNMI include those of the Japanese Yakuza, and the Chinese Triads.

In 1995, Saipan experienced 10 homicides, the largest number of murders in the island's history. Four homicides were reported in 1996, and two in the first two months of 1997. Crystal methamphetamine (ice) remains the primary drug of choice in the CNMI. The CNMI Criminal Justice Planning Agency reports that \$7,089,392 in marijuana and methamphetamine was seized in 1995 and 1996.

Business Ownership. The proportion of businesses owned by CNMI-born United States

² The waste from the garment plants is a significant item; it was reported recently that garment waste constitutes 60 percent of the local landfill volume.



citizens is in severe decline. In 1996, aliens owned 42 percent of the 4,556 business licenses. Many are small businesses that could be run by CNMI-born United States citizens.

The April 1997 Hay Group report urges that United States citizens be given additional entrepreneurial opportunity and incentive. The Hay Group suggests that with local persons owning businesses, profits tend to remain in the CNMI, as opposed to the "leakage" to foreign destinations that occurs when the asset is owned by an alien.

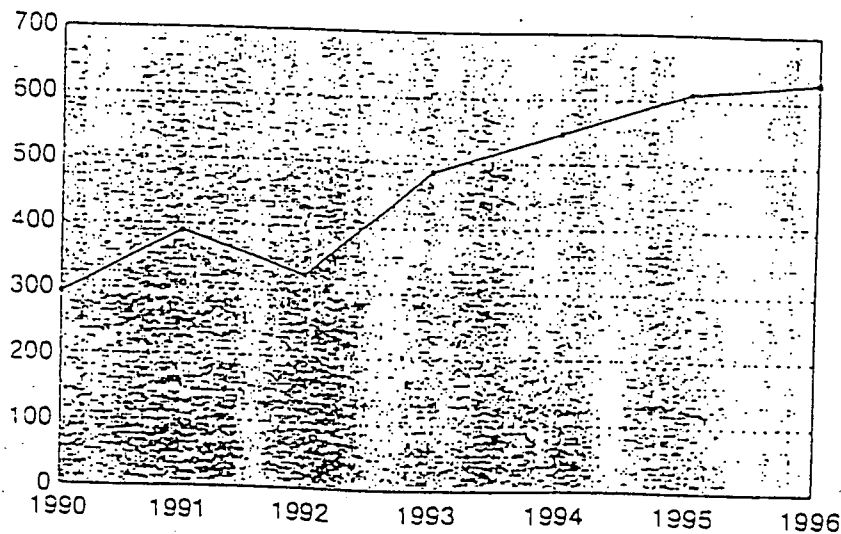
3. The Effects of CNMI Policies on Alien Workers

The **two-tiered society**, created by CNMI policies, both legislative and executive, is extremely rigid. The basic device employed is the contract for alien labor, which requires the worker to work for a specific employer. The alien is usually returned to his or her home country when the employment ends, a date set by the employer. Essentially, the CNMI employer (whether it is a corporation hiring a factory worker or an individual hiring a maid) has an indentured servant. The fact that an employer can have an alien worker removed from the CNMI on one-day's notice is a powerful incentive for an alien to obey an employer's demands, even though the demands may be illegal. Some workers are also serving under the terms of shadow contracts signed in their home countries that restrict their rights under United States law. (See Appendix IV.)

Employment scams. The ineffectiveness of the CNMI's labor and immigration program, and the vulnerability of recruits, is illustrated by a recent case in which approximately 134 alien workers recruited from Bangladesh arrived in the CNMI. Their labor recruiter had promised them well-paying American jobs upon payment of up to \$5,000 each in recruitment fees. The prospective alien employees sold businesses and other assets in order to obtain a nonexistent job. When they arrived in the CNMI, there were no jobs, no housing and no food; they wandered the streets. Local church and citizen group donations kept them from starving. The situation, while not as critical as several months ago, is still not resolved. This incident underscores the need for United States visa issuance prior to a worker's leaving his or her home country — a consular official would have investigated the validity of the job offers before granting the visas.

Labor complaints continue to rise as seen in the following graph:

Alien Work Complaints in CNMI (by year)



Source: CNMI Dept. of Labor and Immigration

Federal funds help alien workers file complaints. One of the recipients of Initiative funds is the local Catholic charity, Karidat, which in 1996 cared for a total of 550 workers, many of them desperate, by providing them with food, shelter, and other assistance. To be eligible for Karidat assistance, the worker must have filed a formal labor complaint with the CNMI's Department of Labor and Immigration.

III. FINDINGS

- (1) The CNMI immigration program lacks visa requirements, workplace inspections and comprehensive training for personnel. Illegal aliens are estimated to number between 2,000 to 6,000; this is equal to 7 to 22 percent of the U.S. citizen population, a far higher proportion than in the fifty states.
- (2) The number of officially-recognized alien workers has increased sharply recently.

The 1995 census reported a 32.7% increase in temporary residents (alien workers) from 21,075 in 1990 to 27,963 in 1995. Additionally, CNMI alien labor permits had their greatest one-year increase -- up 30 percent from 22,105 in 1995 to 28,829 in 1996. This is a significant rise, especially after declining each year since 1991.^{3/}

- (3) According to the 1995 census, there were 6,495 persons born in the CNMI whose mother was born outside the CNMI. This was an increase of 87 percent over the 1990 census figure of 3,479. All persons born on United States' soil are United States citizens. The overwhelming majority of these United States citizen children are born to non-citizen mothers; and while not all will stay in the CNMI, this trend in births is alarming.
- (4) The unemployment rate among native-born U.S. citizens in the CNMI is 14.2 percent. This unusually high rate is caused largely by CNMI policies which promote the availability of cheap foreign labor. The CNMI rolled back its minimum wage increase law in 1996.
- (5) Alien workers are vulnerable to abuse due to the CNMI labor permit system, which is essentially an "indentured servant" system. Significant instances of recruitment fraud, failure to pay wages and unsafe working conditions continue to occur.
- (6) The CNMI is unable to properly investigate crimes and present convincing evidence because of a lack of adequate training of investigators and a criminal laboratory.
- (7) The "Made in USA" label and tariff-free access to U.S. markets are exploited as a loophole by garment manufacturers employing almost exclusively foreign workers, most from the Peoples Republic of China, and at a cost to the United States Treasury estimated at \$116 million annually.

The complete findings of the Federal Task Force under the Initiative are presented in Appendix II.

³ A March 1997 chart published by the CNMI Department of Labor and Immigration shows work permits rising 51 percent from 22,105 in 1995 to 33,363 in 1996, after declining steadily since 1991. On further investigation by Federal officials, the 1996 figure was found to be inaccurate. In order to avoid disagreement, we settled on 28,829 for 1996, as used in the Hay Group report, which was fully vetted in the CNMI. On this basis, the number of temporary (alien) work permits rose 30 percent from 22,105 in 1995 to 28,829 in 1996.

IV. CONCLUSIONS AND RECOMMENDATIONS

These trends in the CNMI are inconsistent with the intent of the Covenant and with American national policies and values. The previous position of this and past Administrations has been to seek to work with local decision-makers to reform the CNMI labor, immigration and law enforcement systems. These efforts have clearly failed. It is time for Congress to amend the Covenant law to address these issues directly and to provide a Federal policy framework within which remaining problems can be addressed. Three actions are needed:

(1) **Extend the Immigration and Nationality Act** to the CNMI with transitional provisions designed to wean the CNMI economy away from its current dependence on foreign labor; the specifics include:

- o **INS administration**, to include management and expansion of the existing labor identification program and financed through work permit fees from the transitional program.
- o **INA phase-in** would include access to temporary "H-2" workers and professionals.
- o **A transition program** of no more than 10 years to phase-out the current alien workers, and to phase-in the INA; non-professional alien workers would have job transfer rights during the transition, and the Department of State would issue a "CNMI only" visa before a potential worker or investor could travel to the CNMI, and
- o if deemed necessary to meet non-professional labor needs, a specially designed longer-term **alien worker program** for the CNMI with limits based on (1) low United States citizen unemployment and (2) wages paid to imported alien workers equivalent to prevailing wage rates paid to United States citizens.

For the transition program, and if necessary, the longer-term alien worker program, the Department of State would issue a "CNMI only" visa before a potential worker or investor could travel to the CNMI.

(See the INS options paper in Appendix V.)

- o **Restrict new permanent residents** of the United States under the INA from making their initial entry into the United States through the CNMI (or through Guam and then the CNMI) to a specific number determined each year by the

INS, based on the recommendation of the CNMI Governor.

- (2) For textile products to enter the United States customs territory (1) free of tariffs and (2) with a "Made in USA" label, **require United States citizen** or freely associated state citizen ⁴/₅ **labor** in the following percentages: in 1998, 20 percent; in 1999, 35 percent; and in the year 2000 and thereafter, 50 percent.
- (3) **Increase the minimum wage** in CNMI to \$3.35 on January 1, 1998; then increase it by 30-cents-a-year until it reaches the Federal level; thereafter the Federal rate would apply; Federal rules governing deductions, including food and housing shall be phased-in.

The Administration looks forward to working with the Congress and representatives of the Commonwealth to implement these recommendations in a reasonable and appropriate manner.

⁴ Citizens of the freely associated states (the Republic of the Marshall Islands, the Federated States of Micronesia (FSM) and the Republic of Palau) are, under United States law, free to migrate to the United States and its territories; they can move from employer to employer; they are not an indentured worker population. Many of them, particularly from the FSM, have settled in the CNMI and in Guam.

PLEASE NOTE: Appendix II and III has the specific Federal agencies' initiative efforts and general findings. Listed below are the particular pages in the appendix which each agency will need to review.

Department of Labor:

Appendix -- pages 4-13 and 36-39

Department of Justice:

Appendix

INS -- pages 15-18, 36 Still awaiting Findings/Options paper

FBI -- pages 21-23, 26, 38-39

US Attorney -- pages 21-25, 36-39

DEA -- pages 21-23, 27

USMS -- pages 21-23, 28

NIC -- pages 21-23, 28, 33

Civil Rights -- pages 21-23, 28

CEOS -- pages 21-23, 28, 38

Department of Treasury:

Appendix

ATF -- pages 21-23, 29

Secret Service -- pages 21-23, 29

Customs -- pages 21-23, 29

Inspector General/Department of the Interior:

Appendix -- pages 21-23, 30, 38

Department of State/Diplomatic Security:

Appendix -- pages 22, 30

Department of State/China Affairs

Appendix -- pages 4-7, 15, 21-23, 36-39

Department of State/Philippines Affairs

Appendix -- pages 4-5, 39

Appendix

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APPENDIX I -- Initiative Funding

FY 1997 ---Funding to Federal Agencies

Department of Labor/OSHA	\$200,000	
Department of Justice		
US Attorney	\$405,000	
FBI	\$280,000	
Crim. Div./Child Ex.	\$ 7,000	
NIC (Prison)	\$75,000	
DEA	<u>\$375,000</u>	
Total		\$1,142,000
Department of Treasury		
ATF	\$100,000	
US Customs Service	\$170,000	
Diplomatic Security Service	\$50,000	
Inspector General	<u>\$75,000</u>	
TOTAL		\$1,737,000
Contingency (unobligated)	<u>\$263,000</u>	
<u>TOTAL</u>		\$2,000,000 (Appropriated by P.L. 104-208)

FY 1995/96 ---Funding to Federal Agencies

Department of Labor		
Wage and Hour		
OSHA		
Solicitor		
Employment Training Administration		
Total		\$1,600,000
Department of Justice		
INS	\$450,000	
FBI	\$300,000	
DEA	\$256,000	
Civil Rights	\$225,000	
EO U.S. Attorney	\$559,000	
NIC/BOP	\$50,000	
U.S. Marshals Service	<u>\$360,000</u>	
Total		\$2,200,000
Department of Treasury		
U.S. Customs Service	\$65,000	
ATF	\$65,000	
Secret Service	<u>\$65,000</u>	
Total		<u>\$200,000</u>
TOTAL for FY 1995/96		\$4,000,000 (Appropriated by P.L. 103-332)

FY 1997 ---Grant to CNMI Government

Unallocated by the CNMI	\$911,000
Administrative Judges for Labor Hearings	<u>89,000</u>
TOTAL	\$1,000,000 (appropriated by P.L. 104-208)

FY 95/96 --- Grant to CNMI Government

Attorney General Investigative Unit	\$487,000
Administrative Judges for Labor Hearings	\$108,000
Assistant Attorney General for Labor	\$154,000
Criminal Code Revision	\$117,045
Criminal Prosecutors	\$230,000
Deportation	\$30,000
LIIDS Manager	\$30,000
Informant Money	\$40,000
Labor Code Revision	\$83,000
Protective Services	\$120,000
Rota Attorney General	\$77,000
Unallocated by CNMI	<u>\$23,955</u>
Subtotal	\$1,500,000

Labor and Immigration Identification System (LIIDS)

	<u>\$1,500,000</u>
TOTAL	\$3,000,000 (appropriated by P.L. 103-332)

APPENDIX II

A. *LABOR -- Initiative Findings and Efforts.*

Labor-Related Findings:

1) Exploitation of processing labor applications. Hundreds of permits are being issued without authentic work justification. Some alien non-resident workers are arriving without jobs, money, or the means to return to their home country. Job certification and authentication for each permit is not adequately executed.

CASE STUDY: A recruiter was issued 191 work permits to bring Bangladesh workers to the CNMI. When the scam became public knowledge in March 1997, 134 workers were already in the CNMI and more were on their way, no jobs were available. The workers had no place to live and no money. Karidat provided relief food and shelter for the workers. Several workers have cooperated with local labor authorities while many others resisted and caused internal strife within the group. Resisters tried to protect their interests because no matter what the situation is like in the CNMI it is better than their status in Bangladesh. Workers paid thousands of dollars to a recruiter to come to the CNMI for work. They came with the dream of a much better life. CNMI authorities are investigating the case, if they can bring the case to prosecution it will be the first time such a case has been tried in a local court. CNMI officials traveled to Bangladesh, Thailand and Nepal to inform the foreign governments of the labor scam and to stop any additional foreign workers coming to the CNMI under another scam.

2) Chinese garment and construction workers sign shadow contracts with government recruitment agency before leaving China for employment in the CNMI which restrict their civil rights and threaten to return them to China if workers make labor complaints while in the CNMI. Their extent is unknown, but is believed to be common. Two translations of these contracts are attached (see Appendix IV).

According a representative of the Ministry of Foreign Trade and Economic Cooperation, the Chinese overseas contract worker signs a two-year contract with the Chinese government recruitment agency. The recruitment fee is based on two years of employment even though the CNMI Department of Labor and Immigration only authorizes the Chinese worker to work one year which is subject to renewal.

3) Exploitation of Maids. Wages for domestic maids average \$0.64 a hour which amounts to \$200 to \$300 per month. Maids work an average 72 hours a week. The domestic service sector averages the highest percentage of labor complaints out of all sector according to Administrative Hearing Office. Out of 550 victims assisted through Karidat (local Catholic charity that cares for needy workers) last year, 110 were domestic helpers and 115 were garment workers. Out of 390 complaints filed at the Philippine Consul, 85 labor complaints including wage violations,

illegal deductions, harassment were filed by domestic help .

- 4) Currently, CNMI has only seventeen investigators and conciliators of labor complaints. Saipan has four investigators and six conciliators. Rota has three investigators and Tinian has four investigators. These investigators and conciliators must oversee over 28,000 non-resident alien workers and handle the 634 labor complaints that were filed in 1996. The U.S. Department of Labor conducted a two-week training for these labor employees from April 28-May 9, 1997.
 - 5) Foreign business and investment is proliferating in the CNMI. In 1996, the CNMI held 4556 business licenses of which 42% were foreign owner applicants (745 Korean; 367 Chinese; 316 Japanese; 330 Filipino; 136 others; and 33 FSM) and 58% local owner applicants (1203 CNMI resident and 1425 United States). CNMI requires only a minimum foreign investment of \$150,000 for a public organization and \$50,000 for a private enterprise for a long-term business certificate. For a foreign investment certificate, the minimum investment shall be \$100,000 per person in an aggregate investment, in excess of \$2,000,000, or \$250,000 in a single individual investment. Many foreign-owned businesses are bringing additional non-resident alien workers to the CNMI.
 - 5) U.S. Fair Labor Standards Act does not cover businesses with annual gross revenues under \$500,000. The majority of businesses in the CNMI fall under this category. There seems to be a vicious circle, particularly in the area of small companies who fail to pay employees. There are several cases where the company went bankrupt, only to go into another line of business under a different name.
 - 6) CNMI has a positive trade balance, more exports than imports. In 1995, CNMI exports were over \$900 million while its imports were about \$600 million.
 - 7) Philippine Consul reports that the CNMI is not following the requirements of the Memorandum of Understanding between the CNMI and the Philippines. The main problem is the lack of enforcement of CNMI labor law. The Philippines Consul doesn't see improvement in CNMI's management of its nonresident workers. A total of 390 workers have filed labor complaints with the Consul including 108 wage disputes, 85 non-payment of overtime, and 35 illegal deductions. Maids, club/bar, and construction workers have lodged the majority of complaints at the Consulate.
- Many Filipinos come to the CNMI as tourists and later change their status to nonresident workers. While statistics on the actual number of persons who accomplish such an act is unknown, many cases have been reported.
- 8) The Labor and Immigration Identification and Documentation System (LIIDS), the automated data tracking system, is a functioning prototype. It has documented approximately 21,000 nonresident workers. By June 1997, the CNMI expects all nonresident alien workers to be identified within LIIDS. It is estimated that \$3.5 million is needed for further development of system.

9) Many Chamorros are living at the poverty level or below. In FY 1996 1,110 households (4,234 persons) in the CNMI received food stamps. The gross dollar amount of the Nutrition Assistance Program in FY 1996 was \$3,512,809 as compared to \$3,926,159 in FY 1995.

10) Low paid non-resident alien workers are the same as indentured servants. They pay large recruitment and management fees in order to work in the CNMI and become indebted to recruiters before leaving their home country. They work for low wages in the CNMI which makes it difficult to repay the debts they have incurred.

In the bar/club labor sector, it has been found that fees an employee paid to the recruiter ranged from \$200 to \$1000.

In the janitorial and security guard industry sectors, non-permissible deductions have been documented for airline tickets, recruitment fees and uniform costs. These costs eroded employee overtime earnings. Employees are reticent to initiate timely complaints. Firms pay straight time to its employees for hours worked over 40 hours per week. Many firms cannot pay their employees on a scheduled payday due to problems collecting money from the accounts receivable.

Between January and May of 1997, U.S. Department of Labor Wage/Hour investigated three garment manufacturers and found that employees paid a recruitment fee and airline ticket averaging \$2,981.00. Additionally, Wage/Hour met with an official from the PRC Ministry of Foreign Trade and Economic Cooperation (MOFTEC) for an information exchange meeting on May 20, 1998. It was learned that the People's Republic of China (PRC) permits its authorized government recruitment agencies to charge up to 25 percent of an employee's net pay for a two-year period. The 25 percent net earnings fee is the maximum charge (exclusive of airline ticket) that can be assessed for an employee who goes through two middlemen (Chinese Garment Factory and Provincial Government Recruitment Agency). The maximum fee charged for employees who were hired through one middleman (Provincial Government Recruitment Agency) is 12.5 percent of the net earnings for a two-year employment period. Fees are pro-rated over a two-year period and pre-paid in the People's Republic of China.

Here is a breakdown of the Chinese worker's true wages based on the above MOFTEC criteria. It should be noted that the MOFTEC criteria conforms with the three recent investigations:

****For example, an overseas Chinese worker is paid \$2.90/hour in the CNMI. She works an average of 50 hours per week. His/Her gross pay, including the overtime premium is \$159.50. The weekly equivalent of the allowable monthly lodging deduction of \$100.00 is \$23.25. The weekly equivalent of the allowable monthly food deduction of \$100.00 is \$23.25. EICA/Medicare tax at 7.6 percent of gross is \$12.13. CNMI Income Tax is approximately 8 percent of gross for another deduction of \$12.76

****Weekly net pay is \$88.11. The maximum weekly recruitment fee based on 25 percent of net pay is \$2.03. The weekly recruitment fee is multiplied by 104 weeks. The total recruitment

fee due is \$2,290.86. Therefore, the employee must remit their entire net earnings for 26 weeks (six months) before they can begin to save their net earnings. For those employees being charge the minimum recruitment fee, they would remit 13 weeks (three months).

****The recruitment fee percentage does not include the cost of the airplane ticket, which would further indenture the overseas Chinese worker.

****Total maximum recruitment fee plus the cost of the airline ticket (approximately \$550.00) leaves the overseas Chinese worker with \$6322.58 net earnings for a two-year period based on a 50-hour work week at \$2.90/hour.

****Total maximum recruitment fee (excluding the cost of the airline ticket and permissible deductions for lodging, meals, and taxes), effectively reduces the gross hourly wage rate by 44 cents per hour from \$2.90 to \$2.46 for the two year period of employment based on a 50-hour work week).

****It costs approximately \$550/one way to fly from Beijing to Saipan on an American air carrier. This would further reduce the gross hourly wage of \$2.46 down to \$2.35/hour for two-year period of employment (based on a 50-hour work week and excluding the cost of the airline ticket and permissible deductions for lodging, meals, and taxes).

11) The CNMI Department of Immigration and Labor has a policy that an employer must have a bond for each employee. Bond requirements include three months salary and paid return transportation to home country. CNMI authorities report bond companies have responded in CNMI labor cases. In the recent Bangladesh case, some of the bonding companies have made partial payments and the remaining balance is not due for 90 days. It is unknown at this point if the bonding companies will uphold their financial commitments or not.

Federal authorities report that the bonds can only be called through an action initiated by the CNMI Department of Labor and Immigration. Federal authorities report bond companies have not responded in federal labor cases

12) Chinese and Bangladesh workers have no agency on island to act on their behalf. The Filipino worker can lodge his/her grievance at the Philippine Consul. For this reason it is believed that worker abuse may be higher among the non-Philippine workers.

Federal Labor Accomplishments:

U.S. Department of Labor/Wage and Hour Division:

During FY 1996, two investigators from the Wage and Hour Division conducted 32 investigations in the Commonwealth, 29 in Saipan and three in Rota. The investigations in FY 1996 resulted in the recovery of back wages of nearly \$420,000 due to 693 workers. In the first three months of FY 1997, the Wage and Hour Division completed 11 investigations resulting in back wages payments amounting to \$70,000 to over 600 workers. In addition to obtaining the payment of the back wages owed to these workers, the Wage and Hour Division has also assessed a total of over \$380,000 in civil money penalties against the employers found to be violating the Fair Labor Standards Act.

As of March 1997, 23 labor cases remain unresolved including 9 garment, 5 bar/girl, 3 construction, 1 janitorial, and 2 security. These unresolved cases affect 1163 employees. Out of \$3,485,136 in back wages owed from these unresolved cases, only \$245,524 has been collected.

In two additional cases where Wage and Hour has obtained judgements against individuals involved in operating businesses that have been found to owe but have not paid back wages to workers, the Wage and Hour Division and the DOL's Solicitor's Office are attempting to locate funds that have been taken out of the CNMI by the individuals responsible for operating these businesses.

