



OFFICE OF THE GOVERNOR
GUAM

MEDIA RELEASE

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**Governor Carl T.C. Gutierrez Submits Request to the
Legislature Calling on the Federal Government to Exempt
Guam from the Jones Act.**

(Agaña, Guam) — Legislatures in Puerto Rico, Hawaii and the U.S. Virgin Islands are reviewing measures to encourage the federal government to allow foreign vessels to serve the maritime trade between the U.S. mainland and the non-contiguous areas. Today Governor Gutierrez sent a resolution to the Speaker of the 24th Guam Legislature asking for that body's adoption of a resolution calling for an end to the Jones Act's application in the non-contiguous trades.

We have long contended that the Jones Act's application limits maritime competition to Guam. Limited competition means that the people of Guam end up paying more for imported goods than if the industry was competitive. From the price of cars, to cement and rice, this federal law limiting competition in the maritime trades affects the people of Guam negatively every single day.

Governor Carl T.C. Gutierrez

Gutierrez said that getting an exemption for Guam from the Jones Act was an uphill battle. The Governor said, however, that he would continue other efforts to bring attention to the high cost of service that results from limited competition as well as other avenues to encourage shipping cost reductions.

We continue to make our case before the Federal Maritime Commission (FMC) with respect to the way the U.S. owned carriers have overcharged Guam customers. We are hopeful for a decision from the FMC shortly.

The administration's initiative in the maritime area has been to provide the seed money for a shippers council which will force the existing carriers to bid for a significant portion of the goods shipped in the Guam trade. Lower costs of shipping should then be passed on to Guam consumers.

Gutierrez said that he looks forward to the Legislature's consideration of the resolution he has sent to the Speaker.

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Rising Abuse of Workers Reported on U.S. Island Territory

By WILLIAM BRANIGIN
Washington Post Staff Writer

An Interior Department-sponsored team working undercover has documented worsening labor and human rights abuses against foreign workers on a U.S. island territory, including coercion of garment factory employees to undergo abortions and the trafficking of Russian and Chinese women for prostitution in a burgeoning sex-tourism industry.

According to a draft report on the probe and interviews with workers, investigators and U.S. officials, the exploitation of foreign guest workers on the islands has escalated in recent years as the territory has continued to import thousands of them with promises of well-paying jobs on U.S. soil. Unlike other U.S. possessions, the Commonwealth of the Northern Mariana Islands, or CNMI, as the island chain between Hawaii and the Philippines is known, controls immigration and sets its own minimum wage under a "covenant" with the United States.

The report is the result of more than 400 interviews in the CNMI in January and February by a seven-member team whose activities were funded by a \$100,000 contract with the Interior Department. The team included three American human rights activists, two former CNMI guest workers from China and the Philippines, a Chinese-speaking Labor Department investigator and a Labor Department attorney. A separate inquiry into illegal garment transshipments from the islands to the United States was conducted by two former U.S. Customs investigators. The probes were aimed at gathering information in advance of a Senate committee hearing Tuesday on proposals to impose federal immigration controls and minimum-wage levels there.

A copy of the seven-member team's report was shown to The Washington Post by a government official. The department was to release the report at Tuesday's hearing of the Senate Energy and Natural Resources Committee, but last week decided to withhold it pending a review of findings that point to possible federal criminal violations.

The CNMI government opposes the bill, saying it would scuttle the islands' "economic miracle" and lead to greater dependency on the U.S. Treasury.

U.S. officials and human rights advocates

say the system benefits mainly foreign garment manufacturers and other employers, including brothel owners, in the territory. They charge that the territory has become a national disgrace.

"The United States is vulnerable to justified criticism by the international community," including such countries as Russia, China, Bangladesh and the Philippines, the draft report said. "Our country is in a poor position to criticize other countries for violating their citizens' human rights when we deny their citizens basic rights in the CNMI, and cheat and physically abuse them as well."

Among its other conclusions, the investigation found:

- Increasing tensions between the CNMI's 27,000 native islanders and the 37,000 registered foreign guest workers, including a rising incidence of "hate crimes" against the workers.
- Rampant "recruitment scams" in which workers pay thousands of dollars to obtain jobs that do not exist or that pay much less than they were promised.
- Increasing poverty and health problems among the contract workers, including high levels of tuberculosis.
- The trafficking of minors from the Philippines and China for sexual purposes, including forced prostitution, and the importation of more than 100 Russian women, mostly from Sakhalin Island, for work in brothels.

In a separate report issued last week, Rep. George Miller (D-Calif.) said a trip he made to the CNMI in January produced similar findings of abuses. He described meeting several young Chinese men, victims of a recruitment scam, who asked him if he could help them arrange the sale of their kidneys so they could repay money they had borrowed from loan sharks and finance their return to China.