These investigations conducted by the Wage and Hour Division were concentrating in businesses that principally employ foreign workers. Those businesses include garment, construction, guard and watchman services, night clubs, hotels and restaurants, petroleum services and heavy equipment repair services. During the past twelve months, the majority of resolved labor cases were in the security and janitorial sectors with a several cases in bar/girl, construction, CNMI government, and retail sectors.

During the past year the Division developed information fact sheets that describe the general requirements of coverage under the Fair Labor Standards Act. Currently, industry specific fact sheets are available for garment, janitorial and guard and watchman industries. Additional fact sheets by industry are in the development stage.

In keeping with the Wage and Hour's commitment to provide on-going training for the CNMI staff at the CNMI Department of Labor, the Wage and Hour Division over the next several months will work with senior CNMI labor officials to develop and present an advanced investigator skills building training session for investigators and other staff in the CNMI.

U.S. Department of Labor: Solicitor's Office

Labor attorneys continue to file and prosecute cases of wage violations, child exploitation, and OSHA collections and enforcement. In addition to serious wage violation cases, the Solicitor's Office has uncovered employers recruiting and employing underage women to dance nude and engage in sex with customers on stage, transporting young women to other countries to work as prostitutes, and underpaying the women with unlawful deductions from paycheck.

The Labor attorneys have established a good working relationship with the Philippine Consulate in the CNMI as well as the Justice, FBI, and Labor equivalents in Manila. In addition, private investigators have been hired in Manila to interview individuals regarding compliance with the District Court judgements and to conduct asset searches of Judgement debtors. Also, the DOL Solicitor's Office, through the Department of State, is initiating discussions with the People's Republic of China to consider sending a delegation of Justice and Labor officials to Beijing to meet with equivalent PRC officials to discuss labor issues relating to laborers sent by the PRC to the CNMI.

It is anticipated that the DOL attorneys will intensify their search for ways to protect witnesses. In addition, referrals for litigation, will be given a high priority in order to secure payment of back wages to the primarily non-resident workforce in the CNMI, to enjoin abusive labor practices, and to protect federal witnesses from abuses by both private employers as well as by the Government of the CNMI.

Table 1 --- U.S. Department of Labor CNMI CASE REPORT

UNITED STATES DISTRICT COURT CASES FILED: <u>FAIR LABOR STANDARDS ACT:</u>	FY		
	<u>1995</u>	<u>1996</u>	<u>1997</u>
Complaints Filed	3		3
Preliminary Injunctions	2		
Consent Judgments	2		1
a. \$136,189 for 376 Chinese workers			
b. \$692,569 for 123 Filipino and Bangladeshi workers			
c. \$258,765 for 74 Filipino			
Default Judgments	1		
a. \$513,416 for 43 Filipino and Bangladeshi workers			
Appeal to Ninth Circuit		1	
a. Remand from Ninth Circuit [case tried in 1994] \$594,432 for 120 Filipino workers			
Contempt [Failure to meet terms of Consent Judgment "b" and pay \$692,569; new action resulted in Order to pay \$905,709 for 146]			1
Pending Case [Filed Jan. 17, 1997]			1
TOTAL	8	1	6

SUMMARY OF FAIR LABOR STANDARDS ACT CASES:

1995 Three complaints and five court actions filed against three employers.
 1996 One appellate action completed against one employer.
 1997 Two complaints and one court action filed against three employers.

OCCUPATIONAL SAFETY AND HEALTH ACT

<u>COLLECTION CASES FILED:</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>
	2		4

1995 A total of \$70,000 was collected through court actions.

1997 A total of \$68,642 was collected through court actions.

An additional \$22,500 was collected through informal settlements.

ADMINISTRATIVE LAW JUDGE OCCUPATIONAL SAFETY AND HEALTH ACT

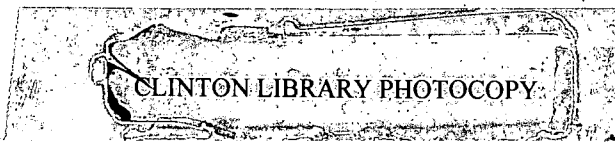
<u>CASES PROSECUTED TO CONCLUSION</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>
	23	9	20

CASES PENDING

1995 A total of \$224,159 in penalties were affirmed through ALJ proceedings

1996 A total of \$128,000 in penalties were affirmed through ALJ proceedings.

1997 A total of \$169,781 in penalties has thus far been affirmed through ALJ proceedings.



U.S. Department of Labor/Occupational Safety and Health Administration (OSHA):

Table 2 -- OSHA---Enforcement Data from March 1, 1996 to February 28, 1997

<i>Results</i>	<i>Totals</i>	<i>Construction</i>	<i>Garment Manufacturers</i>	<i>Labor Camps</i>
1. No. Of Inspections Conducted	231	61	42	127
2. No. Of Violations Issued	445	86	91	268
- No. Of Serious Violations	202	70	45	87
- No. Of Willful Violations	9	8	1	0
- No. Of Repeat Violations	12	2	4	6
3. Violations Per Inspection	1.9	1.4	2.2	2.1
4. % of Violations that are Serious	45.4%	81.4%	49.5%	32.5%

OSHA Enforcement Data for FY1995

<i>Results</i>	<i>Totals</i>	<i>Construction</i>	<i>Garment Manufacturers</i>	<i>Labor Camps</i>
1. No. Of Inspections Conducted	23	12	0	7
2. No. Of Violations Issued	139	83	0	29
- No. Of Serious Violations	104	78	0	10
- No. Of Willful Violations	0	0	0	0
- No. Of Repeat Violations	8	0	0	2
3. Violations Per Inspection	6.0	6.9	0	4.1
4. % of Violations that are Serious	74.8%	94.0%	0%	34.5%

OSHA Enforcement Data for FY1996

<i>Results</i>	<i>Totals</i>	<i>Construction</i>	<i>Garment Manufacturers</i>	<i>Labor Camps</i>
1. No. Of Inspections Conducted	202	33	42	126
2. No. Of Violations Issued	429	77	87	265
- No. Of Serious Violations	210	61	44	98
- No. Of Willful Violations	5	5	0	0
- No. Of Repeat Violations	7	2	2	3
3. Violations Per Inspection	2.1	2.3	2.1	2.1
4. % of Violations that are Serious	47.3%	79.2%	50.6%	37.0%

OSHA Enforcement Data for FY1997

<i>Results</i>	<i>Totals¹</i>	<i>Construction</i>	<i>Garment Manufacturers</i>	<i>Labor Camps</i>
1. No. Of Inspections Conducted	29	28	0	1
2. No. Of Violations Issued	48	23	0	21
- No. Of Serious Violations	26	18	0	7
- No. Of Willful Violations	5	4	0	0
- No. Of Repeat Violations	5	0	0	3
3. Violations Per Inspection	1.7	0.8	0	21
4. % of Violations that are Serious	54.2%	78.3%	0	33.3%

The Northern Marianas College (NMC) concluded an eighteen-month cooperative agreement with OSHA. Under the agreement, NMC provided outreach seminars and training workshops to assist employers, at no cost, in complying with OSHA regulations and requirements. The NMC held 32 seminars/workshops and trained 1,836 participants. The outreach, training, and education program was considered successful by both the NMC and OSHA.



National Labor Relations Board:

During the past year the National Labor Relations Board received 40 unfair labor practice charges and two representation cases involving various employers in the CNMI. During that same period, 42 cases were closed involving, inter alia, about 160 discriminates. The entities at which these cases arose employed over 1500 employees. During the past year the NLRB conducted three elections involving over 650 employees, and conducted two post-election hearings concerning objections raised by parties to conduct asserted to have unfairly influenced the result. Ten pending charges, involving various employers who employ over 1000 employees, will be completed in the near future, with the realization that there will be an influx of new cases as well.

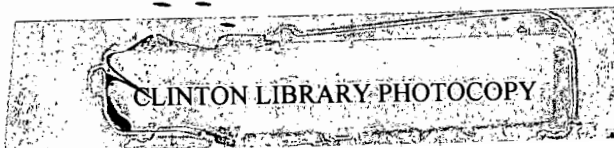
Union organizing in the CNMI has been broad-based, and NLRB case filings have involved virtually every aspect of the CNMI's economy, including hotels, a brewery, restaurants, department stores, grocery stores, shoe stores, bakeries, supper clubs and garment manufacturers. While organizing activity had been concentrated primarily among nonresident workers of Philippine ancestry, the NLRB has within the past six months received a number of cases involving Chinese, Thai, and Bangladeshi workers. A recent election involving 350 employees of a Saipan garment manufacturer was conducted in five different languages (Tagalog, Chinese, Korean, Thai and English).

CNMI Labor Efforts:

CNMI Department of Labor and Immigration

The automated tracking system, Labor and Immigration Identification and Documentation System (LIIDS), has become a functioning prototype identifying and documenting nonresident alien workers. It can access over 33,728 records in prototype. Over 21,000 persons have been identified in the system. Once a labor permit application has been processed, the application with its documentation is added to the system. A search engine can use any one of five criteria to locate an individual record or group of records in the labor pool. The system is staffed by several data-entry personnel who enter required data and generate output, including photo embossed transportation letters and the plastic, credit card style, photo-embossed, "Entry Permit" issued to all newly arriving nonresident workers. According to the CNMI Immigration and Labor Department by June 1997, all non-resident workers will be identified as the annual permit renewal cycle comes to an end. Further system development is needed including project plan, security, personnel, hardware and software.

A total of 635 labor complaints by nonresident workers were filed in 1996 with the CNMI Department of Labor and Immigration. In addition to the increase of labor hearings being brought to trial, additional inspection and compliance investigations were conducted. Mediation and Compliance divisions have been developed. These two divisions will try to meet labor needs and try to resolve problems before they become labor cases. The Compliance Division has three inspectors dealing primarily with garment companies and conducting surprise inspections. In 1996, the Administrative Hearing Officer cleared the hearing backlog. The caseload increased by 400% from 250 cases in 1995 to 1,000 in 1996. A total of \$2 million was ordered to be paid to workers or the CNMI government (it is unknown how much of the \$2 million has



actually been paid). Over 1000 workers were ordered to be transferred. A total of 75 employers were barred from hiring non-resident workers.

The revision of the labor code funded under a grant to the CNMI has not been completed; a draft is under review by the CNMI government.

Table 3 -- CNMI Labor Statistics
Non-Resident Worker Permits Issued by Year ¹

Year	1992.	1993	1994	1995	1996
# Permits	23,027	22,766	22,560	22,105	28,110

Labor --- Case Load ²

Cases	1995	1996	1997 (as of 3/6/97)
Complaints filed	610	634	115
Investigations	266	280	4
Judgements			
Declined	--	--	5
Pending	--	--	--

Labor -- Types with numbers of Cases filed ²

Type	1995	1996	1997 (as of 3/6/97)
Wage Nonpayment	320	207	56
Overtime	203	116	20
Illegal Pay Deductions	53	65	5
Health & Safety	--	5	3
Employer-filed	--	12	5
Other	34	239	26

¹ Information provided by the Labor/Immigration Identification/Documentation System

² Information provided by the CNMI Department of Labor and Immigration

Karidat: ..

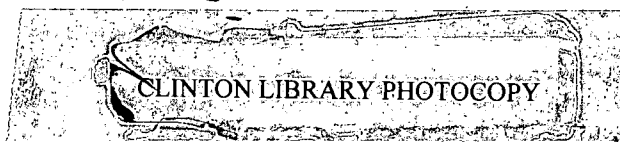
Through the Initiative, the local Catholic charity that cares for desperate workers provided food, shelter, and other assistance to 550 guest workers in 1996. Each worker had filed a formal labor complaint with the CNMI. Those workers with grievances who have not filed a formal complaint cannot receive assistance from Karidat.

B. Immigration -- Initiative Findings and Efforts

Immigration-related Findings:

- 1) The number of nonresident alien worker permits being issued increased from 22,105 in 1995 to 28,110 in 1996, a 30% increase in one year. See Table 3.
- 2) The total population increased from 43,345 in 1990 to 58,846 in 1995. In 1995, the number of U.S. citizens was 27,478 and the number of non-U.S. citizens was 31,368. Non-U.S. citizens include both FAS citizens and permanent and temporary residents
- 3) There is a proliferation of Chinese garment workers. The CNMI Department of Commerce reports that there are currently 46 licenses issued for potential garment factories. Most licenses must be renewed by May 28th or they expire. It is estimated that of the 46 licenses, most will not exercise the option to build a new factory. In May 1996 before the new law was passed which lifted the moratorium on garment business licenses, 19 garment factories were licensed and in operation in May 1996. By March 1997, there are 24 factories, five or six new companies have exercised the right to start building a factory since the limitation was raised. The Department of Commerce reported that as of July 31, 1996, there were 11,018 foreign contract workers working in the garments factories. As a result of lifting the ban, there is a potential for 2500 new garment workers which could bring the number to 13,500 garment workers. According to the 1995 Census, twenty-one percent of employed workers in the CNMI work in the garment industry. In 1995, CNMI exported \$425.9 million in garments.
- 4) The CNMI does not require visas for investors. A business entry permit allows foreign businessmen to come to the CNMI with \$50,000 to set up a business. There is no evidence that the CNMI verifies or authenticates the amount, nature or source of the claimed investment.
- 5) The CNMI labor system invites specious labor claims in order for nonresident alien workers to stave off deportation. Workers are prohibited from transferring to other jobs. Once a labor complaint has been filed, the CNMI cannot deport the worker until the case has been adjudicated. Currently, an alien seeking to change employers must either depart from the CNMI and seek a new work permit, or file a labor complaint against his/her current employer. This system encourages frivolous labor complaints, on the one hand, by aliens seeking to change employers or extend their status at the end of their contract. On the other hand, this forces many aliens to go "underground" and engage in unlawful employment.
- 9) Out of the 203 persons deported in 1996, 152 were Chinese nationals and 28 were Filipino. During the same period of time, there were 2,962 voluntary departures and 354 exclusions at port of entry. A total of 98 arrest warrants were issued for violations of immigration policy.

- 10) Two separate databases exist within the Department of Labor and Immigration for incoming non-residents. Two cards are issued to nonresident workers, entry permit from LIIDS and an identification card from the Immigration Department. The entry permit and ID card hold the same permit number. LIIDS is an automated data system and the Immigration Division's system is manual. The manual immigration permit system is labor intensive and appears to be duplicative of LIIDS.
- 11) There appears to be a number of underage "dancers" and other underage workers in the CNMI. Many of these persons are alleged to be engaged in prostitution. CNMI lacks the resources to determine the authenticity of birth certificates and other documents, and therefore, in many cases, simply admits these persons on the basis of approved work permits. The INS fact-finding team received significant information from a variety of reliable sources that many aliens working in the four-block area of downtown Garapan, the hotel district, are in violation of their CNMI immigration status. Most are females working in karaoke clubs as strippers and prostitutes. No evidence of any immigration enforcement operation in that area has been identified in the past year.
- 12) There is no visa requirement for travel to the CNMI. Further, in many cases, particularly those involving nonresident workers and short-term business visitors, the local immigration and labor authorities fail to screen properly for admission to the CNMI.
- 13) Immigration inspectors lack adequate training and understanding of basic immigration concepts. The strongest indication of the lack of an effective inspections system is the large population of several thousand persons illegally in the CNMI. CNMI currently has no effective, institutionalized training program for any of its immigration officers. No discernable progress has been made in the past year in the area of training.
- 14) CNMI lacks an adequate immigration investigations system. There are approximately five immigration investigators in the CNMI, up from one investigator in 1992. No worksite enforcement inspections are being conducted. CNMI policy diverts investigators from their day-to-day investigations duties. For example, the investigator must be present and testify at deportation proceedings which takes him away from his daily duties. 187 persons were deported in 1987 with one investigator when with five investigators the CNMI deported 203 persons in 1996. As a result, an average of 40 deportations per officer occurred in 1996 as compared to 187 per officer in 1987.
- 15) INS reports indicate that the CNMI has had limited success in improving immigration control, including adjudications, examinations, inspection, and investigations. CNMI immigration worksite enforcement is non-existent. In terms of a worksite enforcement program, the CNMI seems to have an ideal environment for a very effective program. The island is small (less than 47 square miles), has only one main road, one airport, and one seaport, and the illegal alien population is estimated at less than 4000 persons.
- 16) Chinese alien smuggling is occurring between Rota and Guam. Chinese, having entered the



CNMI at Saipan travel to Rota where they are then smuggled into Guam by a small boat landing on the secluded northern end of Guam.

- 17) LIIDS has not been developed to the stage of performing immigration functions. The CNMI has not been communicating sufficiently with INS during the development of the LIIDS project. The project manager position has been vacated and refilled three times during the past year. A formally-designated LIIDS Project Manager has not existed for several months; the acting manager has been consumed by day to day operations with no time, staff, or contract support directed towards LIIDS development. After two years into the development cycle and after numerous specific requests, INS received some preliminary development information. A project plan and a functional requirements document that should have been developed has never been received.
- 18) Further expansion of LIIDS could be complicated by a network environment where remote terminals will eventually be located at the Saipan airport and seaport, Rota airport, Tinian airport, the alien detention center, the labor and immigration adjudication office and the office of the immigration attorney responsible for all alien removals. While this is necessary, attention should be paid to the need for a robust development platform, currently Microsoft Access, that will be able to adequately handle the additional load. INS suggests that Microsoft Access may not be the appropriate platform for the final system.
- 19) During down time at the airport, Immigration inspectors manually match paper CNMI forms (Form 958 -- arrival and departure forms, almost identical to the INS form I-94). Their task is to match arrivals with departures, destroy the matched-set, and generate a handwritten list of non-matches -- alleged overstays. This is exactly what LIIDS has the potential to eliminate yet this manual process goes on daily with no relief in sight. The airport Inspections team has not been approached by the LIIDS Project Team to seek their input into LIIDS, as a major end item user.
- 20) Immigration control is questionable with hundreds of thousands of tourists entering, thousands of alien workers overstaying their work permits, foreign businessmen entering with few restrictions, and the foreign criminal presence is increasing.

Federal Immigration Efforts:

US Immigration and Naturalization Service (INS):

The INS stationed an INS officer in the CNMI for a two-year period beginning April 30, 1996. The officer has represented INS in the CNMI while surveying the training needs of CNMI immigration officers, conducting immigration related training, assisting in the coordination of CNMI Immigration and Labor departments in implementing effective systems and business practices and reporting topics of immigration concern, both to the CNMI and to the INS.

The INS Office of Information Resources (HQIRM) has provided technical assistance to the CNMI to facilitate CNMI's development of the CNMI's Labor and Immigration Identification and Documentation System (LIIDS) to support immigration processes. INS plans to perform an independent validation and verification of CNMI's automated system development process and products and make recommendations for optimal system effectiveness. The system must have compatibility with INS data bases. LIIDS has made limited progress in the last twelve months. The CNMI has established prototype, temporary worker data collection capability, but not immigration function capability. However, the capability lacks the substantial planning, the determination of functional requirements, the systems design, and the development necessary for a system capable of reliable, high-volume activity. Recent reports indicate the CNMI is in the process of acquiring contractor support, which the INS believes critically necessary to accomplish systems development. INS considers the implementation of an automated arrival and departure control system to be a top priority for the CNMI Immigration Department.

INS is exploring the possibility of increasing its training presence within the CNMI, including detention, forensics, investigative and management training.

CNMI Immigration Efforts:

Table ---- 4

Immigration

Deportations by Nationality¹

Year	Deported Chinese Nationality	Deported Filipino Nationality	Deported Other Nationality	Total number Deported
1997 (as of March 5, 1997)	28	20	4	52
1996	152	38	13	203
1995	6	35	1	42
1994	6	66	3	75
1993	6	46	2	54
1992	93	86	8	187

Immigration -- Arrest Warrants¹

	1995	1996	1997 (as of March 6, 1997)
Arrest warrants		189	96

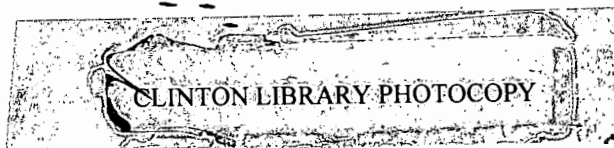
Immigration -- Exclusions at Port of Entry¹

	1995	1996	1997
Exclusions		354	

Immigration -- Voluntary Departures by Year¹

Year	1990	1991	1992	1993	1994	1995	1996
Departures	86	75	159	1561	1333	2036	2962

¹ Information provided by the CNMI Department of Labor and Immigration



The Department of Labor and Immigration has undergone a reorganization. The employees have a renewed sense of ethics and dedication. CNMI officials report improvement of their employees' performance and attitudes towards their jobs.

The new detention facility at the airport is another important step towards improving immigration control. It can hold up to 36 detainees. For example, in March eight Chinese were being detained for deportation awaiting possession of passport and eight Bangladesh were being detained and denied entry into the CNMI awaiting return transportation to Bangladesh.

Deportations increased over the past year. Over half of the workers have been already deported; the other half are in adjudication. The Department is using deportations in lieu of criminal proceedings.

The Department of Labor and Immigration has been investigating an employment recruitment scam of Bangladesh workers who were granted work permits with no job certification in the CNMI. CNMI is going to try to prosecute the recruiter on local and federal charges. They are attempting to extradite the recruiter from the Philippines where he fled after the scam was uncovered. The CNMI is trying to repatriate the unemployed Bangladesh workers. The Administrative Labor Court has ruled that bonding companies are to pay three months of wages for unemployed workers. The companies have 90 days to complete payments. As of May 8, 54 workers were issued temporary 90-day work permits, which will be reviewed on August 6. At that time, the employers can decide if they want to sign a full-year contract under usual procedures, or they are absolved, and the workers will be repatriated to Bangladesh. Another 14 have applied for temporary work permits and are being currently being processed. A total of 38 workers have found permanent jobs on a one-year contract. This leaves 27 worker cases unresolved, many of these workers have not come forward. Karidat did provide temporary shelter and food for the workers. CNMI Labor Officials traveled to Bangladesh, Nepal, and Thailand to meet with foreign government labor officials and foreign manpower agencies to inform them of scams and to try to stop further exploitation of workers.

C. Law Enforcement -- Initiative Findings and Efforts:

Law Enforcement-Related Findings:

1) Many cases cannot be brought to trial because of lack of documented evidence. The CNMI is unable to properly investigate and present convincing evidence because of lack of adequate investigation skills and no criminal laboratory. Much important evidence is not able to be processed because of the lack of a forensic lab.

2) Criminal enterprises active in the CNMI are comprised of Japanese organized crime members and Chinese criminal elements, primarily from the Fujian Province of the People's Republic of China.

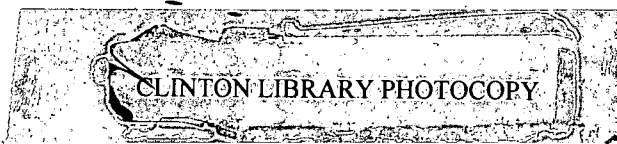
The number of Chinese criminals is growing in the CNMI. Many of the crime problems in the CNMI can be attributed to the activities of organized criminal groups. The criminal activities in which these groups engage include a wide range of racketeering activity, such as prostitution, drug trafficking, firearms trafficking, extortion, illegal gambling, murder, and public corruption. Chinese criminal enterprises include the smuggling of illegals into the CNMI. It is reported that these groups have gained operating footholds in the CNMI through the use of business permits issued upon "invitation letters" from the CNMI. After establishing a "front" business, these Chinese groups obtain fraudulent immigration documents for members and associates in China to enter the CNMI and work for the front company, often in the karaoke bar business as waitresses. One of the activities in which these Chinese groups are involved is encouraging women who reside illegally in the CNMI to engage in prostitution. They coerce the women through intimidation, threat of physical harm, and similar means. Information exists that occasionally women who refuse to cooperate are kidnaped, raped, and physically tortured. As a result of this intimidation, many of the victims are reluctant to cooperate with law enforcement authorities. Chinese organized crime groups also recruit prostitutes from the Chinese female garment workers. Other Chinese women willingly come to the CNMI to intentionally engage in prostitution.

In 1995, Saipan experienced 10 homicides, the largest number of murders in the island's history. Among those murders were two young Chinese females, who it is believed were murdered either for refusing to engage in prostitution or for cheating gang members. A Chinese businessman was presumed murdered when his blood-stained car was found in a remote area. A man and woman from Hong Kong, also are missing and may have been murdered.

Japanese organized crime members are involved in the trafficking of crystal methamphetamine and firearms, as well as gambling, in the CNMI. Indications are that these organized crime members engaged in illegal activity tend to enter the CNMI as tourists or under business certificates.

- 2) At least six of the drug cases prosecuted in the CNMI by the U.S. Attorney had, as defendants, known Yakuza members or self-described "former members". ATF has investigated four defendant cases on Yakuza in the CNMI over the past 12 months. In comparison, no Yakuza cases were found in Guam this year.
- 3) CNMI has become a drug transshipment point for Australia, Canada, and Hong Kong. During the month of February, 1997, 14 kilograms of heroin were hidden in bronze statues destined for Saipan, CNMI. The heroin was intercepted by the DEA. The DEA CNMI/Federal Task Force conducted a controlled delivery of the statues, containing a representative sample of heroin to a Republic of China national residing in Saipan. Subsequently, with the cooperation of the accomplice in Saipan, another controlled delivery was conducted to two Chinese nationals in Calgary, Canada. It appears that this particular organization consisting of ROC nationals are using Saipan as a transshipment point to ship heroin to either Australia or Canada via DHL or UPS express mail service. This is the first indication that Saipan and express mail service are being used to tranship drugs.
- 4) The CNMI reports that \$7,089,392 in marijuana and methamphetamine has been seized in 1995 and 1996. [Criminal Justice Planning/CNMI Drug Task Force]
- 5) Prostitution and Child Exploitation: A case exposed international movement of bar workers who have been a part of a pornography ring with underage women being forced to perform live sex acts on stage in the CNMI.
- 6) A lack of specialized training hampers the best efforts of well-meaning members of the local law enforcement community of the Department of Public Safety including police officers, detectives, and corrections officers.
- 7) The CNMI Vital Statistics Department and the Commonwealth Health Center in Saipan are presently without adequate security measures in the issuance of Certificates of Live Birth. The use of printing templates and Banknote/Safety paper by these offices could vastly reduce the possibility of counterfeited birth certificates.
- 8) There have been allegations of public corruption from bribes and kickbacks related to immigration, gambling license, health care matters, drug trafficking and related criminal activity.
- 9) The imminent development of casino gambling on Tinian causes concerns associated with money laundering, credit card fraud, and organized crime. In addition, the impact on the corrections system by the types of crimes and the number of arrests will make current three cell police lock-up on the Tinian and the other correctional facilities on Saipan inadequate. Facilities are already inadequate for current concerns. The Tinian police department has already expressed concern about not having enough officers to deal with problems associated with the developing casino industry.
- 10) Murders statistics are 10 in 1995; 4 in 1996; and 2 in first two months of 1997.

- 11) Domestic Violence increased 60% in 1996 from 778 victims in 1995 to 1062 victims in 1996.
- 12) There is a trend of increased gun trafficking in CNMI and Guam. Firearms which are being found in the CNMI predominantly originate from Guam. Firearms are leaving CNMI and going to Japan for purchase at a high price.
- 13) Credit card fraud is a major concern in the CNMI. CNMI can provide a haven for money-laundering and credit card fraud.
- 14) Many rape cases are not prosecuted due to lack of forensic evidence. Many non-resident alien victims fail to report cases to authorities because of fear of retaliation, loss of employment, or loss of face.
- 15) CNMI has not adequately addressed correctional facility deficiencies and public safety needs.
- 16) The CNMI controls local immigration and customs and does not adequately enforce those laws.
- 17) Criminal child exploitation in the CNMI and transportation of prostitutes from the CNMI to other Asian countries and Pacific islands has been uncovered.



Federal Efforts:

Under the Initiative, Additional federal law enforcement personnel have been stationed in the CNMI including one Assistant U.S. attorney, one FBI agent, and one Deputy U.S. Marshal. Three more law enforcement personnel are being recruited including another Assistant U.S. Attorney, an FBI agent, and a DEA agent.

Table 5 ----- **Federal District Court**

Criminal Cases (by specific type i.e. civil rights prosecutions; immigration; official corruption; labor management offenses; violent crime including assault and battery; prostitution; rape and; narcotics prosecution; organized crime; white collar crime; government regulatory offenses including customs, health & safety violation, and money laundering)

Criminal Cases by <u>specific type</u>	FY 1995	FY 1996	FY 1997 as of 3/11/97
number of cases filed			
Investigations conducted			
Cases prosecuted	23	38	20
Cases declined	6 Dismissed 2 removed	3 dismissed 2 removed	5 dismissed
Cases pending	3	14	19
Convictions	12	19	10

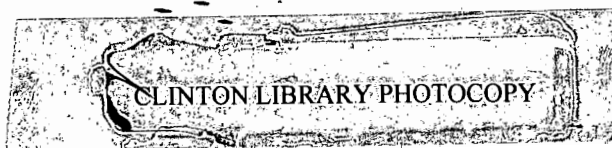
Civil Cases (by specific type, i.e. civil rights, immigration, enforcement, labor management)

Civil Cases by <u>specific type</u>	FY 1995	FY 1996	FY 1997
Number of cases filed	55*	54**	20***
Investigations conducted			
Cases prosecuted			
Cases Declined			
Convictions			

* 8 cases involving the U.S. Court, all have been closed

** 10 cases involving the U.S. Court, all have been closed

*** 7 cases involving the U.S. Court, 3 cases pending and 4 cases are closed



United States Attorney:

Table 6 -----

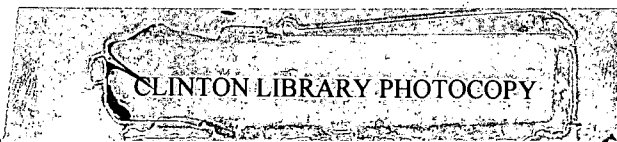
United States Attorney

Criminal Cases (by specific type i.e. civil rights; immigration; official corruption; labor management offenses; violent crime including assault and battery prostitution; rape; narcotics prosecution; organized crime; white collar crime; government regulatory offenses including customs, health & safety violation, and money laundering)

Criminal Cases	FY 1995	FY 1996	FY 1997 (through 3/97)
Cases filed	24 - 1 official corruption 11 narcotics 4 white collar 2 gvt. regulatory 1 other	47- 1 official corruption 23 narcotics 2 organized crime 7 white collar 9 gvt. regulatory 5 other	28 - 14 narcotics 2 white collar 3 gvt. reg. 9 other
Cases declined	1 - 1 other	1- 1 other	3- 1 civil rights 1 official corruption 1 gvt. reg.
Cases pending under investigation		5- 1 civil rights 1 official corruption 1 violent crime 1 gvt. regulatory 1 other	10- 1 civil rights 1 official corrupt 1 labor offense 3 narcotics 2 white collar 1 gvt. reg. 1 other
Convictions (# defendants)	11 -6 narcotic, 1 white collar, 2 gvt. regulatory, 2 other	28- 17 narcotic, 1 organized crime, 3 white collar crime, 6 gvt regulatory, and 1 other	9 - 6 narcotic, 1 white collar crime, and 2 gvt. regulatory offenses

Civil Cases (by specific type, i.e. civil rights, immigration, gvt. regulatory, labor management)

Civil Cases	FY 1995	FY 1996	FY 1997 (through 3/97)
Cases filed	9-- 3 labor offense 6 gvt. regulatory	14-1 civil rights 1 immigration 4 gvt. regulatory 8 other	7- 1 official corruption 2 labor offense 4 gvt. regulatory
Investigation conducted	1-1 gvt. Regulatory	4-1 civil rights 3 others	1-1 immigration



Federal Bureau of Investigation:

A task force operation has been established. The FBI-CNMI Task Force is composed of three FBI agents, two CNMI police officers and aided by a Department of Interior Inspector General agent. The FBI has traditionally had two special agents assigned full time to the CNMI. Two additional agent positions are being funded through the Initiative; the third agent was assigned in October 1995 and the fourth agent is currently being recruited. It is the sole purpose of the FBI-CNMI Task Force to investigate cases that will be prosecuted solely in Federal court.

The FBI has dedicated the majority of its investigative resources in the CNMI to address the most significant Asian criminal enterprises operating in the CNMI. Analysis of investigative information has demonstrated consistently that the most significant impact in the CNMI will be realized through the elimination of most active Asian criminal enterprises. The violent crime, public corruption, and racketeering activities including drug trafficking, fraud, public corruption, sexual exploitation and prostitution, are types of existing crimes in the CNMI. The FBI does not rank or prioritize criminal activity in the CNMI, other than identify organized crime and public corruption as the most significant crime problems in the CNMI. To address these activities, the FBI employs the use of long-term, sustained investigations in order to identify and dismantle the entire criminal enterprise.

White Collar crime, official corruption, racketeering and civil rights matters have been targeted for investigation by FBI-CNMI Task Force. Several white collar crime and public corruptions cases are under investigation.

Table 7 -----

Federal Bureau of Investigation (Federal Cases)

Criminal Cases	FY 1995	FY 1996	FY 1997(as of March 1, 1997)
Number of Federal Arrests		10	5
Number of Federal indictments		11	6
Number of Federal Convictions		12	2

The cases above are broken down as follows:

- 2 -- Drug
- 9 -- Organized Crime (Drug)
- 4 -- Organized Crime (Other -- Extortion/Racketeering)
- 4 -- White Collar/Public Corruption

Drug Enforcement Agency (DEA):

The DEA/CNMI Ad Hoc Task Force was formally established on February 28, 1996, through a memorandum of understanding. The task force consists of six Department of Public Safety officers (four at Saipan, one at Rota, and one at Tinian) and two Saipan customs officers. The members of the task force have made significant progress in establishing and debriefing confidential sources, initiating cases, arresting suspects, and seizing drugs and assets. The most notable change was the confidence level of each officer assigned to the task force. When first assigned, collectively, the officer appeared somewhat inexperienced in the cultivation and management of confidential sources. This had a direct negative effect on case initiation. However, with training, supervision by DEA personnel, and on-the-job experiences, each officer gained a higher level of self-confidence. Task force officers now are eager to establish confidential sources, initiate cases and target significant violators. Additionally, the CNMI task force has gained the respect of the community. DEA is working towards self-sufficiency of CNMI with its management and investigations of narcotic traffic.

Through the Initiative funding, a DEA agent will be assigned to the CNMI for two years beginning in 1997.

Three significant seizures amounting to 390.1 grams (net) of ice occurred in 1996 at the Saipan International Airport. The market price for ice is \$1000 per gram. A total of \$38,000 worth of assets have been seized.

DEA presented several training workshops for local CNMI law enforcement officials including drug awareness, asset forfeiture, raid planning and vehicle stops, and ballistic shield and live-fire shooting.

Table 8 ----- **Drug Enforcement Agency
(Federal Cases)**

Criminal Cases (Narcotics)	1995	1996	1997 as of 3/13/97
number of cases filed	3		
Investigations conducted	3	23	7
Cases prosecuted	3	19	7
Cases declined			
Cases pending		11	
Convictions	5	19	7

Civil Rights Division/DOJ:

The Civil Rights Division has opened four matters for federal investigation. The FBI and the U.S. Labor Department have been requested to refer any incidents which may involve labor abuses covered by federal criminal statutes prohibiting slavery and peonage directly to the Civil Rights Division for further investigation and possible prosecution.

Criminal Division Child Exploitation and Obscenity (CEOS):

CEOS is establishing a foundation for investigations of the transportation of women and minors into the CNMI for purposes of criminal sexual activity. Current intelligence indicates that some women have been brought from the Philippines and are beginning to be brought from China and other mainland Asian countries. Recently, the Department of Labor referred two matters to the CEOS, and in turn referred them to the United States Attorney's Office and to the FBI in the CNMI to pursue the investigations. Since the filing of the second annual report, CEOS has continued to develop a strategy for investigating and prosecuting cases of child sexual exploitation in the CNMI. CEOS further believes that the trafficking may involve illegal smuggling, document fraud, organized crime, and pornography. CEOS also is working with representatives of the countries from which the women are recruited to provide training and technical assistance, and a perspective on the global nature of trafficking. CEOS anticipates a site visit in 1997 to coordinate further and stimulate case development in conjunction with efforts in the women's home countries. CEOS and the United States Attorney for Guam and the CNMI will determine the appropriate timing for the in-person assistance for case development as well as assistance at trial.

National Institute of Corrections (NIC):

The National Institute of Corrections continues to work with the CNMI on its correctional needs. Since March 1996, the NIC has provided assistance in upgrading CNMI training programs and assessing the implementation of a new employee training program at the CNMI Community College. With the assistance of the Federal Bureau of Prisons, the NIC has assessed several potential sites for a new correctional facility and reviewed the blueprints that the Commonwealth had contracted to be developed. The plans were six years old and for a site no longer available.

Further assistance is planned in several areas: 1) continuing assistance in planning, site selection, and construction of a new correctional facility; 2) documenting policies and procedures; 3) developing an inmate classification program; and 4) developing inmate programs and services.

US Marshals Service:

The U.S. Marshals Service's primary contribution to the Initiative is the provision of support services to the federal judiciary. The increased investigative and prosecutorial activities in the CNMI has had a direct impact on the judicial system resulting in a 2% increase in the number of civil cases filed between the calendar years of 1995 and 1996; a 68% increase in criminal cases that were filed in the same time period; and a 123% increase in the number of prisoners handled. The U.S. Marshals Office in Saipan is staffed with two full-time Deputy

U.S. Marshals. One position is funded from the U.S. Marshals Service appropriation and the other position is funded from the Initiative. Two full-time deputies are necessary to meet the growing demands of the Federal Court in the CNMI.

U.S. Secret Service:

The Secret Service rotates an agent to the CNMI once every two months. Over the past year, the Service has noticed an increase of incidents warranting investigations. One counterfeit arrest has been made (a second should have occurred but CNMI deported the person before an arrest could be made). The Secret Service has investigated two bank fraud cases and two counterfeit cases in 1996.

Bureau of Alcohol, Tobacco, and Firearms:

Table 9 ----- **Bureau of Alcohol, Tobacco, and Firearms**

Criminal Cases	1995	1996	1997 as pf 3/11/97
number of cases filed	2	7	5
Investigations conducted	3	5	6
Cases prosecuted	1	3	1
Cases declined	0	0	0
Cases pending	1	2	4
Convictions	1	3	1

U.S. Customs Service

U.S. Customs Service provided law enforcement training for local law enforcement officers in safety and mental preparation in law enforcement, airport operations, passenger inspection and analysis of airline passenger manifests, seaport operations and cargo inspection, and K-9 (drug detecting dogs) operations. The Customs Attache in Tokyo has been working closely with Japan's National Police Agency to promote communication and the exchange of intelligence between the NPA and local and federal law enforcement agencies in Saipan. This new line of communication has been a significant factor in several successful drug cases in Saipan involving Japanese nationals.

Bureau of Diplomatic Security of the Department of State

Bureau of Diplomatic Security of the Department of State joined the federal law enforcement agencies in the Initiative in January 1997. The Service believes the CNMI has a high propensity for a significant amount of passport fraud. At the present time, three passport fraud cases are originating from the CNMI and will be presented to the U.S. Attorney's Office for prosecution. In an effort to develop a stronger case load of passport fraud investigations, Diplomatic Security plans training seminars to enhance the ability of the CNMI Immigration and police authorities to detect fraudulent, altered or photo-substituted passports. Diplomatic Security will work with appropriate CNMI officials to assist them in establishing effective countermeasures against counterfeit birth certificates.

The Service will provide training to the CNMI Department of Labor and Immigration on identification of fraudulent documents. The training will focus on passport and document fraud. In addition, the Service intends to work with the Commonwealth Hospital and Bureau of Vital Statistic to upgrade security of birth certificate documentation.

Inspector General of the Department of the Interior:

The Inspector General (OIG) assigned a senior criminal investigator to those task force investigations involving alleged violations of Federal criminal law in the CNMI, specifically white collar crime and public corruption. The OIG investigator is working with the FBI, under the supervision of the U.S. Attorney's Office in Saipan. Presently, eight investigations are being conducted by this office as part of the Initiative, five of which were based upon information provided by the OIG Office of Audits in Guam. These investigations represent a significant undertaking over a short period, given the complex, exacting, and lengthy nature, and intensive labor demands.

CNMI Law Enforcement Efforts:

CNMI Attorney General:

Revision of the Criminal Code is incomplete. The Office of the Attorney General is reviewing the draft and is attempting to toughen the revision.

Table 10 --- *Caseload of CNMI Criminal Prosecutor in 1996¹*

	Cases Filed	Cases Prosecuted	Cases Declined	Cases Dismissed	Cases Pending	Plea Bargains	Convictions
Burglary & Theft	124	45	26	4	6	2	35
Assault & Battery	116	35		4		1	33
Homicide	3				1		1
Embezzle- ment	3				1		1
White Collar	3						
Robbery	7			2		1	
Rape	3				1		
Sexual Abuse	10	2	4				2
Child Abuse	10		1	1			1
Domestic Violence	22	4	2	1	2		5
Prostitution	6						
Drugs	6	2		1			2
TOTAL	313	88	32	11	11	4	80

¹ Information gathered from the CNMI Office of the Attorney General, Criminal Division

Table 11 ----- *CNMI Investigations¹*

CNMI Drug Cases	1995	1996	1997
Investigations Conducted	3	2	1
Cases Prosecuted			
Cases Declined			
Cases Pending			
Convictions		Cases turned over to Federal Task Force	

CNMI Criminal -- Assaults	1995	1996	1997
Number of Complaints	5	7	1
Investigations Conducted	5	7	1
Cases Prosecuted			
Cases Declined	2		
Cases Pending		3 (filed by Criminal)	1
Convictions		2	

CNMI Criminal -- Homicides	1995	1996	1997
Number of Complaints	10	1	
Investigations Conducted	10	1	
Cases Prosecuted	2	4	
Cases Declined			
Cases Pending	Assisted DPS	Assisted DPS	1
Convictions	Assist DPS/ Suspected Suicide		

CNMI Criminal -- Rape	1995	1996	1997
Number of Complaints	2	2	
Investigations Conducted		2	
Cases Prosecuted		2	
Cases Declined	2		
Cases Pending		10 charges against one person	
Convictions			

CNMI Theft	1995	1996	1997
Investigations Conducted	10	26	
Cases Prosecuted	7	7	8 from 1995 & 1996

Cases Pending		14	
Convictions	7	Civil filed on land cases	

CNMI Misconduct	1995	1996	1997
Number of Complaints	8	26	4
Investigations Conducted	8	25	
Cases Declined	4	3	
Cases Pending		5	
Convictions	2	14 handled/3 convictions	

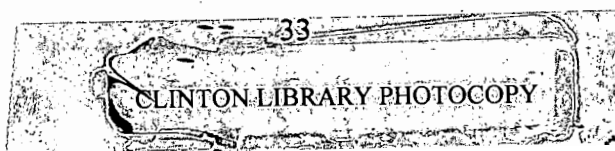
CNMI Witness Protection	1995	1996	1997
Number of Complaints	2	5	
Investigations Conducted	2	5	
Cases Prosecuted	2	5	2
Convictions (Protection Completed)		5	1

CNMI Civil	1995	1996	1997
Number of Complaints	8	34	1
Investigations Conducted	8	34	1
Cases Prosecuted	3	5	1
Cases Declined		1	
Cases Pending	5		1
Convictions		23 resolved administratively	

CNMI -- Labor and Immigration Related	1995	1996	1997
Investigations Conducted	15	32	
Cases Declined		2	
Cases Pending		4	
Filed Criminal	3		1
Filed Civil or Administrative	4		1

Statistics from CNMI Office of the Attorney General Investigations Unit -- 1995 caseload/106 cases, 1996 caseload/149 cases. Training and assistance to the Department of Public Safety, Immigration & Labor have been part of the function of this office.

Department of Public Safety:



The Department of Public Safety officers and investigators need more training. DPS is concerned with personnel corruption and drug abuse.

The CNMI budget provided \$14,154,000 last year for Department of Public Safety, which included Corrections.

Table 12 -----

CNMI LAW ENFORCEMENT

Drug Crimes*

CNMI DRUG CASES	1995	1996	Totals
Number of arrests	123	144	167
Investigations conducted	159	112	270
Cases declined	4	6	10
Cases pending	77	83	160
Convictions	18	12	30

* Department of Public Safety/Criminal Justice Planning Agency

Sexual Assault Incidents*

Sexual Assault Incidents	1995	1996	Totals
Child Sexual Abuse	107	69	176
Adult Sexual Assault	15	44	59
Adult Molested as Children	12	3	15
Totals	134	116	250

*Victims of Crime Assistance Project/Criminal Justice Planning Agency

Correctional Facility:

The current correctional facility has 95 inmates, including six non-residents. Jail detention has 15 cells with two inmates per cell. Corrections has 32 rooms with two inmates per room. The average length of sentence is 30 years. Local law allows for early parole. A prisoner is eligible for parole after one-third of sentence has passed. The Department of Corrections is concerned with the rehabilitation of inmates and the overcrowded facilities. The Department of Public Safety is having difficulty getting support from the Legislature and CNMI government to address correctional deficiencies. It needs support from the Legislature for increased funding for public



safety needs and correctional facilities. It is trying to get the Legislature to provide emergency funding to provide power to identified site for prison. Additional land is needed for construction of new facility.

The CNMI is negotiating a self-financing arrangement with a company to build a new corrections facility based on an 1989 architectural design. It has been brought to the CNMI's attention by the National Institute of Corrections that a different facility design would be much more economical. In addition, the Office of Insular Affairs offered to waive matching requirements on FY 1995 Covenant Funds for the construction of the prison.

APPENDIX III

Initiative Agenda Set in the Second Annual Report

The Administration set out an agenda to examine several issues in the 1996 Second Annual Report of the Federal-CNMI Initiative on Labor, Immigration, and Law Enforcement. The agenda included:

Agenda Item: Develop options to increase the Federal role in local immigration as is necessary to establish immigration control if local CNMI control of immigration does not become more effective.

Accomplishment: These options are included as Appendix V

Agenda Item: Devise a plan for information sharing and cooperation between the CNMI and the Immigration and Naturalization Service including identification, and if necessary, CNMI exclusion or deportation of persons who represent security or legal risks to the CNMI or the United States.

Accomplishment: No significant progress to report.