Miller called on Attorney General Janet Reno to take action against the CNMI's foreign guest worker system on grounds that it "violates federal law by holding deeply indebted workers in various forms of indenture."

Miller and Interior Secretary Bruce Bab-

bitt are to testify at Tuesday's hearing along with four workers. They include a girl from the Philippines who says she was forced to dance nude and perform live sex acts in a nightclub on the territory's largest island, Saipan, when she was only 14. In interviews, she and three male workers—from China, Bangladesh and Pakistan—described themselves as victims of recruitment fraud by employers.

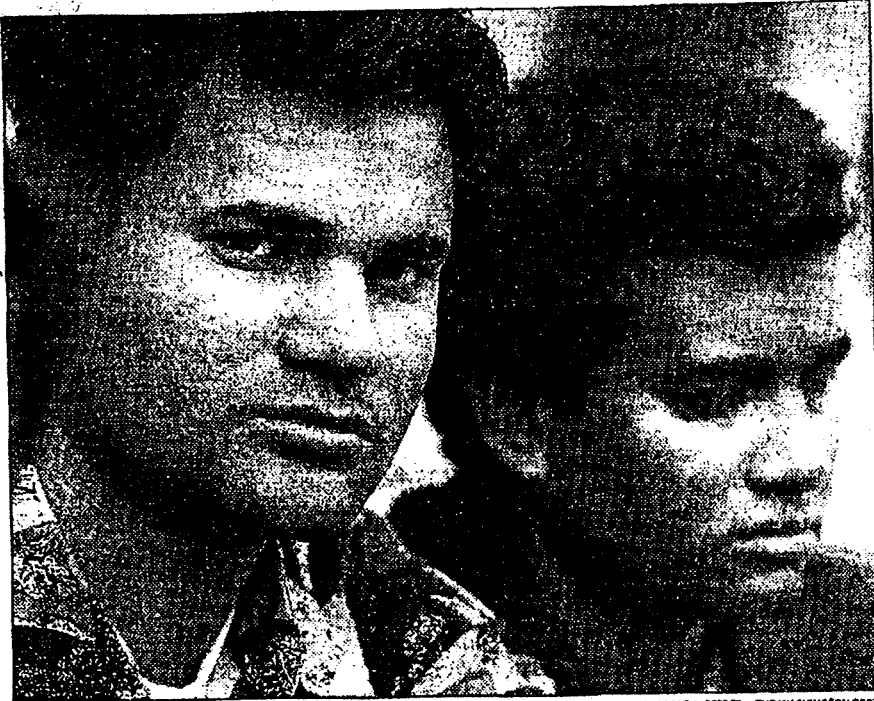
A fifth worker, a pregnant Chinese woman named Tu Xiao Mei, flew to Washington with the group but has changed her mind about testifying because she fears retaliation, U.S. officials said.

The 21-year-old seamstress filed a complaint with the Equal Employment Opportunity Commission in January. She charged that her employer, a garment factory owned by the Chinese government, ordered her to have an abortion and eventually fired her, after she refused.

Although abortion is banned by the CNMI's constitution, clandestine abortion clinics have sprung up to cater to the guest workers, the Interior Department's investigators found.

One member of the team, a Chinese woman, posed as a pregnant garment worker and secretly tape-recorded conversations with two Chinese "doctors" at underground abortion clinics. When she told one of them she was four months pregnant, he recommended carrying the fetus to five months and having a partial-birth abortion, which he said would cost \$500, according to a transcript.

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BY ROBERT A. REEDER—THE WASHINGTON POST

Mohammed Zulfikar, left, and Azizul Haque will attend the interior Department hearing Tuesday concerning human rights abuses on the U.S. island territory where they worked.

The draft report said abortion "appears to be a common practice" among garment workers on Saipan, in part because employers are liable for the medical care of their workers and do not want to bear the costs and lost productivity stemming from pregnancy and childbirth.

Documentation of an illegal abortion network associated with Saipan's nearly \$1 billion-a-year garment industry poses a potential problem for the industry's backers, who include congressional Republican leaders strongly opposed to abortion. Among them is House Majority Whip Tom DeLay (R-Tex.), who visited Saipan on a CNMI-paid trip over New Year's with his wife, daughter and four aides.

DeLay lauded the commonwealth's governor and garment industry during the trip as leading lights of "free market success" and said he favors creating a similar "guest worker program" for Mexicans in the United States, with no minimum wages.