Agenda Item: Develop specific information during the next year as to the scope, nature, and frequency of any requirement that non-resident alien workers sign shadow contracts that diminish the effective minimum wage paid in the CNMI, and consider possible changes in CNMI and Federal law.

Accomplishment: Two shadow contracts have been documented among Chinese garment and construction workers in the CNMI. Attached are copies of the translated text of such contracts. See Appendix IV. The frequency of such contracts is unknown; however, it is believed it is common practice. Human rights activists and private lawyers representing the non-resident alien workers stress these contracts are frequent. It has been determined that these contracts are executed with the Chinese workers before leaving China for employment in the CNMI. See Labor-Related Findings Item #10 in Appendix II on page 6.

The contracts are executed by three parties, the Chinese government, the worker, and guarantors. The Chinese government collects from the worker the two-year management fee, cash pledge for the fulfillment of the contract on the passport application, and round-trip airplane ticket. The worker understands that the worker shall strictly adhere to laws and regulation rendered either by the workers country or the government of the locality, and to conform to the disciplines of foreign affairs, social customs and cultural practices of the locality, rules, and regulations set forth by the proprietor. The worker agrees to pay to the Chinese government all those costs stipulated as compensation and deductions.

The worker must have a guarantor as part

of the contract, usually the worker's parents, who will be responsible for contract obligations if the worker fails to repay the fees and purchase the return airplane ticket.

Discussions between the U.S. Department of Labor and the Chinese Government Labor Ministry should be arranged to determine the exact extent of contracts and to develop an assurance that civil rights of workers are honored from both countries.

In May, the People's Republic of China Ministry of Foreign Trade and Economic Cooperation (MOFTEC) signed a Memorandum of Understanding with the CNMI to facilitate improved management of Chinese nonresident workers in the CNMI. MOFTEC intends to open an office in Saipan to process work contracts between the CNMI and Chinese workers. The MOU requires that all Chinese workers obtaining employment in the CNMI go through this agency to eliminate recruiters and their unscrupulous recruitment fees. The U.S. Department of Labor will continue to work with MOFTEC to ensure that the MOU is implemented and that workers' rights and compliance of labor law honored.

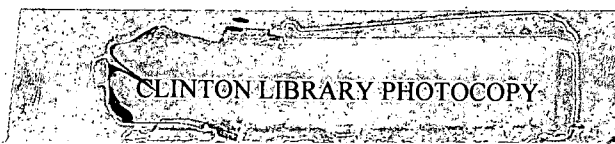
Agenda Item: Develop a means for addressing non-payment of wages to employees and unreimbursed costs to the CNMI government.

Accomplishment: It has been determined that CNMI requires employers to bond their employees including 1) one way transportation between the point of hire and the point of employment in CNMI, 2) three months salary as specified in the contract not to exceed \$3,000 per employee; and 3) \$3,000 for medical expenses. The statutory period for filing a complaint must be within six months from cause of action or within one year if under willful violation.

The problem with such a system is that the bonding companies are not required to prove their assets. Under actual payment of non-compliance of work contract, the bonding company may not perform adequately. The U.S. Department of Labor has had difficulty in collecting back wages from several employers where bonding companies have not paid.

One solution would be to require the employers to establish an escrow account equivalent to three month's salary in a FDIC bank in CNMI and utilize a new wage payment structure. The employer would pay the wages to the bank. The bank would then pay the employee. If the employer did not pay the bank, the bank would alert the employee and pay wages from the escrow amount. After one month's non-payment of wages, the employee would be allowed to look for another employer in the same industry sector.

Justification for changing the structure is particularly important for small business employees, domestic maids, and farmers. The CNMI does not have a strong enough



mechanism that can ensure the financial responsibility of the employer. The minimum financial requirements are that an employer must meet the income criteria for family size, as indicated by income level schedule. Many workers, usually domestic maids and farmers, of businesses which gross under \$500,000 annually experience many payless pay periods and often are not paid overtime.

Agenda Item: Deploy Department of the Interior Office of Inspector General (OIG) personnel in the CNMI to provide investigative support for the Initiative to an extent consistent with the OIG's authority under the Inspector General Act of 1978, as amended.

Accomplishment: During the past two years, a senior criminal investigator from the OIG's Guam Field Office has been assigned to the Federal-CNMI Labor, Immigration, and Law Enforcement Initiative and has conducted investigations involving white collar crime and public corruption. The agent has extensive experience in financial crimes and public corruption and devotes a significant amount of time to the Initiative. In Fiscal Year 1997, the Office of Insular Affairs (OIA) and the OIG entered into a Reimbursable Support Agreement in which the OIA provided \$75,000 to the OIG to support investigative travel costs related to the Initiative.

Agenda Item: Investigate activities relating to transportation and coercion of women for prostitution.

Accomplishment: The Federal Bureau of Investigation, U.S. Attorney, Child Exploitation and Obscenity Section of the Criminal Division of the Department of Justice, and the U.S. Department of Labor Solicitor's Office as a part of the Initiative are conducting investigations and exploring investigative opportunities. The FBI and the U.S. Attorney have recently prosecuted two Chinese nationals involved in using interstate facilities in the aid of racketeering activities (i.e. prostitution).

Agenda Item: Aid the CNMI in developing a plan for construction of correction and detention facilities.

Accomplishment: CNMI is negotiating a self-financing arrangement with a Korean company to build a new corrections facility based on an 1989 architectural design. It has been brought to the CNMI's attention by the National Institute of Corrections that a different facility design would be much more economical. In addition, the Office of Insular Affairs has offered to waive matching requirements on FY 1995 Covenant Funds for the construction of the prison.

National Institute of Corrections (NIC) has provided technical assistance and training for correctional officers. NIC has reviewed a previous design of new correctional facilities and given modification recommendations.

Agenda Item: Continue to seek international cooperation that complements Federal efforts in the CNMI with regard to labor, immigration, and law enforcement policies.

Accomplishment: The Federal agencies in the CNMI continue to work closely with the Philippine Consul in Saipan. The Philippine Consul is concerned over the CNMI's lack of labor law enforcement and adherence to the 1994 Memorandum of Agreement between CNMI and the Philippines. The President of the Philippines has called for an extensive study to investigate the large increase of labor complaints filed by Filipino workers since January 1997.

The U.S. Department of Labor Solicitor's Office, through the Department of State, will further the discussions with the People's Republic of China (PRC) which began in Saipan and will consider sending a delegation of Justice and Labor officials to Beijing to meet with equivalent PRC officials to discuss labor issues relating to laborers sent by the PRC to the CNMI.

Department of the Interior met with State Department to discuss the possibility of developing bi-lateral labor agreements between the United States and foreign countries which send workers to the CNMI.

The Department of the Interior and State Department has assisted the CNMI with the Bangladesh, Thai, and Nepalese Foreign and Labor Ministries in dealing with non-resident alien workers' employment in the CNMI.



APPENDIX IV

APPENDIX IV
Agreement

Party A:

Address: [REDACTED]
Telephone: [REDACTED]
Statutory Representative: [REDACTED]

Party B:

Address: [REDACTED]

Telephone: [REDACTED]
ID Card No.: [REDACTED]

Party C:

Address: [REDACTED]

This Contract is entered into by three parties as a consistent agreement for the equality and benefit of the three parties. Terms and conditions stipulated herein are negotiated and agreed among the three parties in good faith, to such an extent that Party B is hired under the UIC Saipan to devote her endeavors to the Company's knit wear manufacturing business.

Article 1 General Principals

1. The three parties agree that contract signed between Party A and [REDACTED] Corporation For International Economic and Technical Cooperation (Branch Office), and the contract signed between Party B and UIC Saipan, shall be regarded as an additional provisions apply to this Contract, and shall be performed conscientiously and earnestly by both Parties.
2. The terms of the employment contract for Party B hired under UIC Saipan shall be for a period of two (2) years. (Period for the employment shall be extended accordingly on time renewal of employment.)

Article 2 Responsibilities of Party A

1. Party A shall be, as a representative of the Government Department of the country, responsible for the sending, as well as supervising of Party B.
2. In consistent with the laws and regulations rendered, Party A shall be responsible for the collecting from Party B the management fee (include management fee incurred after the renewal of employment contract), passbook, cash of pledge for the fulfillment of the contract, any formality charges on Passbook application.

appendix iv
3. Party A shall be responsible for the completion of all formalities for Party B in going aboard.

4. Party shall have the responsibilities for the safeguard of the right and interests of the Party B in her employ of the Company in Saipan.

Article 3 Responsibilities of Party B

1. Party B understands and recognizes that she shall strictly adhere to laws and regulations rendered either by her own country or the Government of the locality, and to conform to the disciplines of foreign affairs, social customs and cultural practices of the locality, rules and regulations set forth by the proprietors. Party B further agrees that she shall not take part in any activity that may incur impairment to the country, Party A as well as the proprietors.

2. Party B shall have the responsibility to comply with reasonable rules and regulations rendered by the representative of Party A.

3. Party B agrees that she shall pay to Party A all those costs and charges herein stipulated in "Compensation and Deductions".

4. Party B shall have the responsibility to return within specified time to Party A the Passbook upon the expiration of her employment contract. (within one (1) month commencing on the date she returns to her point of hire.)

5. Party B understands and recognizes that expenses on all formalities processing in her own country are personal expenses and shall be paid by Party B herself.

Article 4 ~~Responsibilities of Party C (The Guarantors)~~

1. Party B appoints (Name) [REDACTED] (Address) [REDACTED] (Relationship) [REDACTED], as her guarantors on her leaving aboard. To this ends, the guarantors agree that they have the obligations to undertake and supervise Party B to perform, in consistent with terms and conditions stipulated herein, the responsibilities bounded within this Contract. By virtue of this Party C assumes the responsibilities to undertake and perform for Party B the execution of this Contract, and shall bear the obligations for the payment abided by Party B hereof stipulated, (Forfeit imposed upon the period of renewal the employment contract shall be adhered to Articles 5 of this Contract) when Party B is in failure to perform her duties and responsibilities consisted within this Contract. In the failure of the guarantors to such a fulfillment, Party A reserves to itself the right to recover in full from Party B the sum of the money that should be handed in by Party B. In case like this, Party A shall have the right to execute in accordance with terms and conditions enlisted herein to repatriate Party B. Under such a circumstance, Party B shall be responsible for such expenses incurred, and the purchase of her return airplane ticket to her point of hire.

2 The time denoted for the guarantee shall be commenced on the departure date of Party B and ended on the date when Party B return to the point of hire.

APPENDIX IV

3. Signatory of the guarantors:

I hereto specify that I shall be the guarantor of [REDACTED]. In virtue of this, in her violation of the Contract, or in her failure to bear the responsibilities for the payment, I shall understand all such expenses to Party A at an amount of RMB1,3000/annum. (Forfeit imposed on the violation of the contract shall be dealt with in accordance with terms and conditions stipulated in Article-5.). Leaving my family and properties as a pledge, I assume to undertake all of the responsibilities

Guarantors :

Signatory :

Date:

28 June, 1996

In the completion of her two-year contract, Party B may apply for the renewal of her employment, provided that following three conditions are satisfied:

- A Prior to the renewal of her employment contract, Party B should submit an application in writing to the respective Department/Company. Proceeding of the formalities can only be conducted upon the approval of her application by the Department/Company.
- B: A permission from UIC in Saipan
- C: The application is of Party B's own accord.

If the above three conditions are satisfied, A management fee at an amount ~~of USD 60/month~~ per person shall be charged on the renewal of the contract. In her failure to pay the amount upon the renewal of the Contract, or the proceeded application is not yet approved by the respective Department/Company, Party B and her guarantors in China shall be fined USD120/month.

Article 6

Compensation and Deductions

1. The term of the Contract on Party B shall be for a period of two (2) years. Precise date shall be commenced on the approval of the permission given by the Government of the locality.
2. The work schedule will be 40 hours per week. Services rendered or performed will be compensated a salary of USD2.75/hr. payable on a two-week interval. Overtime work will be compensated at a rate of 1.5 times on the regular compensation. On completion of the 40 hours regular work schedule, the worker shall have the options to decide her overtime works schedule.
3. The foreign party shall have primary responsibility for providing Party B food and loading. Costs on such an expense shall be withheld from Party B's salary at each pay period in consistent with regulations set forth by the foreign party. The sum, in accordance with the present salary schedule, will be USD190.00/month (this shall be subject to change depending on the rendered salary schedule and any changes of the compensation schedule of the locality.)
4. Expenses such as annual body check-up and ~~Passbook~~ application fee are personal expenses and Party B assumes that she bears all responsibilities to pay such costs incurred.
5. The foreign Party shall provide Party B with medical expenses in her employ of the Company in Saipan, EXCEPT:
 - (1) Relapsable Chronic disease
 - (2) - Disease which no medicinal medication can be cured, and a frequent consultation to the doctor is necessary.
 - (3) Pregnant

APPENDIX IV

5. Party B understands that she has an obligation to pay taxes to the government of the locality. Deductions of such payment shall be made at each pay period. Returned payment on the taxes pre-paid, if any, will be returned to Party B at end of the year.

7. Party B shall be responsible for the booking and purchase of her own ~~single ticket~~ ~~back~~ and to Saipan.

8. The foreign party shall be responsible for Party B's insurance expenses which is USD10,000/person accordance to the present standard. Any charges which are in excess of insurance expenses hereof shall be deemed abandoned and Party A shall not be granted responsible for any and other payment of this kind.

9. In the event of suspension, termination of employment contract by the foreign party due to Party B not adhering to the Laws of the locality, violating seriously of the proprietors' regulations, Party B shall be responsible for all loss incurred to the foreign party on such a circumstance. (Repatriation of discharged worker under this situation shall grand an approval from Party A prior to the return of the worker to his/her point of hire).

10. Party B agrees that he shall pay the following expenses prior her leaving aboard:

- (1) Two-year Management Fee, ~~RMB13,000~~.
- (2)
- (3) Cash pledge on the Passbook, ~~RMB1000~~.
- (4) Round-trip airplane ticket; ~~USD800~~ (RMB7,000)

Article 7 Obligations on violation of the Contract/
The Entire Agreement

1. In the event that if Party B is not allowed leaving aboard because of problems arised on Party B, on account of which the foreign party has proceeded all regular immigration formalities to the respective departments, Party B shall be responsible for all formalities expenses to the foreign party (USD150), airplane ticket fee (depending on the actual amount refunded), compensation for losses that may incur to the company, in the total of RMB5,000. The amount shall be handed in to Party A, and Party A shall be responsible for passing the paid indemnity on to the Company.

2. In the event that if Party B is not allowed leaving aboard either because of violation of Laws in her locality, or not in consistence with the supervision from Party A, Party B shall be responsible for compensation to the Saipan Company on formality expenses that are incurred to the Company. The amount shall be handed in to Party A, and Party A shall be responsible for passing the paid indemnity on to the Company.

3. In the event that if the fulfillment of the contract is abortive due to the problems arised on foreign party, the foreign party shall bear all responsibilities for the compensation to Party B on formality expenses, and all such expenses incurred. (except those materials that has been

submitted and put under examination by the Labor Department. The amount shall be handed in to Party A, and Party A shall be responsible for passing the paid indemnity on to Party B.

4. Any costs and expenses on formality charges incurred to Party B prior to the approval of the Entrance Registration by the Saipan Government shall be regarded as her personal expenses.

5. In the event that if Party B is in violating of the contract; defying of the Laws of the locality, by which reasonable regulations of the Company are seriously affected, failure to conform to the rules and regulations set forth by the Party A; in replasing of the chonoric disease; having a-disease to which no medicinal medication on the cause can be cured; pregnant; upon which termination of contract prior to the date of its expiration and repatriation are necessary, Party A shall have the right not to refund to Party B any pre-payment which Party B has handed in before her leaving aboard. In virtue of this, if tremendous influences are thus produced, Party A shall have the right to claim from both Party B and her guarantors in China a forfeit specified. (RMB2,300).

6. Within one (1) month upon Party B's arrival (commencing on the first day of her arrival in aboard), Party B shall submit to Party A her Passbook. Failure to conform to this may incur a forfeit of RMB25/day to Party B.

Article 8 SEVERABILITY AND APPLICATION

1. The foregoing terms and conditions shall be regarded as legally effective from the date it is signed by the three parties and notarized by the notary company, and shall be regarded as terminated upon the time when Party B has completed his duty in honoring the agreement, provided that she has submitted her Passbook to the respective department. Party A, upon the time this contract is terminated, shall return the cash pledge RMB1,000 to Party B.

2. This contract has identically four (4) copies separately distributed among Party A, Party B, Party C and the notary company. Each Party shall have one copy of the contract.

Article 9 GRIEVANCES

The three parties herein agree to negotiate in good faith to reform this contract in the event that if any dispute is arised in connection with its execution. Any dispute rendered which is regarded as unable to be adjusted or settled shall be declared and referred to law court of the locality for arbitration.

Party A:



Party B:

(Signatory)



APPENDIX IV

This is to certify that the preceding Agreement is signed on 28 June, 1996.

[REDACTED]

[REDACTED]

their signatory and fingerprint on the agreement as the guarantors of

Having examined the Agreement, I verify that the act of signing this agreement is in consistent with Rules #55 under "Principle for the Civil Laws of the People's Republic of China", and the signatory and fingerprints in the above three parties are legitimated, and legally effective.

Notary: [REDACTED]

[REDACTED] Public Office (Seal)

The People's Republic of China
July 2, 1996

Translation of Overseas Worker Contract between
Guangdong Foreign Work Service Corporation, HuiZhou Corporation
and

96/12/14

Overseas Work Service Contract

Party of the first part: Guangdong Foreign Work Service Corporation, HuiZhou Corp.
(Branch)

Party of the second part: [REDACTED]

The 2nd party willingly accepts the offer of the 1st party to go to Saipan as a carpenter for a period of two years. Both parties must obey the following provisions:

1. After the parties sign the 2nd party will follow the rules and leaders of the 1st party. While the 2nd party is overseas for work he will obey the laws of place he works. He is forbidden from engaging or participating in any political or religious activity. He is prohibited from smuggling, prostitution, taking or selling drugs, fighting, drunkenness and watching sex movies, etc. While in foreign work service the 2nd party can not fall in love or get married. If the above are not obeyed by the 2nd party, he may be punished by economic and legal actions whether the act is serious or not. The 1st party can act with regard to the 2nd party's salary and the expense of the round trip ticket.
2. While the 2nd party is working overseas he must obey the employer's rules; work hard. He can't stop working without reason, can't request a change of employer, can't request a salary increase, can't find another job, can't strike. If the 2nd party breaks the rules, he will be fired, sent home and will pay his own return fare.
3. The 2nd party must finish the contract. He can not stop working before the end of the contract or request to return to China before the end of the contract. If he has some problems at home, he must overcome them, he can not return home for that reason. If there are problems with the work arrangement or if he can not work because of the employer, the 2nd party has the right to notify the 1st party. The 1st party will negotiate with the employer in accord with the contract. The 2nd party must obey the decision reached by the 1st party and the employer.
4. After the 2nd party completes the contract, he can not stay overseas and must return by the route selected by the 1st party. The 2nd party may not return with any prohibited items or items for sale or foreign money for exchange.

APPENDIX IV

5. The 2nd party shall be paid a salary of _____ while in foreign work service. These monies must be sent to the home country, exchanged for Renminbi and given to the family. Overtime should be paid to the 2nd party.
6. While in overseas service, the 2nd party can not borrow or lend money.
7. The 2nd party agrees to deposit \$3,000 renminbi; when he finishes the contract and returns his passport, the 1st party will refund the money. \$400 renminbi will be paid for processing the papers. If the 2nd party can not go overseas because of his action, the \$3000 and \$400 are not refundable. If the 2nd party can not go overseas because of the 1st party's action, the \$3000 will be refunded and 50% of the \$400.
8. If while overseas, the 2nd party requests money, it will be deducted from the \$3000 deposit.
9. If the 2nd party asks for money and does not have the ability to repay it in time, his guarantor shall pay all of the 2nd party's economic obligations.
10. While overseas, the expenses for the 2nd party's transportation, tickets, housing, food, medical treatment, insurance, taxes, etc. should be paid by the employer. The 2nd party has the right to all the welfare benefits of the contract.
11. There are three copies of this contract. The 2nd party has one, the 1st party has one and _____ has one. After the 2nd party returns to the home country, the 1st party shall notify him when he has no further obligation under the contract.

1st Party: _____

Representative: _____

2nd Party: _____

2nd Party's guarantor: _____

Guarantor's Address: _____

Dated: 1991. 11. 11

APPENDIX V

TO BE PROVIDED BY INS



U.S. Department of Justice
Immigration and Naturalization Service

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Office of the Commissioner

425 I Street NW.
Washington, DC 20536

The Honorable Bonnie R. Cohen
Assistant Secretary for Policy,
Management and Budget
Department of the Interior
Washington, DC 20240

Dear Ms. Cohen:

The Immigration and Naturalization Service (INS) is submitting its findings, discussion of options, and recommendations paper regarding the immigration system in the Commonwealth of the Northern Mariana Islands (CNMI) for inclusion in the Department of Labor's Annual Report to Congress on the Commonwealth of the Northern Mariana Islands.

The report, which was based on a fact-finding visit of a team of INS officials to the CNMI in February and March, analyzes the current state of immigration in the CNMI. The report describes serious deficiencies in all facets of the CNMI's current system of immigration enforcement and control.

In addition, the report describes widespread abuses arising directly from the CNMI's nonresident, nonprofessional alien contract worker system. The attached report discusses six options for redressing the widespread immigration-related problems in the CNMI.

The INS recommends that Congress enact legislation to extend the Immigration and Nationality Act, in full, to the CNMI, with special provisions to allow for the orderly phasing out, in the shortest time practical, of the CNMI's nonresident, nonprofessional alien contract worker program, as well as an appropriate schedule for phasing in the INS' new staffing and other responsibilities in the CNMI. Should Congress adopt the INS recommendation to apply the INA in full to the CNMI, the Labor and Immigration Identification and Documentation System prototype, as discussed in last year's report, would be unnecessary and replaced by the standard INS computerized immigration control systems.

Please do not hesitate to contact me if you have further questions on this issue.

Sincerely,

Doris Meissner
Commissioner

Enclosure

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Findings, Options, and Recommendation of the Immigration and Naturalization Service Regarding the Immigration System in the Commonwealth of Northern Mariana Islands (CNMI)

Background

Pursuant to the request of the U.S. Department of Interior, the Immigration and Naturalization Service (Service) has prepared the following findings of fact, option paper, and recommendation for inclusion in the Department of Interior's Third Annual Report to Congress on the Federal-CNMI Initiative on Labor, Immigration, and Law Enforcement. To prepare this report, the Service sent a team of representatives on a fact-finding visit to the CNMI. During the course of this visit, which took place over a 2-week period in February and March of 1997, the fact-finding team discovered, through discussions with CNMI and Federal Government officials, members of the private sector, and a number of non-resident aliens, serious deficiencies in all facets of the CNMI's current system of immigration enforcement and control. In addition, the fact-finding team found widespread abuses arising directly from the CNMI's non-resident, nonprofessional alien contract worker system.

Based on these findings, the Service formulated six options, discussed herein, for redressing the widespread immigration-related problems in the CNMI. Upon thorough analysis of these options, the Service recommends that Congress enact legislation to extend the Immigration and Nationality Act, as amended (INA), in full, to the CNMI, with special provisions to allow for the orderly phasing out, in the shortest time practical, of the CNMI's non-resident, nonprofessional contract worker program, and the orderly phasing in of the Service's new staffing and other responsibilities in the CNMI.

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Findings of Fact

Introduction

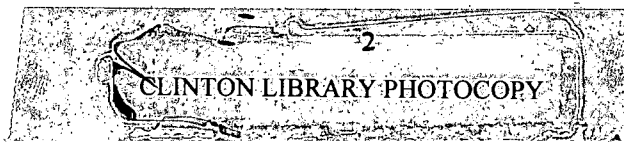
We have organized the following findings of fact to reflect what we believe to be the five basic cornerstones of an effective system of immigration control: (1) visa issuance; (2) adjudication of eligibility for admission; (3) inspections; (4) investigations; and (5) removal of aliens who are unlawfully present.¹ We strongly believe that failure to perform even one of these functions in an adequate manner not only creates serious immigration enforcement problems, but contributes to a variety of other problems affecting the local jurisdiction, including, but not limited to, adverse effects on the local labor market and enforcement of labor laws; increased criminal activities; and adverse impact on the local economy. With respect to the CNMI in particular, it is also important to take into account the impact of legal immigration of non-resident contract workers and other aliens.

In considering how effective the CNMI is in performing these five functions, we have taken into account the relatively close proximity of the CNMI to many of the largest--and poorest--population centers in the world. A lax immigration policy in the CNMI is an open invitation to residents of China, Bangladesh, Russia, and other desperately poor countries to travel to the CNMI and, as seen below, possibly to the United States itself.

Certain Adverse Effects of an Inadequate CNMI Immigration Policy on the United States

A lack of adequate immigration enforcement on the CNMI not only creates serious problems in the CNMI, but has both a direct and indirect adverse impact on the United States itself. We note here just a few of the problems which can result from inadequate immigration control on the CNMI. First, under U.S. law, with certain limited exceptions, persons born in the CNMI of alien parents are considered to be U.S. citizens by birth. Easy access to the CNMI by aliens, particularly non-resident workers who are typically of child-bearing age, therefore carries the strong potential of creating a large pool of citizens by birth. Such children, upon reaching the age of 21, may "immigrate" their parents and other close relatives to the United States. Second, the presence of a large pool of non-resident aliens in the CNMI also increases the likelihood of marriages to the local U.S. citizen population. Such "immediate relatives" may obtain lawful permanent

¹ Because of their close relationship, we will discuss visa issuance and adjudications in the same-section below.



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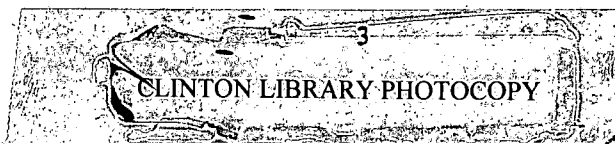
resident status, and ultimately, U.S. citizenship. Third, given the close proximity (approximately 40 miles) of the CNMI to Guam, which is considered to be part of the United States for all purposes under the INA, uncontrolled immigration to the CNMI increases the chances of illegal immigration to the United States itself. Fourth, as is discussed below, the CNMI's non-resident contract worker system has the inherent potential to cause violations of U.S. labor laws which, with certain exceptions, apply in the CNMI. Finally, and most fundamentally, since the CNMI is under U.S. sovereignty, we as a nation are diminished if we are to tolerate, let alone accept, any immigration- or labor-related abuses occurring in the CNMI.

The Human Dimension of Illegal Immigration to the CNMI

According to figures provided to us by the U.S. Department of Interior, there are currently far more non-resident aliens (at least 32,000) than locally born U.S. citizens (approximately 22,000) present in the CNMI. For this reason, no discussion of the immigration question can be complete unless it is first acknowledged that immigration has an impact on almost every phase of life in the CNMI. There is no question that the CNMI economy is currently dependent on the importation of cheap alien labor. The garment and hotel industries are almost entirely staffed by non-resident (contract) workers. So, too, are many smaller businesses staffed by non-resident aliens. The fact is that the local population is too small to support the type of economy now existing in the CNMI.²

Uncontrolled immigration to the CNMI creates a variety of social and labor problems. In addition, certain problems are inherent in the CNMI immigration laws themselves. For example, many of the problems existing in the CNMI arise under color of law. There is no provision under United States law for the entry of non-resident, non-professional contract workers to fill permanent positions. In the United States, such temporary workers may enter this country only if they will be filling positions which themselves are temporary (i.e., seasonal, intermittent, or peak need) in nature. Further, unlike under the INA, there is no provision for change of nonimmigrant status which would enable an alien to change employers without departing from the CNMI. Currently, an alien seeking to change employers must either depart from the CNMI and seek a new

² We learned that more than 50 percent of the local citizenry of employment age is employed by the CNMI Government. In addition, approximately 15 percent of the local population is currently unemployed. Even if the majority of these persons were employed in occupations currently filled by nonresident workers, there would still exist a need to import labor in order to maintain current economic levels.



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work permit, or file a labor complaint against his or her current employer, which will enable the alien to work while his or her labor case is being adjudicated. This system encourages frivolous labor complaints, on the one hand, by aliens seeking to change employers or extend their stay at the end of their contract. On the other hand, this forces many aliens to go "underground" and engage in unlawful employment. These persons then become subject to the whims of the new employer, who knows that the unlawfully present alien probably will not complain about exploitative working conditions.

There is another negative aspect of uncontrolled immigration to the CNMI. The CNMI lacks the resources to determine the authenticity of birth certificates and other documents, and therefore, in many cases, simply admits these persons on the basis of approved work permits. Such persons include, among others, a number of underage "dancers" and other workers on the CNMI. Many of these underage persons are subject to a variety of labor abuses, and some of these persons are engaged in prostitution or other illegal activity.

Uncontrolled immigration creates other law enforcement problems. There appears to be universal recognition amongst the CNMI Government authorities that various organized crime groups, such as the Japanese Yakuza, the Chinese Triads, and the Russian Mafia have made inroads into the CNMI. Many of these persons enter initially either as tourists or as short-term business visitors. Few of these persons are ever detected at the port-of-entry or apprehended while in the CNMI.

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Specific Findings of Fact

Adjudications and Visa Issuance

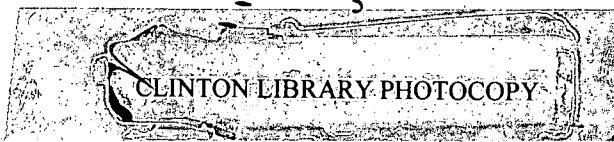
Based on our observations, as well as discussions with a number of CNMI and Federal Government officials, members of the local bar, and other individuals in the CNMI, we believe that the CNMI's system of immigration adjudication is not only grossly inadequate but, in many respects, particularly in the area of visa issuance, non-existent. Insofar as permanent immigration to the CNMI is currently restricted to immediate relatives of U.S. citizens residing permanently in the CNMI, we have limited our discussion to that of the CNMI's system of temporary, as opposed to permanent, entry.

Aliens seeking to come to the CNMI on a temporary basis may be admitted on the basis of: (a) short-term (90-day) business permit, issued at the Port-of-Entry in the CNMI itself; (b) long-term business permit; (c) investor permit; (d) non-resident worker permit; or (e) tourist permit. As in the case of U.S. immigration law under CNMI immigration law, in theory, an alien must establish that he or she is eligible for admission in the respective temporary entry category and, in addition, that he or she is "admissible" to the CNMI, e.g., not a criminal.

The "Double-Check" System under the INA

To grasp the extent to which institutional problems adversely affect immigration control in the CNMI, it is necessary to understand certain basic differences between the CNMI's immigration laws and those of the United States. Under the INA, an alien must, in most cases, obtain a visa from a U.S. consular officer abroad before he or she may travel to the United States.³ Carriers are subject to substantial fines for boarding aliens lacking visas or other proper documentation. In most cases involving employment in the United States, before a consular officer may issue a visa, the alien's prospective employer must file with

³ In certain limited cases, most notably those involving Canadian citizens and certain business visitors and tourists from "low risk" countries such as Great Britain, France, Germany, and Japan, a visa is not required for short-term visits. See section 217 of the INA (Visa Waiver Pilot Program or VWPP); section 212(l) of the Act (Guam Visa Waiver Pilot Program); 8 C.F.R. part 212. (Canadians). The conditions of entry under the VWPP are very restricted. Aliens from VWPP participating countries who are seeking entry on another basis are subject to the normal visa requirement.



the INS, and obtain approval of, a nonimmigrant worker visa petition.⁴ Issuance of the visa itself, however, does not ensure that the alien will be admitted to the United States. Under the "double-check" system of immigration into the United States, an alien must then apply for admission to an immigration officer at a U.S. Port-of-Entry. The immigration officer is charged with determining whether the alien indeed intends to perform the activities sought, and to determine whether the alien is, in fact, admissible. An alien who is denied admission at a U.S. Port-of-Entry cannot at that time then seek admission in a different classification, but typically must depart from the United States.⁵ The "double-check" system of visa issuance and adjudications, which, in one form or another, has been a cornerstone of immigration to this country for the greater part of this century, is intended to ensure not only that qualified aliens are admitted into the United States, but that unqualified aliens are prevented from even traveling to the United States for the purpose of seeking admission.

There is no visa requirement for travel to the CNMI. Further, in many cases, particularly those involving non-resident (contract) workers and short-term business visitors, the local immigration and labor authorities fail to properly screen and adjudicate requests for admission to the CNMI.

There is no "double-check" system in the CNMI. In fact, the CNMI does not require visas at all for travel to the Commonwealth. To the best of our knowledge, the CNMI immigration laws do not provide for sanctions against carriers which transport inadmissible aliens to the Commonwealth. In almost every case, an alien's first contact with a CNMI Government official occurs at the time the alien physically arrives in the CNMI. Further, turning to the three largest categories of visitors to the CNMI--tourists, short-term business visitors, and non-resident (contract) workers, it is clear that there exists, at the very best, a barely adequate system of determining an alien's eligibility for admission. Indeed, in many cases, the quality of adjudications does not rise even to that minimal level.

Tourists and Short-Term Business Visitors

⁴ A petition is not required of, among others, students, exchange visitors, business visitors or tourists, and treaty traders and investors. Such persons, however, with very limited exceptions, must obtain a visa.

⁵ Under recently enacted law, an alien may challenge an immigration inspector's determination before an Immigration Judge in administrative proceedings only in cases where the alien has made a colorable claim for asylum.



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As noted, under CNMI law, a tourist or short-term business visitor, regardless of his or her country of origin, does not require a visa. An alien seeking admission to the CNMI in such a category, therefore, can have his or her case adjudicated at the time of arrival at the CNMI port-of-entry. By contrast, with the exceptions of the cases noted in footnote 2, above, an alien seeking to enter the United States as a tourist or business visitor must first establish to the satisfaction of a U.S. consular officer, prior to departure, that the alien has a foreign residence which he or she has not abandoned, that he or she has adequate means to support himself or herself upon arrival in the United States, and that the alien intends to depart from the United States upon expiration of his or her period of stay. In addition, the U.S. consular officer can seek other evidence of the alien's admissibility, such as proof that the alien is not a criminal. A U.S. consular officer also benefits from a sophisticated computerized intelligence system which, among other things, can reveal if a document, such as a birth certificate, is fraudulent. As a result, a significant percentage of tourist visa applications are denied by U.S. consular officers in many countries, and, in some countries with high levels of visa fraud, such as China, the denial rate is quite high.

Non-Resident Contract Workers: A Case Study

Turning to the approximately 28,000 persons currently in the CNMI who were admitted as non-resident (contract) workers (as opposed to the total U.S. citizen population born in the CNMI of approximately 22,000), the lack of any visa requirement and an inadequate adjudications system has resulted in serious abuses. In fact, during our visit to the CNMI, a particularly troubling incident was transpiring which involved a taxi driver residing in the CNMI who had applied for, and obtained, non-resident work permits on behalf of approximately 160 Bangladeshis, based on an apparently fraudulent claim that he required these persons to staff his new business in the CNMI. In order to obtain these work permits, the Bangladeshis spent large sums of money on "finders" and other fees--apparently bankrupting themselves and their families in certain instances--only to find upon their arrival in Saipan that no jobs existed. It is our understanding that these permits were issued over more than a 1-month period, based, in part, on false documents and business contracts relied upon by CNMI labor and immigration officials. It also appears that the work permit applications were "adjudicated," in part, in reliance on the fact that the fraudulent employer had obtained bonds from private companies ensuring return transportation and 3 months' salary for each non-resident worker. In adjudicating the applications, however, the CNMI officials did not verify that the bonding company or companies in question had the financial ability to fulfill their bond obligations. The net result of this tragic series of events is that it now appears that the bonding company may be unable to provide return transportation and/or pay to these

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persons, and that these persons remain stranded in the CNMI without adequate funds to return home. It had not yet been determined, at the time of our visit to the CNMI, whether such persons would be granted "voluntary departure," or ordered deported.⁶

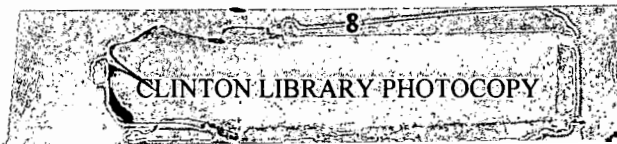
It is clear to us that, if the CNMI had a visa system and an adequate system of adjudications, this tragedy very likely could have been prevented. In the first place, these aliens would never have been able to obtain visas from a U.S. consular officer. Second, the adjudicators of the work permit applications would likely have been able to determine that, despite the taxi driver's representations, there were, in fact, no jobs to be filled. Third, the same adjudicators would have questioned whether the taxi driver had the ability to pay the wages promised. Fourth, had the CNMI verified the financial status of the bonding company, or required a higher bond, these aliens may not have been granted work permits or, at the very least, they may have been repatriated by now. In sum, we can only speculate whether the work permits were issued through inadvertence bordering on incompetence, or whether these permits were issued in knowing violation of the law. We need not speculate, however, on the very real hardship which resulted directly from this chain of events.⁷

Inspections

As the Labor and Immigration Identification and Documentation System (LIIDS) is discussed in a separate report, we will limit our discussion to other inspection issues. Based on conversations with immigration inspectors and other immigration officials, we learned that CNMI immigration inspectors receive no formal training; their training is limited to that obtained on-the-job. It became apparent in conversations with inspectors that, although they are willing to learn immigration law, they lack an understanding of such basic immigration concepts

⁶ Unlike "voluntary departure," which does not preclude an alien from seeking readmission to the CNMI upon subsequent return to the Commonwealth, a deportation order bars the alien from seeking readmission to the Commonwealth for several years.

⁷ This is not an isolated incident. We learned that a few years ago, the CNMI Government issued an unspecified number of work permits to Chinese nationals for non-existent jobs. These Chinese individuals never intended to travel to the CNMI, but merely sought these permits in order to obtain Chinese passports for purposes of traveling elsewhere, including, presumably, the United States.



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as exclusion and deportation. This lack of formal training makes it very difficult for them to perform their duties in a satisfactory fashion. For example, inspectors are not trained in determining the legitimacy of an application for admission as a short-term business visitor. In fact, when we asked a CNMI Government official why the CNMI Department of Commerce does not provide assistance adjudicating requests for admission as short-term business visitors, he responded, "it's not necessary, since the alien can always change his request and seek entry as a tourist." This response, which appears to condone misrepresentation on the part of arriving aliens, further illustrates the lax attitude of a number of CNMI Government officials towards effective enforcement of local immigration law.

The strongest indication, however, of the lack of an effective inspections system on CNMI is the fact that, for the last several years, there has been a population of some 2,000 to 4,000 persons present illegally in the CNMI. When we consider that the total U.S. citizen population born in the CNMI is approximately 22,000, the number of aliens unlawfully present amounts to some 10 to 20 percent of this figure! Further, since "illegally present" consists of persons overstaying their period of lawful admission; engaging in criminal or other unlawful activities during their assigned period of stay; and persons engaged in employment in a capacity other than that set forth in the work permit, we can see that the inspectors are unable to weed these persons out at the port-of-entry. Out of fairness to the inspectors, however, the lack of an adequate computer system clearly hinders their ability to determine who has a criminal record and who does not, who has entered illegally in the past, and other relevant facts.

Investigations

The purpose of an immigration investigations system is to determine whether aliens are lawfully present, and to develop cases to identify and remove such persons if it is found that they are not. Under the CNMI immigration system, aliens who are determined to be excludable at the time they seek admission are not entitled to a hearing before a judge. They may, however, request administrative review of the immigration inspector's determination and, in limited circumstances, judicial review of this decision. As a practical matter, we understand that few if any cases are ever reviewed by the courts. By contrast, an alien who is present in the CNMI is subject to deportation, which involves an initial hearing before a judge. The alien may seek review of the judge's determination before an appellate court.⁸

⁸ A third type of hearing, involving labor complaints, indirectly has an impact on an alien's deportability. An alien is permitted to seek employment with a

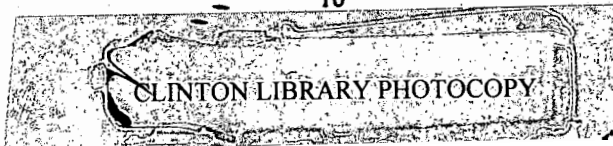


Once again, we have found that the CNMI lacks an adequate immigration investigations system. There are, at present, approximately five immigration investigators in the CNMI, up from one investigator in 1992. We interviewed several investigators, who uniformly stated that they receive no training.⁹ When asked why the illegal population continues to remain at 2,000 to 4,000, the investigators had no response. We asked whether they ever performed large-scale worksite enforcement activities against the hotels and other large employers on the island, and the investigators responded in the negative. When we asked why, they replied that they had never thought of it, and then indicated that it was probably the responsibility of the labor investigators, who are in the same Department of Immigration and Labor. When we asked the head of immigration how many labor investigators there are, he responded that he did not know. We asked whether the labor and immigration investigators coordinate their activities, and we were told that, basically, each group works independently. We were also informed that the immigration investigators are unarmed and that, in fact, has an impact on the degree to which they carry out enforcement activities.

We learned of one inherent problem in the current judicial system of removals. In the CNMI, an immigration investigator must be present and testify at the deportation proceeding (as opposed to exclusion, in which there is no right to a hearing before a judge). In the United States, Service investigators rarely, if ever, appear before an Immigration Judge; they typically submit written reports which are subsequently made part of the record of proceedings. The CNMI judicial system of deportation itself, therefore, diverts investigators from their day-to-day investigations duties. Finally, when we asked the head of immigration whether he thought there was effective enforcement on the CNMI, he responded affirmatively, citing "great improvement" since 1992 when, with one investigator, the CNMI deported 187 persons, to 1996, when with five investigators, the CNMI deported approximately 200 aliens illegally present in the CNMI.

different employer while such complaint is pending. Should the complaint be dismissed, however, the alien may be placed in judicial deportation proceedings for working in a capacity other than that specified in his or her labor permit.

⁹ Significantly, these statements were in direct conflict to those of the investigators' supervisor, who informed us that all of his investigators receive 6 months of training at the local law enforcement academy.



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Removals

We have noted that the CNMI deported only 200 persons in 1996. In addition, approximately 2,000 persons "voluntarily departed" from the CNMI. These voluntary departures, however, are largely attributable to persons who departed upon expiration of their labor contracts, or who departed by other than deportation. We have also noted, however, that the "illegal" population has remained relatively constant at 2,000 to 4,000 persons. It is therefore clear that the CNMI has failed to remove the vast majority of persons who are illegally present in the Commonwealth. When we asked the CNMI Government immigration attorney charged with prosecuting deportation cases how many he believed he could handle per week, he stated that he could bring 30 per week. To date, however, the recently built detention facility has a capacity to hold thirty persons, but has never been filled. Further, based on the 1996 figures, only four persons are actually deported each week.

Presumptive Causes of Inadequate Immigration Enforcement in the CNMI

Problems with the CNMI's immigration laws

We recognize that many of the problems described above exist in one form or another in the United States itself. We strongly believe, however, that any comparison between the United States and the CNMI in this respect is misleading. Unlike the United States, with its extensive land and sea borders, the CNMI is a geographically small place, and has only three populated islands. Further, the CNMI has a combined local and alien population of approximately 60,000 -- the size of a small city. For these reasons, effective immigration enforcement should be a relatively simple matter--there are only a few places an alien can go or hide on three small islands. We have nevertheless found serious flaws in the CNMI's system of immigration control.

We believe these problems arise from a variety of factors, including, but not limited to: (1) inherent deficiencies in the CNMI's immigration laws; (2) the CNMI's small local population base; (3) the lack of coordination between various departments of the CNMI's executive branch, between the CNMI's executive and legislative branches, and between the local and Federal Government; (4) the lack of training provided to immigration officials; (5) an apparent lack of will by key government officials to address these problems in a serious fashion, as

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demonstrated in part by the tendency to "pass the buck";¹⁰ (6) economic pressures by private entities; (7) lack of accountability and internal controls; (8) lack of criminal and other law enforcement databases; (9) lack of financial resources to address the immigration problems; (10) lack of long-term planning; and finally, (11) the possibility of corruption at various levels of government.¹¹ In addition, there may exist several other reasons for, as we describe below, the overall poor performance of the CNMI Department of Labor and Immigration in immigration enforcement.

¹⁰ In this regard, a number of immigration investigators opined that it is not their responsibility, but the responsibility of the labor investigators, to conduct work site immigration enforcement activities. Similarly, several senators blamed the Governor's office, and several executive branch officials blamed the legislature, for many of the immigration-related problems in the CNMI. The Federal Government was not spared from blame either. A number of CNMI officials attributed the Commonwealth's immigration problems to, among other things, lack of sufficient Federal funding; poor liaison with the Federal Government; and an overall patronizing attitude of the Federal Government toward the local citizenry. In addition, certain officials laid partial blame for the slow progress of the LIIDS system on personality conflicts.

¹¹ This possibility was raised by a number of CNMI and Federal Government officials, including the U.S. Attorney's office, as well as by several private individuals with whom we met.

Options

Option 1: Retain the CNMI's current immigration laws and control over immigration

In light of the above discussion, we strongly believe that retention of the CNMI's current immigration legal system, without any institutional modification, will not adequately resolve the problems currently occurring in the CNMI. Without certain fundamental changes in the CNMI's immigration law and in the attitude of responsible CNMI Government officials, merely introducing and activating the LIIDS system, allocating more resources for training and equipment, and granting certain immigration officials firearms will do little to cure the current immigration and associated problems in the CNMI. As we see it, without a "double-check" system of visas and an adequate system of adjudications, it will be impossible to verify the legitimacy of all aliens arriving in the CNMI.

This said, we do not question the desirability of introducing computerized systems such as LIIDS in the CNMI. However, a LIIDS system can only determine who has been admitted and when—it cannot determine who is qualified for admission and therefore may actually be admitted. Absent an adequate adjudications and visa system, aliens from countries such as Russia and China will continue to gain virtually free access to the CNMI without pre-screening and be able to remain in the CNMI in violation of the terms of their admission with relatively little fear of deportation.

Based on the foregoing discussion, we believe it is necessary to assess the extent to which immigration-related problems in the CNMI have resulted from external forces and from the actions (and inaction) of the CNMI Government itself. In making this assessment, we are acutely aware, as a number of CNMI senators emphasized, that the CNMI is still a young political entity, and that it inevitably has, and will continue to, make mistakes in its path to political maturity. While recognizing the normal growing pains of this young U.S. Commonwealth, however, we cannot ignore the sheer magnitude and human costs of the problems resulting from the CNMI Government's lax control over immigration to the Commonwealth. These problems, it seems to us, cannot be attributed solely to external forces, but result, in large part, from conscious or unconscious policy decisions of the CNMI Government.

Without a fundamental change in attitude towards the immigration question by officials with authority in the CNMI, therefore, we believe there will continue to be immigration, labor, and other associated social problems in the



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Commonwealth. Despite almost universal representations of concern by CNMI Governmental officials, both in the legislative and executive branches, the fact is that the current immigration situation has been over 10 years in the making.¹² In this overall context, we believe it is reasonable to expect that, over this time, the CNMI Government would have developed a concrete strategy to address these large-scale immigration-related problems. Instead, as noted in footnote 10 above, we constantly heard officials of one governmental branch or executive agency blame another, or the Federal Government for the current problems.

Despite the repeated warnings of the U.S. Department of Interior and other agencies, including the INS, that the CNMI put its immigration house in order, the problems continue and, as can be seen in the recent incident involving Bangladeshis, appear to have grown worse. In fact, deportations, in relative numbers have decreased significantly from 1992, while prostitution and other labor abuses continue. For these reasons, we believe that, in spite of the many promises made to us by CNMI Government to improve immigration enforcement in the future, it is apparent that the prevailing attitude of the CNMI Government has been, at its best, reactive towards solving its immigration-related problems. For example, we question whether our trip to the CNMI was related to the exclusion at the Saipan airport of six prospective business visitors from China during our visit. Similarly, we do not understand why it took our visit to the CNMI to encourage Government officials to rapidly arrange a long-needed "Memorandum of Understanding" between the Department of Public Safety and the Department of Labor and Immigration" regarding training of immigration officials. These actions appear to us to be reactive, as opposed to proactive, and indicate that the CNMI authorities having the power to effect real change lack the will to do so.

In light of this apparent lack of serious will to resolve the immigration problems despite repeated warnings from the Federal Government of the possibility of its losing authority over immigration, we conclude that preserving the status quo will only perpetuate the current immigration problems in the CNMI.

¹² Although Congress approved the Covenant establishing the CNMI in political union with the United States in 1976, see Public Law 94-241, the Covenant did not enter fully into force until November 3, 1986.



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Option 2: Retain the current system and impose numerical caps and maximum duration of stay on non-resident nonprofessional (contract) workers

This option would limit uncontrolled numbers of aliens from arriving in the CNMI to engage in employment, and would place legal limits on the length of time aliens (other than those from certain Pacific compact states) can be present in the CNMI without obtaining political and other rights enjoyed by the local population. In light of the above discussion, however, such an option would at best only limit the problems inherent in the present system. In particular, absent adequate visa and immigration controls, this option would still result in abuses, such as criminal activity and overstays, since there would continue to be inadequate control over the admission of tourists, business visitors, and other non-contract workers to the CNMI. Moreover, given the current inadequate system of investigations and removals, the CNMI would be unable to ensure that the lower number of arriving non-resident contract workers under this option will in fact engage in legitimate activities and will depart upon expiration of their contracts.

Option 3: Retain the Current System and Strengthen Immigration and Naturalization Service Assistance

The primary difficulty with this option is that it does not address the fundamental problem that the CNMI lacks a double-check system. Without a visa system, adjudications will continue to be performed in the CNMI itself, with all of its above-described attendant problems. In addition, this option would preserve the non-resident contract worker system, with its inherent potential for abuse. Further, this option entails training Service officials in local CNMI immigration law.

On the other hand, this option could provide several valuable benefits to the CNMI. First, assuming INS officials would have the authority to implement changes, and would not be answerable to the local government, it would enable the CNMI to gain valuable training. Second, it would address, in part, the problem of lack of intelligence regarding criminal and fraudulent activities, since, presumably, Service officials would have access to law enforcement and other databases which might not be available to the local CNMI authorities. Third, assuming Service authorities would be able to maintain their independence, this option would ensure some sort of "internal affairs" and quality control in enforcing the immigration laws. All of these changes, if properly implemented, would improve, to some extent, the quality of the CNMI's current system of adjudications, inspections, and removal.

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Option 4: Retain the Current System and Impose Department of State Visa Controls

We have noted repeatedly the need for visa controls in the CNMI. If aliens cannot gain access to the CNMI until they have been pre-cleared by the Department of State, a significant portion of the criminal activity and immigration fraud currently occurring will be eliminated. First, the State Department has access to intelligence databases, and also has access to information occurring in each country where a consular post is located (e.g., use of fraudulent birth certificates). Second, the State Department is trained in detecting whether an alien actually intends to engage in the activities for which admission will be sought.

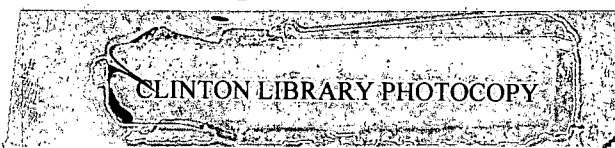
As with option three above, however, one down side of this option is the need to train State Department officials in CNMI immigration law. Further, it is our understanding that the State Department, to date, has expressed a reluctance to play an active part in immigration to the CNMI, deferring to the Department of Interior and, to a lesser extent, the Service. Third, retention of the current system does not address the contract labor problem. Even aliens who are properly visaed may be subject to labor abuse, or unlawfully change occupations upon arriving in the CNMI.

Option 5: Extend the INA in full to the CNMI

The obvious benefits of adopting this option would be that the CNMI would be subject to the same rules as all other U.S. territories. With this comes full Service presence in the CNMI and, therefore, full access to all the intelligence and systemic tools available to the INS at this time. In addition, it would mean that the State Department would now have full visa-issuing authority for the CNMI. A third mixed advantage is the complete elimination of the current non-resident contract worker system, since there is no analogous program under the INA.

Economic Consequences

We recognize, however, that this option would result in certain immediate, and difficult, social and economic changes in the CNMI. Before discussing these changes, we wish to emphasize that it is not within the scope of this report to decide whether the CNMI's current economic policies are good or bad for the Commonwealth. We merely note that the current economic situation in the CNMI is a result, in significant part, of policy decisions and actions taken by the CNMI over the last several years. It is also not for us to determine, within the context of



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this report, whether the resultant dependence on alien workers is good or bad, but merely to state the problems, from an immigration perspective, which result from such economic dependency. We are unable to ignore, however, the longstanding United States immigration and labor policy of excluding from admission unskilled non-agricultural alien contract laborers seeking to fill permanent positions in this country.

Having noted this, we believe that elimination of the non-resident, nonprofessional contract work program would have a major impact on the local garment and hotel industries, in particular, as well as on other employers of nonskilled alien workers. As noted, there is no provision for non-resident, nonprofessional workers under the INA. As a result, if Congress were to reintroduce the INA, without any special provision for the CNMI, local employers would be required to take one or more of the following steps to maintain current employment levels: (a) hire U.S. workers; (b) hire local (U.S. citizen) workers; (c) hire workers from the freely associate states (FAS) and other Pacific states, who have access to the CNMI pursuant to various compacts; and/or (d) file employment-based immigrant visa petitions on behalf of such nonprofessional workers. As will be seen, there are problems with each of these options.

With respect to option (a)--hiring U.S. workers--such individuals would either have to come from the Mainland, Guam, Hawaii, other U.S. territories, or from the CNMI itself. We have indicated above that there are insufficient local workers in the CNMI to fill all vacancies in the current economy. Based on our discussions with numerous officials and others in the CNMI, we learned that, for a variety of reasons, it would be extremely difficult to attract nonskilled U.S. workers to the CNMI. For one thing, the CNMI is geographically remote from the United States; persons are reluctant to uproot their families for a relatively low-paying position several hours by air from home. In order to attract such workers, wages would have to rise substantially to offset such a disadvantage.

Further, the cost of living in the CNMI is currently much higher than in the Mainland or Hawaii. For example, a gallon of regular gasoline cost approximately \$2.00 during our visit to the CNMI, as compared to \$1.20 in the District of Columbia, and \$1.55 in Hawaii. Phone calls are exceptionally expensive as well. On the other hand, Guam, which is subject to the INA, currently must, and is apparently able to, staff its positions with U.S. workers. In Guam, unlike the CNMI, however, the "prevailing wage" is more than \$6.00 per hour, as opposed to \$2.90 minimum wage in the garment industry and \$3.05 in the hotel industry.

As a result of rising wages, the garment industry, which enjoys use of the "Made in USA" label, and avoids trade quota restrictions by being situated in the

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CNMI, would likely suffer a great, if not crippling, blow. We were informed by various officials of the CNMI Department of Commerce that the garment industry is already suffering from the presence of maquiladoras in Mexico which enjoy the benefits of the North American Free Trade Agreement and, as we understand, a daily minimum wage of less than \$5.00. The hotel and tourist industries, which are primarily dependent on location, are less vulnerable to a rise in minimum wages. In fact, the tourist industry, recognizing the large East Asian market, is expanding to include casinos, such as the one under construction on the island of Tinian. As officials in the CNMI Department of Commerce informed us, a rise in the minimum wage in the hotel industry would not be crippling, but would simply reduce profits.

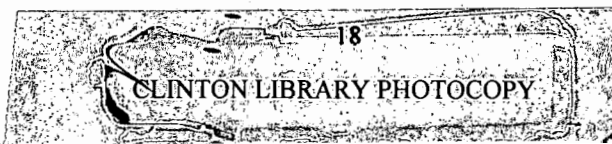
Option (b)--hiring local workers--is a subpart of the first option, since such locals are also citizens of the United States. As noted above, approximately 15 percent of the local working age population is unemployed, and another 55 percent is employed by the local government. It is likely that the CNMI Government will be required to encourage the unemployed population to seek positions in the hotel and other industries which are currently dependent on alien workers. In addition, the CNMI Government would be required to consider streamlining its work force. At present, for example, we understand that there are over 20 immigration officials on the island of Tinian which, at the time of the 1990 census, had a population of 2,116 persons, including 890 nonresident workers. Again, however, there are not enough local workers available to sustain the current employment levels, let alone expand employment.

Option (c)--hiring workers from the FAS and other Pacific states--suffers, in part, from the same problems as option (b). There are probably not enough FAS (and other Pacific compact) workers available to fill all positions. Further, we have been told by various government officials that there are cultural and educational problems associated with assimilating and/or encouraging the migration to the CNMI of large numbers of workers from other Pacific countries. It is unclear whether these fears are factually justified.

Turning to option (d)--filing immigrant visa petitions--under the INA, a maximum of 10,000 nonskilled workers may obtain immigrant visas each year on the basis of a job offer. Currently, there is well over a 6-year waiting period for such a visa. The last option, therefore, would create no benefits for the foreseeable future.

Local Political Consequences

It is not clear whether imposition of the INA will have an immediate direct effect on the composition of the local electorate. Since there does not exist a



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nonprofessional contract worker provision under the INA, aliens hired pursuant to option (d), above, would be unable to immigrate to the CNMI for at least 7 or more years.¹³ Under the INA, such persons would not be able to gain U.S. citizenship, or voting rights, for another 5 more years (i.e., a total of at least 12 years). On the other hand, it is possible that U.S. citizens, whether from Guam or elsewhere, could move to the CNMI to fill positions (presumably at a higher pay) which were formerly staffed by non-resident contract workers. This could, in fact, have an effect on the local electoral base.

In light of the above, with the possible exception of increased immigration from the FAS and other Pacific compact states, imposition of the INA could result in an actual reduction in the alien population in the CNMI. This fact, in itself, could have an indirect effect on the outcome of future elections in the CNMI. To explain, it is our understanding that under current CNMI law, a district's representation is determined by the total population of the district, including the local citizenry and the non-resident, non-voting population. A reduction in the non-resident population would clearly have an effect on those districts currently having a large nonresident population, and therefore, ultimately, who controls the local government.¹⁴

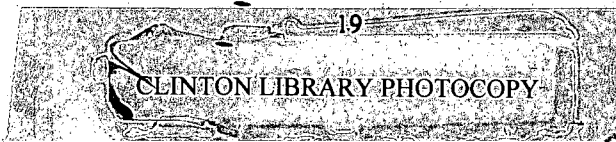
For this reduction to occur, the problem of the 2,000 to 4,000 illegal aliens currently present in the CNMI would have to be addressed. Were such persons to be granted a form of immigration amnesty, that could, in fact, result in a change in the composition of the local electorate. On the other hand, were such persons to be granted amnesty, it is likely that many of them would then move to other parts of the United States. Since any such amnesty would have the net result of increased immigration to the United States, it is unlikely that Congress would approve an amnesty.

Effect on INS

Under the above-described scenario, the INS would face the immediate burden of removing persons who were legally admitted previously but are now illegally present in the CNMI. Under the INA, as amended by the Illegal

¹³ Currently, it takes approximately 7 years from the date of filing a labor certification application with the U.S. Department of Labor to "immigrate" an unskilled worker to the United States.

¹⁴ It is worth noting that, under the present system, large employers can affect the outcome of an election by situating their non-resident, nonvoting employees in barracks and other facilities within particular districts.



Immigration Reform and Immigrant Responsibility Act of 1996, most such persons would be entitled to a full-scale adversarial proceeding before an Immigration Judge prior to removal. This would result in increased work for the Executive Office of Immigration Review, the Department of Justice entity charged with conducting removal proceedings, and the Service itself, which would be charged with seeking such removal, as well as the costs of detention and removal of such persons. On the other hand, such removals would be on a one-time basis only.

In addition to the 2,000 to 4,000 aliens currently present illegally in the CNMI, however, the INS would be charged with ensuring the voluntary, orderly departure of the other 28,000 contract workers who are now legally in the CNMI. One option would be to allow such persons to work until their contracts expire, and then ensure that their current employers repatriate these persons in accordance with the terms of their existing contracts. It may occur, however, that certain employers will no longer be able to remain in business, or would be unwilling to honor their existing employment contracts. In such a case, the Service would be required to seek such persons' departure at the expense of the Service, and ultimately, the U.S. taxpayer. Removing some 30,000 persons would clearly result in severe financial and manpower burdens on the Service.¹⁵ It is likely, however, that the number of removals would be much lower, since, presumably, many of these persons would be repatriated at their employer's expense, and would have no objection to departing from the CNMI upon termination of their current contracts.

In sum, in deciding whether to extend the INA in its entirety to the CNMI, Congress must ultimately decide whether the negative aspects of such an upheaval are outweighed by the need to take radical action to cure the current immigration-related problems in the CNMI.

¹⁵ The Service District Director in Hawaii currently has jurisdiction over the Service's suboffice in Guam. The Hawaii District Director expressed his opinion that, in order to meet these new burdens, it would probably be necessary to create a new INS District Office in Guam with jurisdiction over the CNMI.

Option 6: Extend the INA in full to the CNMI, with special provisions to allow for the orderly phasing out, in the shortest time practical, of the CNMI's non-resident nonprofessional contract worker program, and the orderly phasing in of the Service's new staffing and other responsibilities in the CNMI.

A sixth immigration option for the CNMI would be to extend the INA in full, but to provide by statute for an expeditious and orderly phasing out of the CNMI's non-resident nonprofessional alien contract worker classification, as well as an appropriate schedule for phasing in the Service's new staffing and responsibilities in the CNMI. As discussed above, extension of the INA in full to the CNMI would address the serious immigration enforcement problems existing in the CNMI today. On the other hand, as further discussed above, it appears that the day-to-day functioning of the CNMI's social, economic, and political institutions has become so dependent on the importation of unskilled alien contract workers that an immediate termination of the program would cause severe disruptions in the CNMI. It is the opinion of the Service that the sixth option presents the best compromise to these competing concerns. This option, which the Service recommends, would provide all of the benefits of option 5, above, but would also take into account the CNMI's unique history, political status, geographical location, small geographical size, and small local population.

Under this option, Congress would extend the INA in full with CNMI-specific provisions to allow for a certain limited transition period deemed necessary to wean the CNMI from its dependency on nonprofessional alien contract workers.¹⁶ Such a transition provision would include reducing, on a yearly basis, the maximum permissible number of alien nonprofessional contract workers in the CNMI, with the ultimate goal of eliminating the non-resident nonprofessional contract worker classification in its entirety.

While we recognize a compelling need to terminate the CNMI's current non-resident nonprofessional contract worker program as soon as is feasible, we believe that a limited transition period is necessary to avoid, to the maximum extent possible, the potential economic, political, and social disruptions described in option 5 above. During this limited transition period, adequate legal provision should be made to protect the ever-decreasing alien non-resident contract worker

¹⁶ There is precedent for such special treatment of a U.S. territory or possession under existing immigration law. See section 212(l) of the INA (Guam visa waiver program); 20 C.F.R. § 655.4; 8 C.F.R. § 214.2(h)(6) (Governor of Guam may issue labor certifications).

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population. One such immigration-related protection would be to permit an alien to change his or her employer without departing the CNMI.¹⁷ In addition to this immigration-related protection, we believe the U.S. Department of Labor and other interested Federal agencies should be given the legal authority to provide other protections deemed necessary during this transition period for the remaining non-resident nonprofessional contract workers in the CNMI.

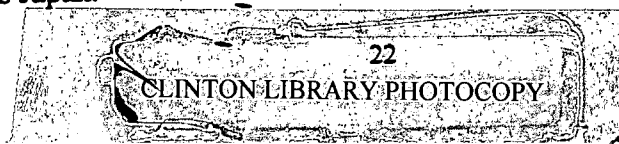
Since there is no provision under the INA permitting nonprofessional temporary workers to fill permanent positions, upon completion of the limited transition period the CNMI would be required to fill positions previously held by non-resident nonprofessional alien contract workers with U.S. workers, certain workers from the FAS and other Pacific states, and/or with immigrant workers. It can be reasonably anticipated that, due to decreased supply and increased demand, elimination of the current alien contract worker program would result in an overall wage increase for unskilled workers in the CNMI. It is anticipated that such a rise in wages will serve to attract new U.S. and Pacific island workers to fill these newly vacated positions. This, in turn, would return the CNMI to an acceptable course of economic development, based on normal U.S. labor market forces. At the end of this limited transition period, the Federal Government, together with responsible CNMI authorities, can assess whether certain technical modifications, within the framework of the existing INA, may be needed to address any further CNMI-specific immigration issues.

Departure Control and Re-Inspection

Prior to implementing this option, special provision should also be made to address the legitimate immigration enforcement concerns resulting from the CNMI's relatively close proximity and access to foreign territory.¹⁸ Since the CNMI would be deemed to be the "United States" for purposes of enforcing the INA, an alien gaining access to CNMI territory without inspection theoretically could board an airplane or ship and travel to other points in the United States without further inspection. To address this concern, we strongly believe that, as

¹⁷ To avoid undue hardship to the original employer, a new employer, as a condition to hiring an alien who is already present in the CNMI, could be required to assume the original employer's obligation to pay the return fare and, where appropriate, the initial transportation costs of the alien worker.

¹⁸ In addition to the populated islands of Saipan, Rota, and Tinian, the CNMI is comprised of a number of uninhabited islands extending northward towards Japan.



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is currently the Service's policy in Guam, any alien departing from the CNMI should be required to pass through a thorough departure control and be re-inspected upon arrival in the United States. Such a procedure would not require new legislation.

Benefits

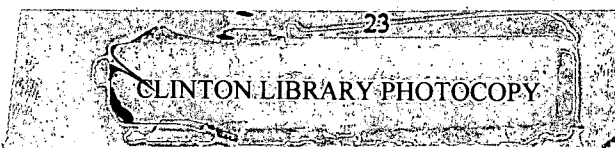
There are several benefits in adopting option 6. First, this option addresses the short-term problem of protecting the CNMI's remaining nonresident contract workers by allowing them to change employers during the limited transition period. Second, this option directly addresses the longer term problem of guarding against future labor abuses in the CNMI, since, unlike the non-resident nonprofessional alien contract workers currently in the CNMI, aliens who would immigrate to the CNMI in the future would have not only have access to the open job market in the CNMI, but in the remainder of the United States as well.¹⁹ Third, like all other immigrants to the United States, such persons, if qualified, would have the right, after a certain period of residency, to seek United States citizenship.²⁰

This option also would address fears expressed by various CNMI Government officials of cultural, political, and demographic "dilution" of the local indigenous population. To explain, under this option, the CNMI Government, as is the case with other local governments, would play a role in determining, through the creation of tax and other economic incentives, the types of businesses and industries (e.g., labor-intensive or capital-intensive) it wishes to attract to its jurisdiction. As in any democratic institution, the CNMI Government, in making such planning decisions, would be subject to local economic and political pressures. Such decisions, in turn, presumably would be based, in part, on a determination by the CNMI of the number of aliens it wishes to absorb annually on a permanent basis.²¹ Under this option, therefore, the CNMI Government, like

¹⁹ Employers filing petitions on behalf of such persons could enter into private contracts with prospective employees for reimbursement of transportation costs in the event the employment relationship terminates through no fault of the employer, or prior to the expiration of a certain period of time.

²⁰ Under this option, the time an alien resides in the CNMI after immigrating to the United States would count toward meeting the residence requirements for naturalization in the United States.

²¹ We were informed by various CNMI officials that, even under the current CNMI immigration system, as a matter of demographics, the local indigenous population will eventually (within some 20 to 40 or more years).



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the remainder of the United States, will be required to decide for itself whether normal U.S. labor market forces can support the continued expansion of such labor-intensive industries such as tourism and garment manufacturing.

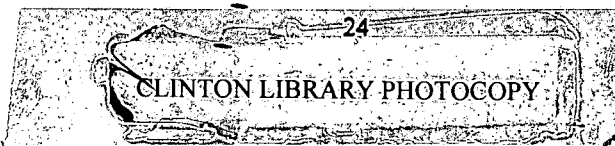
In short, this option would bring the CNMI into line with the rest of the United States with respect to exclusion of non-resident nonprofessional contract workers. Under this option, the CNMI would be required, by statute, to come to terms with its dependency on cheap foreign labor to fuel its economic growth. Specifically, the CNMI would be required to adopt the longstanding policy of the United States that, despite the desirability of economic growth, such growth may not come at the expense of creating an underclass of foreign contract laborers.

Recommendation

Based on the foregoing, the Service recommends that Congress adopt Option 6 by extending the INA in full to the CNMI, with special provisions to allow for the orderly phasing out, in the shortest time practical, of the CNMI's non-resident, nonprofessional contract worker program, and the orderly phasing in of the Service's new staffing and other responsibilities in the CNMI.

Doris Meissner
Commissioner

become a minority in the Commonwealth. This can be explained by the fact that, under the principle of jus soli, almost all persons born in the CNMI, whether or not to U.S. citizen parents, are deemed to be United States citizens by birth. In addition, under current CNMI law, an "immediate relative" (i.e., spouse or minor child) of a U.S. citizen residing permanently in the CNMI is eligible for status as a lawful permanent resident of the United States, and ultimately, citizenship. Under CNMI law, U.S. citizens, which include both the indigenous local population and others, may vote in local elections, although only Chamorros and Carolinians may own land in the CNMI.



APPENDIX VI

CNMI POPULATION AND STATISTICS FROM THE 1980, 1990 AND 1995 CENSUSES

Table 1: CNMI:POPULATION AND LABOR FORCE

Table 59: Ethnicity by Age, CNMI: 1995

Table 81: Labor Force Characteristics by Place of Birth

Table 83: Industry and Class of Worker by Place of Birth

Table 85: Poverty Status in 1994 of Families and Persons by
Birthplace

Table 111: Citizenship and Year of Entry by Labor Force Status

GRAPHS

Birthplace and Mother's Birthplace, CNMI: 1980 to 1995

Age and Sex by Place of Birth and Parents Place of Birth: 1995

Table 1

CNMI: POPULATION AND LABOR FORCE

Source: CNMI Censuses of 1980, 1990 and 1995

<u>Population</u>	<u>1980</u>	<u>1990</u>	<u>1995</u>
Total	<u>16,780</u>	<u>43,345</u>	<u>58,846</u>
U.S. Citizens		20,082	27,478
Non-Citizens		23,263	31,368
Temporary Residents		21,075	27,963
Born in CNMI		16,752	22,208
Born in Asia		20,610	28,792

Labor Force and Unemployment

Total	6,102	26,589	37,393
Unemployed	146	616	2,670
percent	2.4%	2.3%	7.1%
Born in CNMI		5,090	7,001
Unemployed		340	995
percent		6.7%	14.2%
Born in Asia		18,531	26,022
Unemployed		121	1,182
percent		0.7%	4.5%
Born in China		2,644	6,500
Unemployed		1	513
percent		0.0%	7.9%

INCOME

		<u>1989</u>	<u>1994</u>
Mean household income	\$22,341	\$34,713	\$30,301
Per Capita Income:		\$7,199	\$6,986

Table 83. Industry and Class of Worker by Place of Birth, CNMI: 1995
(For definitions of terms and meanings of symbols, see text)

Industry Class of Worker	Total	CNMI				Palau	FSM	Asia			Guam/ United States	Else- where
		Total	Saipan	Tinian	Rota			Total	Philippines	Korea		
Employed persons 16 years and over.	34,723	6,006	4,755	380	741	797	880	24,840	15,910	1,002	1,962	238
Agriculture.	377	18	9	3	4	1	2	351	257	2	4	1
Forestry and fisheries.	50	7	6	-	-	-	-	35	30	-	5	-
Mining.	142	8	7	1	-	1	2	126	119	-	6	1
Construction.	3,479	75	63	-	11	4	3	3,349	3,085	84	36	12
Manufacturing.	7,764	230	213	4	7	92	267	7,092	1,262	153	67	16
Nonurable goods.	7,630	222	206	3	7	90	266	6,978	1,166	144	58	16
Food and kindred products.	97	22	20	1	1	2	-	63	56	3	7	3
Textile mill products.	9	1	1	-	-	1	2	4	3	-	1	-
Apparel and other finished textiles.	7,289	178	166	1	6	84	262	6,710	928	134	44	11
Printing, publishing, & allied industries.	167	18	16	1	-	2	1	239	123	3	5	2
Petroleum and coal products.	6	-	-	-	-	-	-	6	6	-	-	-
Rubber and miscellaneous plastics.	1	-	-	-	-	-	-	-	-	-	-	-
Other nonurable goods manufacturing.	61	3	3	-	-	1	1	56	50	4	-	-
Durable goods.	134	8	7	1	-	2	1	114	96	9	9	-
Lumber and wood products, incl. furniture.	21	-	-	-	-	-	1	18	15	1	2	-
Stone, clay, glass & concrete products.	36	-	-	1	-	1	-	32	28	1	2	-
Metal industries.	4	-	1	-	-	-	-	2	2	-	1	-
Machinery and transportation equipment.	11	-	-	-	-	-	-	10	8	-	1	-
Professional and photographic equipment.	-	-	-	-	-	-	-	-	-	-	-	-
Other durable goods manufacturing.	62	6	6	-	-	1	-	52	43	7	3	-
Transportation, communication, & other public utilities.	2,539	796	696	28	63	159	113	1,150	753	158	287	34
Transportation.	1,730	416	355	15	40	123	92	915	543	151	163	21
Bus service and urban transit.	136	59	57	1	1	6	6	54	43	1	9	2
Taxicab service.	1,011	202	178	5	13	45	40	662	330	141	55	7
Communications.	355	100	94	2	4	25	14	125	107	3	81	10
Utilities and sanitary services.	454	280	247	11	19	11	7	110	103	4	43	3
Wholesale trade.	516	109	101	1	5	15	15	323	276	18	49	5
Durable goods.	234	45	44	-	1	6	13	139	112	13	29	2
Nonurable goods.	282	64	57	1	4	9	2	184	164	5	20	3
Retail trade.	5,441	734	656	15	48	184	141	4,149	3,170	325	199	34
Eating and drinking places.	2,135	119	104	1	13	18	23	1,931	1,533	80	36	8
Finance, insurance, and real estate.	717	220	199	4	16	31	19	363	286	40	71	13
Services.	11,156	1,832	1,454	77	246	247	257	7,732	6,524	220	980	108
Business services.	1,385	84	78	2	3	7	12	1,242	941	14	38	2
Repair services.	648	39	32	1	6	8	6	576	489	34	18	1
Private households.	2,126	23	15	-	8	1	6	2,089	1,940	2	6	1
Personal services.	2,954	234	192	1	32	92	99	2,393	2,003	80	119	17
Hotels and motels.	2,603	226	185	1	31	84	90	2,085	1,779	51	101	17
Entertainment and recreation services.	936	129	115	3	8	24	20	671	496	40	79	13
Professional and related services.	3,107	1,323	1,022	70	189	115	114	761	655	50	720	74
Hospitals.	564	314	245	15	40	25	24	68	63	-	103	30
Health services, except hospitals.	98	17	9	5	3	1	1	52	42	5	23	4
Elementary and secondary schools and colleges.	1,517	634	490	29	96	62	72	310	294	3	414	25
Other educational services.	17	1	1	-	-	1	1	9	4	4	5	-
Social services, religious and membership organizations.	151	37	28	2	6	8	2	73	39	28	29	2
Legal engineering and other professional services.	760	320	249	19	44	18	14	249	213	10	146	13
Public administration.	2,542	1,977	1,351	247	341	62	61	170	148	2	258	14
CLASS OF WORKER												
Employed persons 16 years and over.	34,723	6,006	4,755	380	741	797	880	24,840	15,910	1,002	1,962	238
Private wage and salary workers.	28,769	2,480	2,189	57	180	621	701	21,736	15,279	1,748	1,072	159
Government workers.	5,006	3,147	2,424	318	535	162	173	527	482	4	732	65
Self-employed workers.	860	166	132	5	24	11	5	518	137	218	149	11
Unpaid family workers.	88	13	10	-	2	3	1	59	12	32	9	3

Source: 1995 CNM: Mid-Decade Census

Table 83. Industry and Class of Worker by Place of Birth, CNMI: 1995
 (For definitions of terms and meanings of symbols, see text)

Industry Class of Worker	Total	CNMI				Palau	FSM	Asia			Guam/ United States	Else- where
		Total	Saipan	Tinian	Rota			Total	Philippines	Korea		
Employed persons 16 years and over.	34,723	6,006	4,755	380	741	797	880	24,840	15,910	1,002	1,962	238
Agriculture.	377	18	9	3	4	1	2	351	257	2	4	1
Forestry and fisheries.	50	7	6	-	-	1	2	35	30	-	5	-
Mining.	142	8	7	1	-	1	-	126	119	-	6	1
Construction.	3,479	75	63	-	11	4	3	3,349	3,085	84	36	12
Manufacturing.	7,764	230	213	4	7	92	267	7,092	1,262	153	67	16
Nondurable goods.	7,630	222	206	3	7	90	266	6,978	1,166	144	58	16
Food and kindred products.	97	22	20	1	1	2	-	63	56	3	7	3
Textile mill products.	9	1	1	-	-	1	2	4	3	-	1	-
Apparel and other finished textiles.	7,289	178	166	1	6	84	262	6,710	928	134	44	11
Printing, publishing, & allied industries.	167	18	16	1	-	2	1	139	123	3	5	2
Petroleum and coal products.	6	-	-	-	-	-	-	6	6	-	-	-
Rubber and miscellaneous plastics.	1	-	-	-	-	-	-	-	-	-	-	-
Other nondurable goods manufacturing.	61	3	3	-	-	1	1	56	50	4	-	-
Durable goods.	134	8	7	1	-	2	1	114	96	9	9	-
Lumber and wood products, incl. furniture.	21	-	-	-	-	-	1	18	15	1	2	-
Stone, clay, glass & concrete products.	36	1	-	1	-	1	-	32	28	1	2	-
Metal industries.	4	1	1	-	-	-	-	2	2	-	1	-
Machinery and transportation equipment.	11	-	-	-	-	-	-	10	8	-	1	-
Professional and photographic equipment.	-	-	-	-	-	-	-	-	-	-	-	-
Other durable goods manufacturing.	62	6	6	-	-	1	-	52	43	7	3	-
Transportation, communication, & other												
Public utilities.	2,539	796	696	28	63	159	113	1,150	753	158	287	34
Transportation.	1,730	416	355	15	40	123	92	915	543	151	163	21
Bus service and urban transit.	136	59	57	1	1	6	6	54	43	1	9	2
Taxicab service.	1,011	202	178	5	13	45	40	662	330	141	55	7
Communications.	355	100	94	2	4	25	14	125	107	3	81	10
Utilities and sanitary services.	454	280	247	11	19	11	7	110	103	4	43	3
Wholesale trade.	516	109	101	1	5	15	15	323	276	18	49	5
Durable goods.	234	45	44	-	1	6	13	139	112	13	29	2
Nondurable goods.	282	64	57	1	4	9	2	184	164	5	20	3
Retail trade.	5,441	734	656	15	48	184	141	4,149	3,170	325	199	34
Eating and drinking places.	2,135	119	104	1	13	18	23	1,931	1,533	80	36	8
Finance, insurance, and real estate.	717	220	199	4	16	31	19	363	286	40	71	13
Services.	11,156	1,832	1,454	77	246	247	257	7,732	6,524	220	980	108
Business services.	1,385	84	78	2	3	7	12	1,242	941	14	38	2
Repair services.	648	39	32	1	6	8	6	576	489	34	18	1
Private households.	2,126	23	15	-	8	1	6	2,089	1,940	2	6	1
Personal services.	2,954	234	192	1	32	92	99	2,393	2,003	80	119	17
Hotels and motels.	2,603	226	185	1	31	84	90	2,085	1,779	51	101	17
Entertainment and recreation services.	936	129	115	3	8	24	20	671	496	40	79	13
Professional and related services.	3,107	1,323	1,022	70	189	115	114	761	655	50	720	74
Hospitals.	564	314	245	15	40	25	24	68	63	-	103	30
Health services, except hospitals.	98	17	9	5	3	1	1	52	42	5	23	4
Elementary and secondary schools.	-	-	-	-	-	-	-	-	-	-	-	-
and colleges.	1,517	634	490	29	96	62	72	310	294	3	414	25
Other educational services.	17	1	1	-	-	1	1	9	4	4	5	-
Social services, religious and membership organizations.	151	37	28	2	6	8	2	73	39	28	29	2
Legal engineering and other professional services.	760	320	249	19	44	18	14	249	213	10	146	13
Public administration.	2,542	1,977	1,351	247	341	62	61	170	148	2	258	14
CLASS OF WORKER												
Employed persons 16 years and over.	34,723	6,006	4,755	380	741	797	880	24,840	15,910	1,002	1,962	238
Private wage and salary workers.	28,769	2,480	2,189	57	180	621	701	21,736	15,279	748	1,072	159
Government workers.	5,006	3,143	2,424	318	535	162	173	527	482	4	732	65
Self-employed workers.	860	166	132	5	24	11	5	518	137	218	149	11
Unpaid family workers.	88	13	10	-	2	3	1	59	12	32	9	3

Source: 1995 CNMI Mid-Decade Census

Table 65. Poverty Status in 1994 of Families and Persons by Birthplace, CNMI: 1995
(For definitions of terms and meanings of symbols, see text)

Poverty Workers in Family	Total	CNMI				Palau	FSM	Asia			Guam/ United States	Else- where
		Total	Saipan	Tinian	Rota			Total	Phil- ippines	Korea		
ALL INCOME LEVELS IN 1989												
Families	8,256	3,642	2,912	204	433	405	399	2,817	1,884	494	897	96
Householder worked in 1989	6,586	2,545	2,008	172	301	334	306	2,529	1,742	415	785	87
With related children under 18 years	6,383	3,172	2,533	178	379	328	333	1,878	1,283	348	607	65
Female householder, no husband present	4,626	2,561	2,045	139	308	254	271	1,059	660	263	434	47
Householder worked in 1989	1,244	627	508	24	77	109	78	353	277	30	71	6
With related children under 18 years	773	297	241	16	34	79	51	286	236	16	55	5
With related children under 6 years	1,022	542	439	23	65	91	61	262	206	22	61	5
	766	453	369	18	53	72	55	135	99	19	47	4
Unrelated individuals	7,798	505	403	17	65	112	156	6,738	5,657	152	260	27
Worked in 1989	6,422	296	231	9	47	78	92	5,740	4,958	87	198	18
Persons	53,711	20,279	17,140	1,162	1,736	1,333	1,822	26,505	16,682	1,568	3,461	311
Related children under 18 years	14,689	11,470	9,982	730	728	222	454	1,002	561	310	1,469	72
Related children 5 to 17 years	9,288	6,603	5,703	433	443	187	398	856	484	270	1,182	62
60 years and over	1,405	757	599	9	125	68	61	399	283	65	107	13
65 years and over	836	479	373	7	81	47	41	192	118	43	67	10
INCOME IN 1989 BELOW POVERTY LEVEL												
Families	2,482	984	814	33	101	144	211	1,015	847	71	112	16
Percent below poverty level	30.2	27.0	28.0	16.2	23.3	35.6	52.9	36.0	45.0	14.4	12.5	16.7
Householder worked in 1989	1,830	545	453	22	51	110	159	919	778	61	83	14
With related children under 18 years	2,064	899	744	29	92	126	190	744	637	54	92	13
Female householder, no husband present	1,441	735	606	23	76	105	158	362	289	42	72	9
Householder worked in 1989	512	250	197	7	33	46	50	146	127	5	19	1
With related children under 18 years	285	88	69	3	12	29	32	123	110	3	12	1
With related children under 6 years	444	229	180	7	30	40	40	116	104	3	18	1
Unrelated individuals	334	191	151	5	25	34	39	54	45	3	15	1
Percent below poverty level	6.661	319	271	10	25	83	137	5,960	5,030	94	141	21
Worked in 1989	85.4	63.2	67.2	58.8	38.5	74.1	87.8	88.5	88.9	61.8	54.2	77.8
Persons	5,304	116	103	2	8	50	73	4,970	4,335	29	83	12
Percent below poverty level	28.977	7.113	6.271	247	498	549	1,126	19,236	11,988	391	850	103
Related children under 18 years	53.9	45.0	36.6	21.3	28.7	41.2	61.8	72.6	71.9	24.9	24.6	33.1
Related children 5 to 17 years	5,651	4,480	4,050	162	258	114	316	324	215	81	399	24
60 years and over	3,413	2,435	2,180	95	154	93	283	270	175	73	312	20
65 years and over	469	244	183	4	44	21	28	154	127	12	18	4
Persons	279	161	117	4	31	17	19	66	47	7	13	3
INCOME IN 1994 BELOW SPECIFIED POVERTY LEVEL												
Below 50 percent of poverty level	14,366	2,968	2,659	62	207	246	551	10,135	5,396	186	409	57
Below 125 percent of poverty level	33,300	8,967	7,795	371	682	691	1,316	21,187	13,448	491	1,022	117
Below 185 percent of poverty level	40,102	12,609	10,814	583	1,057	975	1,526	23,350	14,981	752	1,490	152
Related children under 18 years	9,596	7,646	6,729	392	508	173	409	597	383	151	737	34
Related children 5 to 17 years	5,855	4,245	3,720	218	295	143	359	502	319	134	577	29
WORKERS IN FAMILY IN 1994												
Families	7,577	3,328	2,641	186	408	388	370	2,584	1,785	421	824	83
No workers	357	253	206	9	29	16	20	43	15	18	25	-
1 worker	2,065	963	782	40	121	120	122	637	286	225	199	24
2 workers	3,163	1,169	919	78	137	152	126	1,258	941	135	414	44
3 workers	1,222	622	492	40	71	57	62	336	276	27	137	8
4 workers	443	197	151	15	25	26	18	163	142	11	34	5
5 or more workers	145	70	47	3	19	7	5	55	47	2	7	1
Mean income for families (in dollars)	182	54	44	1	6	10	17	92	78	3	8	1
No workers	38,074	42,084	40,987	54,453	45,386	27,776	24,027	30,754	23,077	52,592	54,702	50,906
1 worker	16,277	15,399	15,717	23,997	11,656	13,648	11,251	22,455	7,219	37,644	20,232	-
2 workers	26,752	25,917	25,983	22,888	27,199	15,780	13,928	28,709	13,627	41,879	38,560	30,466
3 workers	34,851	40,045	38,337	51,941	47,059	26,495	23,317	25,701	18,405	60,332	52,297	56,184
4 workers	55,758	61,915	60,758	90,297	55,067	40,245	26,010	42,183	34,207	68,280	81,388	49,419
5 or more workers	60,600	74,550	79,097	71,750	57,846	50,230	37,713	41,928	34,156	156,158	83,711	98,865
Mean income for families (in dollars)	69,718	88,499	74,441	55,832	130,698	64,326	118,501	41,415	41,558	27,280	73,038	82,280
Mean income for families (in dollars)	66,536	92,501	93,675	89,696	100,375	58,754	67,295	49,963	46,465	93,327	92,028	50,000

Source: 1995 CNMI Mid-Decade Census

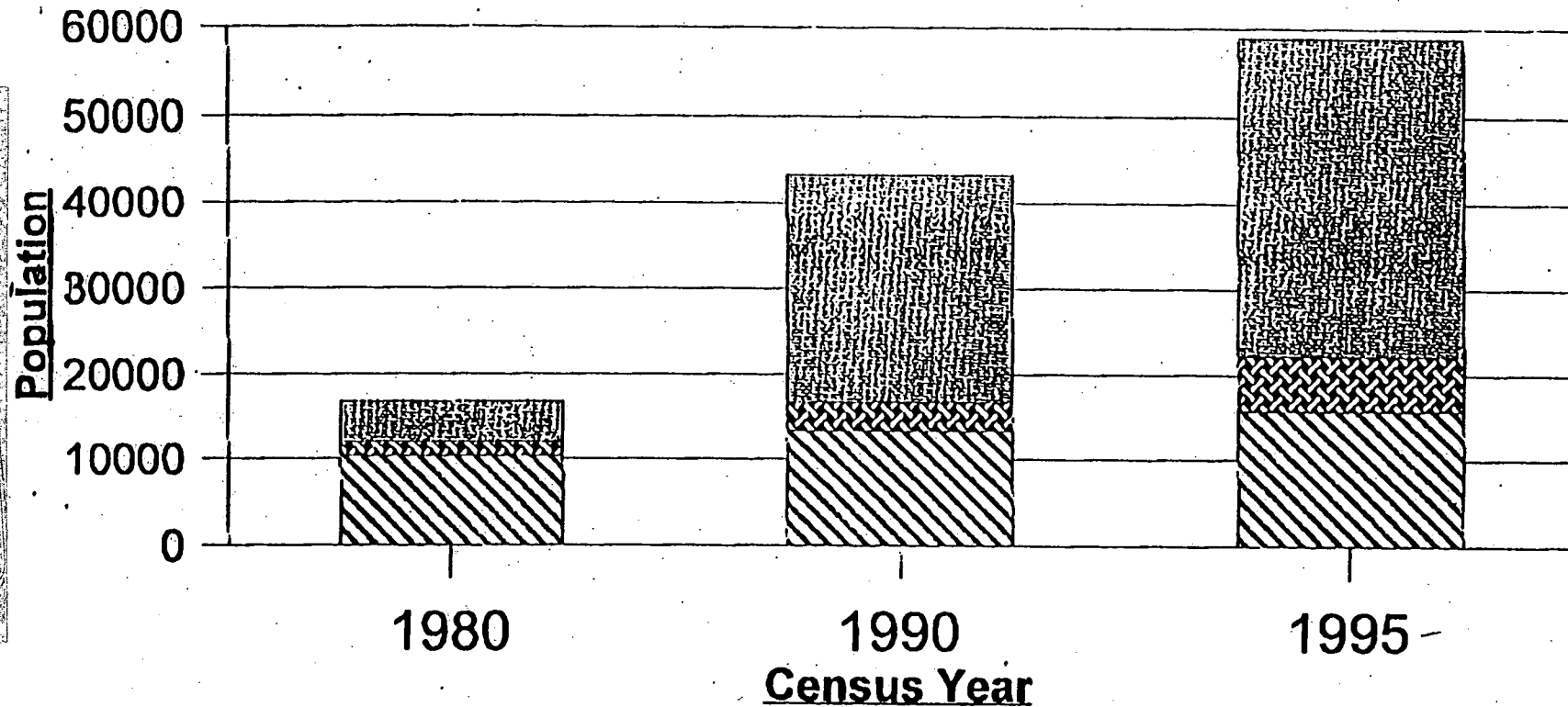
Table 111. Citizenship and Year of Entry by Labor Force Status, CNMI: 1995
[For definitions of terms and meanings of symbols, see text]

Citizenship Year of Entry	Total	In labor force									No. Labor Force
		Total		Employed				Unemployed			
				At work							
		Number	Percent	Total	Total	35 or more hrs Number	Percent	34 hrs or less	Number	Percent	
Persons 16 years and over.	43,846	37,393	85.3	34,723	33,634	32,534	96.7	1,100	2,670	7.1	6,431
U.S. citizen.	14,061	9,961	70.8	8,707	8,327	7,770	93.3	557	1,254	12.6	4,186
Born in CNMI.	10,421	7,001	67.2	6,006	5,757	5,384	93.5	373	995	14.2	3,428
Born in the U.S. or other U.S. territory or commonwealth.	2,569	2,159	84.0	1,962	1,873	1,734	92.6	139	197	9.1	431
Born abroad of U.S. parent(s).	120	92	76.7	84	80	75	93.8	5	8	8.7	21
Naturalized citizen.	951	709	74.6	655	617	577	93.5	40	54	7.6	242
Not a U.S. citizen.	29,785	27,432	92.1	26,016	25,307	24,764	97.9	543	1,416	5.2	2,351
Permanent resident.	2,895	2,181	75.3	1,932	1,854	1,746	94.2	108	249	11.4	711
Temporary resident.	26,890	25,251	93.9	24,084	23,453	23,018	98.1	435	1,167	4.6	1,638
Females 16 years and over.	22,211	17,995	81.0	16,455	15,900	15,351	96.5	549	1,540	8.6	4,214
U.S. citizen.	6,689	4,166	62.3	3,531	3,369	3,102	92.1	267	635	15.2	2,521
Born in CNMI.	5,082	2,982	58.7	2,484	2,377	2,206	92.8	171	498	16.7	2,104
Born in the U.S. or other U.S. territory or commonwealth.	1,055	804	76.2	704	667	590	88.5	77	100	12.4	251
Born abroad of U.S. parent(s).	50	34	68.0	32	30	25	83.3	5	2	5.9	16
Naturalized citizen.	502	346	68.9	311	295	281	95.3	14	35	10.1	156
Not a U.S. citizen.	15,522	13,829	89.1	12,924	12,531	12,249	97.7	282	905	6.5	1,693
Permanent resident.	1,730	1,172	67.7	1,028	981	918	93.6	63	144	12.3	556
Temporary resident.	13,792	12,657	91.8	11,896	11,550	11,331	98.1	219	761	6.0	1,137
Persons 16 years and over.	43,846	37,393	85.3	34,723	33,634	32,534	96.7	1,100	2,670	7.1	6,431
Born in the CNMI.	10,421	7,001	67.2	6,006	5,757	5,384	93.5	373	995	14.2	3,428
Born outside the CNMI.	33,425	30,392	90.9	28,717	27,877	27,150	97.4	727	1,675	5.5	3,031
1954 or 1955.	16,019	14,830	92.6	14,114	13,796	13,475	97.7	321	716	4.8	1,119
1950 to 1953.	11,234	10,354	92.2	9,712	9,375	9,166	97.8	209	642	6.2	888
1947 to 1949.	2,789	2,435	87.3	2,305	2,220	2,153	97.0	67	130	5.3	354
1945 or 1946.	864	745	86.2	711	695	656	94.4	39	34	4.6	111
1940 to 1944.	1,087	917	84.4	862	835	805	96.4	30	55	6.0	176
1935 to 1939.	600	479	79.8	440	425	404	95.1	21	39	8.1	121
1930 to 1934.	548	464	84.7	423	396	369	92.7	29	41	8.8	84
Before 1929.	284	168	59.2	150	133	122	91.7	11	18	10.7	116
Not a citizen.	29,785	27,432	92.1	26,016	25,307	24,764	97.9	543	1,416	5.2	2,351
1954 or 1955.	14,634	13,672	93.4	13,057	12,788	12,528	98.0	260	615	4.5	962
1950 to 1953.	10,356	9,623	92.9	9,046	8,744	8,582	98.1	162	577	6.0	733
1947 to 1949.	2,468	2,166	87.8	2,054	1,982	1,930	97.4	52	112	5.2	302
1945 or 1946.	721	627	87.0	601	587	562	95.7	25	26	4.1	84
1940 to 1944.	854	735	86.1	696	679	659	97.1	20	39	5.3	111
1935 to 1939.	389	315	81.0	291	281	272	96.8	9	24	7.6	71
1930 to 1934.	250	207	82.8	191	178	166	93.3	12	16	7.7	41
Before 1929.	113	87	77.0	80	68	65	95.6	3	7	8.0	24
Females 16 years and over.	22,211	17,995	81.0	16,455	15,900	15,351	96.5	549	1,540	8.6	4,214
Born in the CNMI.	5,082	2,982	58.7	2,484	2,377	2,206	92.8	171	498	16.7	2,104
Born outside the CNMI.	17,129	15,013	87.6	13,971	13,523	13,145	97.2	378	1,042	6.9	2,110
1954 or 1955.	8,782	7,935	90.4	7,499	7,328	7,161	97.7	167	436	5.5	841
1950 to 1953.	5,793	5,166	89.2	4,734	4,547	4,429	97.4	118	432	8.4	621
1947 to 1949.	1,046	797	76.2	733	692	664	96.0	28	64	8.0	243
1945 or 1946.	371	286	77.1	268	257	234	91.1	23	18	6.3	85
1940 to 1944.	508	391	77.0	355	346	331	95.7	15	36	9.2	117
1935 to 1939.	266	194	72.9	170	163	149	91.4	14	24	12.4	77
1930 to 1934.	220	172	78.2	149	136	131	96.3	5	23	13.4	48
Before 1929.	143	72	50.3	63	54	46	85.2	8	9	12.5	71
Not a citizen.	15,522	13,829	89.1	12,924	12,531	12,249	97.7	282	905	6.5	1,693
1954 or 1955.	8,175	7,475	91.4	7,094	6,943	6,806	98.0	137	381	5.1	709
1950 to 1953.	5,407	4,879	90.2	4,481	4,306	4,214	97.9	92	398	8.2	521
1947 to 1949.	911	695	76.3	640	605	583	96.4	22	55	7.9	216
1945 or 1946.	306	237	77.5	221	211	200	94.8	11	16	6.8	61
1940 to 1944.	391	305	78.0	279	274	264	96.4	10	26	8.5	84
1935 to 1939.	172	126	73.3	113	108	104	96.3	4	13	10.3	44
1930 to 1934.	111	81	73.0	70	62	59	95.2	3	11	13.6	36
Before 1929.	49	31	63.3	26	22	19	86.4	3	5	16.1	18

Source: 1995 CNMI Mid-Decade Census

Birthplace and Mother's Birthplace

CNMI, 1980 to 1995



Legend



Foreign-Born Persons

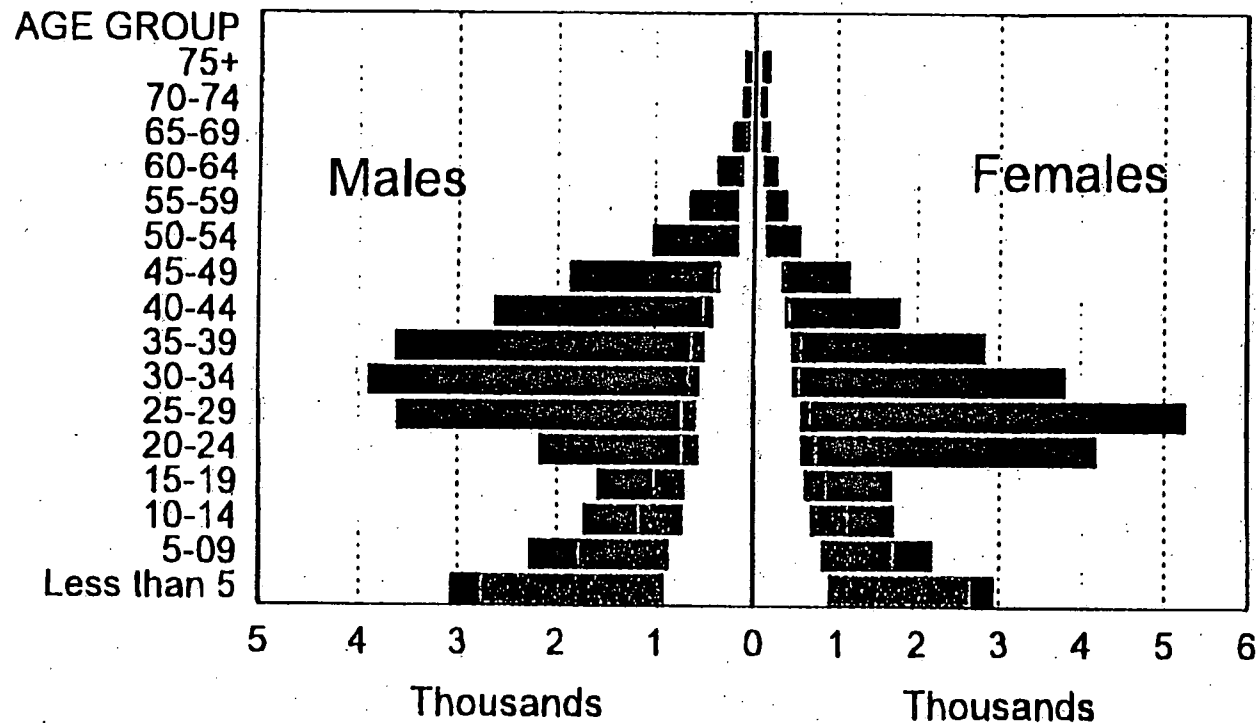


Mother - Born Elsewhere



Mother - CNMI Born

AGE AND SEX BY PLACE OF BIRTH AND PARENTS PLACE OF BORN



- ☐ CNMI BORN WITH BOTH PARENTS CNMI BORN
- ☒ CNMI BORN WITH ONE OR BOTH PARENTS NON-CNMI BORN
- ☒ NON-CNMI BORN WITH ONE OR BOTH PARENTS NON-CNMI BORN

CLINTON LIBRARY PHOTOCOPY

Withdrawal/Redaction Sheet

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. memo	Marcia Hale, Jeffrey Farrow, and Lucia Wyman to Sylvia Mathews re: Northern Mariana Letters (2 pages)	05/19/97	P5
002. letter	Todd Stern to Marcia Hale and Jeffrey Farrow re: Northern Marianas Letters (3 pages)	05/20/97	P5
003. draft	Letter, President Clinton to Resident Representative Juan Babauta re: Commonwealth of Northern Mariana Islands immigration and wage laws (1 page)	ca. May, 1997	P5

COLLECTION:

Clinton Presidential Records
Legislative Affairs
Lucia Wyman
OA/Box Number: 11837

FOLDER TITLE:

CNMI [5]

Richard Stalcup
2006-0167-F
rx80

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advise between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

Freedom of Information Act - [5 U.S.C. 552(b)]

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
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- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

CLINTON LIBRARY PHOTOCOPY

May 19, 1997

Memorandum for Sylvia Mathews

Cc: Todd Stern
Jim Dorskind

From: Marcia Hale
Jeffrey Farrow
Lucia Wyman

Subject: Northern Marianas Letters

The attached draft letter to the Commonwealth of the Northern Mariana Islands Representative to the Federal Government -- regarding inclusion of the islands in national immigration and minimum wage laws to overcome the serious problems with the labor situation there -- is a rewrite of an Interior Department draft to which Interior has agreed.

The Attorney General and the Labor Department have also approved it. (A copy was, additionally, sent to OMB.)

If it is finally signed-off on by you, we can have Correspondence send it in the morning.

Thanks.

The Honorable Juan Babauta
Resident Representative of
the Northern Mariana Islands
2121 R Street, N.W.
Washington, D.C. 20008

Dear John:

As you know, the Covenant that established the political union between the Northern Mariana Islands and the United States did not immediately extend all national immigration and naturalization and minimum wage laws to the Commonwealth.

The labor situation that has developed in the newest member of the U.S. political family in more recent years has become of great concern to me. Aspects ^{of this situation} are inconsistent with our country's values.

The Federal efforts to date to address the problems inherent in the current system have not succeeded in overcoming them. It is, therefore, time to include the islands in our national immigration and naturalization and minimum wage laws, as provided for by the Covenant.

My Administration will work with the Congress to extend Federal ^{laws} ~~administration~~ in a reasonable and appropriate manner and will consult with you and other officials of the Commonwealth in the process.

I am dedicated to protecting the rights and well-being of all who work and live in the islands as well as to fulfilling our Covenant responsibilities.

Sincerely,

cc: Chairman Don Young
Ranking Democrat George Miller
Chairman Frank Murkowski
Ranking Democrat Dale Bumpers
Governor Froilan Cruz Tenorio

THE WHITE HOUSE
WASHINGTON

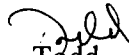
May 20, 1997

Marcia and Jeff --

I think the attached draft letter needs some work. Mostly it is too vague and elliptical. For example, when you say, "The labor situation that has developed...has become of great concern to me," or, "Aspects of this situation are inconsistent with our country's values," or "The Federal efforts to date to address the problems inherent in the current system have not succeeded in overcoming them," I truly don't understand what we're talking about. The letter needs to be more straightforward and clear.

I would recommend having it redrafted and preparing a short cover memo to the President explaining to him what this is all about.

One last point -- can we avoid referring to the Northern Mariana Islands as the newest member of the U.S. *political* family. Let's find another way to say this. Call me if you have any questions.


Todd

CC: Lucia Wyman

'97 MAY 19 PM7:05

May 19, 1997

Memorandum for Sylvia Mathews

Cc: Phil Kaplan ✓
Jim Dorskind

From: Marcia Hale
Jeffrey Farrow
Lucia Wyman

Subject: Northern Marianas Letters

The attached draft letter to the Commonwealth of the Northern Mariana Islands Representative to the Federal Government -- regarding inclusion of the islands in national immigration and minimum wage laws to overcome the serious problems with the labor situation there -- is a rewrite of an Interior Department draft to which Interior has agreed.

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My Administration will work with the Congress to extend Federal ~~administration~~^{law} in a reasonable and appropriate manner and will consult with you and other officials of the Commonwealth in the process.

I am dedicated to protecting the rights and well-being of all who work and live in the islands as well as to fulfilling our Covenant responsibilities.

Sincerely,

cc: Chairman Don Young
Ranking Democrat George Miller
Chairman Frank Murkowski
Ranking Democrat Dale Bumpers
Governor Froilan Cruz Tenorio

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Resident Representative of
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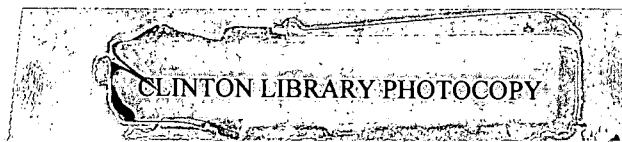
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Sincerely,

cc: Chairman Don Young
Ranking Democrat George Miller
Chairman Frank Murkowski
Ranking Democrat Dale Bumpers
Governor Froilan Cruz Tenorio



Withdrawal/Redaction Sheet

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001a. note	Berger comments re: Response to Congressman Filner (1 page)	ca. April, 1995	P5
001b. note	Berger comments re: Response to Congressman Filner (1 page) <i>dup. of 001a</i>	ca. April, 1995	P5

COLLECTION:

Clinton Presidential Records
National Security Council
Bob Filner (PRS-Presidential Records)
OA/Box Number: 562

FOLDER TITLE:

9500614

Richard Stalcup

2006-0167-F

rx81

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

Freedom of Information Act - [5 U.S.C. 552(b)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
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- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

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PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

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0614

ADDITIONAL COMMENTS

1] NRW TO SPB Date: 4/4

Please sign for JR. I'm not sure that the draft letter answers Fisher adequately. Rather than express concern about the abuses + a commitment to see that they are looked into

2] or corrected, TO the letter just filed by the Date: 3
various programs the departments have underway.

3] _____ TO _____ Date: _____

4] _____ TO _____ Date: _____

5] _____ TO _____ Date: _____

Withdrawal/Redaction Sheet

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. memo	Points to make with John Waihee re: his 08/12/97 letter. (2 pages)	ca. August, 1997	P5

COLLECTION:

Clinton Presidential Records
Intergovernmental Affairs
Jeffrey Farrow
OA/Box Number: 24088

FOLDER TITLE:

Northern Mariana Islands-Variou II [4]

Richard Stalcup
2006-0167-F
rx82

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
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Freedom of Information Act - [5 U.S.C. 552(b)]

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PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

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for Marianas

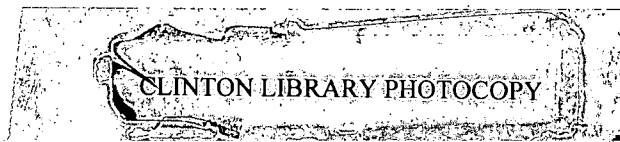
Points to Make with John Waihee Re his 8/12/97 Letter

- Governor, I thought that it would be most helpful to respond to your letter verbally, given the complexity of the issues, and since we A) want to make sure that you understand our positions and B) want be appropriately helpful on them.
- First, you asked to have an opportunity to discuss any further presidential decisions before they are announced. We'll consult you on and inform you of any further presidential decisions.
- We don't anticipate any presidential decisions but there may be further expressions on the issues. For example, Marianas petitions may require them.
- Second, you suggested that there be a lead staff person on the issues. The Administration's lead person is the Insular Affairs Director in Sec. Babbitt's office, Al Stayman. This is consistent with the Executive Order on Relations with the Marianas (No. 12572). He heads the interagency task force on the subject.
- I am the lead person for the insular government's concerns here. I share the responsibility for the issues with others, particularly Lucia Wyman in Legislative Affairs, and am assisted on this by Jeff Farrow. But its important you work with Sec. Babbitt and his staff as well.
- You also suggested that the lead staff person go to the islands. Stayman is going with a team of key representatives from other agencies.
- Third, you suggested that the issues of enacting immigration and minimum wage laws be resolved through the process provided for in the Covenant. Covenant Sec. 503 specifically provides for the Federal Government to enact immigration and minimum wage laws for the Marianas at its discretion. Its history anticipates that the Federal Government might well enact such laws.
- Rather than reserve control of these matters to the insular government, the Covenant did not immediately extend the immigration and minimum wage laws in existence at the time. The Administration has not suggested simple



extension of the laws now but a long phase-in that takes into account the current situation and considers the need for further special provisions.

- You specifically suggested using Covenant Sec. 902 consultations between representatives of the President and the Governor to address these issues. While that is not the Covenant process for these issues, the Federal Government raised them in the 902 talks in some of its many efforts on the issues (in the mid-80's).
- Its not clear to me what the purpose of 902 talks would be now. The Administration favors the enactment of immigration and minimum wage laws for the islands. It has made suggestions on phasing them in that it is seeking to discuss with the Marianas' representatives. The decision on favoring the enactment of immigration and minimum wage laws can be discussed but it has been made. Decisions on a phase-in can be discussed but we have already offered to discuss them.
- Perhaps more important, remember that what the Administration is really doing is taking positions on legislation that was already introduced in the House (by 50 or so Members of our party) and is now introduced in the Senate (by a bipartisan group led by a Senator from Hawaii). There were congressional requests for our position. Hearings are being planned in both Houses. The legislative process itself has superseded the idea of using 902 talks to develop recommendations on the appropriate action.
- Additionally, Gov. Tenorio called off the possibility of further 902 talks. (There were none active at the time.)
- The Administration has no desire to start them up again on these issues. The Governor can initiate them, but he has not and the purpose of doing so isn't clear.
- Finally, I want to reiterate that we want to work closely with you and other representatives of the Marianas on these issues. They are difficult for us all but we want to make sure that we consider the insular government's views fully and that it understands our positions. You should not hesitate to call.



Withdrawal/Redaction Sheet

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
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001. email	Revised SAP on S 1275 and Labor Comments (3 pages)	07/17/1998	P5
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COLLECTION:

Clinton Presidential Records
ARMS
WHO 1998/01-1998/11 ([Mariana Islands, Response, Labor])
OA/Box Number: 600000

FOLDER TITLE:

[07/17/1998]

Richard Stalcup

2006-0167-F

rx183

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

Freedom of Information Act - [5 U.S.C. 552(b)]

P1 National Security Classified Information [(a)(1) of the PRA]
P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
P3 Release would violate a Federal statute [(a)(3) of the PRA]
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b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

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PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

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RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: E. Holly Fitter (CN=E. Holly Fitter/OU=OMB/O=EOP@EOP [OMB])

CREATION DATE/TIME:17-JUL-1998 18:00:07.00

SUBJECT: Revised SAP on S 1275 and Labor Comments

TO: William P. Marshall (CN=William P. Marshall/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Robert G. Damus (CN=Robert G. Damus/OU=OMB/O=EOP@EOP [OMB])
READ:UNKNOWN

TO: Antonio E. Chavez (CN=Antonio E. Chavez/OU=OMB/O=EOP@EOP [OMB])
READ:UNKNOWN

TO: Daniel J. Chenok (CN=Daniel J. Chenok/OU=OMB/O=EOP@EOP [OMB])
READ:UNKNOWN

TO: James B. Kazel (CN=James B. Kazel/OU=OMB/O=EOP@EOP [OMB])
READ:UNKNOWN

TO: Jeffrey L. Farrow (CN=Jeffrey L. Farrow/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Kimberly A. Maluski (CN=Kimberly A. Maluski/OU=OMB/O=EOP@EOP [OMB])
READ:UNKNOWN

TO: Steven M. Mertens (CN=Steven M. Mertens/OU=OMB/O=EOP@EOP [OMB])
READ:UNKNOWN

TO: Debra J. Bond (CN=Debra J. Bond/OU=OMB/O=EOP@EOP [OMB])
READ:UNKNOWN

TO: Janet E. Irwin (CN=Janet E. Irwin/OU=OMB/O=EOP@EOP [OMB])
READ:UNKNOWN

CC: Anna M. Briatico (CN=Anna M. Briatico/OU=OMB/O=EOP@EOP [OMB])
READ:UNKNOWN

TEXT:

Please review the attached revised SAP and consider the Labor (nonconcurrency) comments - We going to need some guidance vis-as-vis the Labor position. Please provide comments back to Anna Briatico by 2:00 PM Monday, 7/20/98

This package is being circulated to Justice, Interior, Labor, Commerce, State, USTR, and Treasury.

S. 1275 - Northern Mariana Islands Covenant Implementation Act
(Sens. Murkowski(R) AK and Kyl (R) AZ)

The Administration supports Senate passage of S. 1275. The bill would reform the Commonwealth of the Northern Marianas Island (CNMI) system of relying on rotating, low-paid, indentured alien workers to perform most permanent private sector jobs, despite a 14.2 percent U.S. citizen unemployment rate. In so doing, it would implement fully Covenant section 503 (agreed to by the CNMI) which anticipated the application of Federal immigration and labor laws in the Commonwealth.

CLINTON LIBRARY PHOTOCOPY

The Administration has proposed legislation that would phase-in Federal immigration and minimum wage laws in the CNMI and, if more U.S. labor is not hired, levy a tariff on imported CNMI goods made mostly by indentured alien workers. The proposal also would prohibit such goods from using "Made in the U.S.A." labels.

S. 1275, as reported, would condition extension of Federal immigration law to the CNMI on a finding by the Attorney General, one year after enactment, that the CNMI has not met performance standards for an effective immigration program. The bill also would establish an industry committee, under the Fair Labor Standards Act, which has a precedent in Puerto Rico, the Virgin Islands, and American Samoa.

Notwithstanding the Administration's support for Senate passage of S. 1275, it will work in the House to ensure that the final legislation contains: (1) new requirements for tariffs and the labeling of goods if more U.S. labor is not hired; (2) eventual Federal minimum wage parity; and (3) authority for the U.S. Customs Service to investigate in the CNMI and other territories.

LABOR Comments:

This is in response to the request for comments on the proposed Statement of Administration Policy supporting S. 1275 □) the Northern Mariana Islands Covenant Implementation Act.

The Department does not understand the tactical or strategic advantage of supporting legislation that is so different from that which the Administration put forward and from Administration policy □) knowing, as well, that the bill will not pass Congress this session (although it may pass the Senate) and the issue will have to be revisited with a new Congress. Why the Administration would support a bill that retreats from the minimum standards that the Administration has articulated is not clear to us.

We strongly object to accepting or acceding to the idea that the Commonwealth of the Northern Mariana Islands (CNMI) minimum wage should be set by the industry committee process.

In American Samoa - the only part of the United States where the industry committee method applies - the approach has merely served to maintain the status quo and has not functioned to close the gap between the minimum wage in the insular area and the mainland.

In addition to just maintaining the status quo, the industry committee process will establish different minimum wage rates for different industry sectors. In an economy like that of the CNMI where the vast majority of workers are foreign guest workers, this could create unpredictable results and imbalances among the various sectors.

The Administration should insist on a predictable, transparent, step-by-step phase-in of the

Federal minimum wage over a period of time. If the Administration wants to determine that the industry committee is a vehicle for achieving that, at least, the Administration should demand a reasonable time table for reaching parity with the mainland minimum wage.