DeLay's spokesman, John Feehery, said that "if there is forced abortion on the islands, it's against the law there." DeLay "had discussions with several Chinese workers over there, and that was never brought up," Feehery said. He said DeLay believes that its garment industry is "exporting democracy and the free market to China."

In one of the most bizarre cases documented in Interior's report, two female doctors from Harbin, China, said they paid a Chinese recruiter \$3,700 each to obtain jobs on Saipan, where they were told they would be performing abortions for fees of \$500 per procedure. Instead, they found on arrival that their employment permits listed their jobs as "masseur," and they were put to work as prostitutes, according to a labor complaint they filed in December.

After they refused to be prostitutes, the recruiter gave the two women jobs refurbishing broken air conditioners but rarely paid them, the complaint said. Now they wash cars.

One of the workers here for Tuesday's hearing, Azizul Haque, said he and fellow Bangladeshis paid as much as \$5,000 each to obtain jobs as security guards, only to be cheated by employers who kept filing for bankruptcy and setting up new companies.

Perhaps the saddest story came from a Philippine girl who can be identified only as "Katrina," because she is a minor. She was turned over to recruiters by her family at the age of 14 and sent to Saipan with a false passport that said she was 21. There, she said, she was forced to dance nude in a nightclub and appear in sex shows.

She ran away 11 months later after learning she was to be sold into prostitution in Hong Kong, she said. Now 16, she lives with an American foster mother in Hawaii.

On Saipan, she said, she was treated "like an animal." As she recalled her experiences, she buried her face in her hands and began to weep. "I was supposed to be in school," she said.

Now, Katrina said, she wants to tell her story to Congress: "I don't want to happen to anybody what happened to me." But many of the girls she knew at the nightclub are still on Saipan, she said. "Nobody wants to help them."

U.S. Territory's Lobbyist Detailed Plans Against Interior Dept. Office

By WILLIAM BRANIGIN
Washington Post Staff Writer

One of the nation's top lobbying firms is training its sights on an Interior Department office that has become increasingly critical of one of the firm's main clients, a controversial U.S. territory in the western Pacific, according to a leaked memo.

The law firm, Preston Gates Ellis & Rouvelas Meeds, said it would use its influence on Capitol Hill to abolish or "severely restrict" Interior's Office of Insular Affairs, according to the e-mail memo, copies of which have been sent anonymously to news organizations. It proposes the action as part of a far-reaching campaign to counter mounting allegations of human rights and labor violations in the Commonwealth of the Northern Mariana Islands.

The territory has paid Preston Gates \$4.25 million over the past two years to head off a threatened imposition of federal immigration and minimum-wage controls on the islands, a solution strongly pushed by the Office of Insular Affairs and its director, Allen P. Stayman.

Written by Jack Abramoff, the Seattle-based firm's chief lobbyist on the Northern Marianas, the four-page e-mail, dated Jan. 31, provides

a rare glimpse into the inner workings of a high-powered lobbying campaign. The memo, which Abramoff says was "stolen" by an unidentified culprit, suggests that Preston Gates has successfully used a series of junkets for lawmakers and their staff members to ensure that Congress does its bidding.

It also indicates that the islands' most powerful tycoon, garment manufacturer Willie Tan, has a key role in setting the budget for the campaign. The e-mail, addressed to Tan and two of his aides, referred to a message from Tan discussing the budget for a lobbying campaign. The U.S. Labor Department fined Tan \$12 million in 1992 after finding labor law violations at a garment factory he owns in the islands.

Abramoff said in an interview that Tan has not paid Preston Gates's lobbying fees. After a new governor took office in January, Tan was among a number of commonwealth residents who urged the firm to lower its fees in view of "the fiscal crisis that hit the islands," Abramoff said. The former governor, Froilan Tenorio, left a budget deficit of \$35 million, much of which was used to pay lobbyists and consultants under sole-source contracts, auditors have found.

Preston Gates is "finalizing" a new lobbying contract with the administration of the new governor, Pedro P. Tenorio, the uncle of Froilan Tenorio, Abramoff said.

The lobbying plan, according to the e-mail, was aimed primarily at using congressional hearings, scheduled to begin in the Senate today, to "impeach Stayman and his campaign against the CNMI, enabling us to then go to the appropriations process and either defund or severely restrict his activities."

It said the firm would focus on "working with the garment industry to get friendly workers (one Chinese, one Filipino, one Bangladeshi) to DC for the hearings" and on "ensuring our lead friends in the House and Senate are ready to conduct our game plan by [the] hearing date."

Other planned activities included "preparing the Stayman attack" and "preparing legislation to be introduced into the appropriations process. . . ." It said that "thanks to past trips" to the tropical islands, the CNMI has "many friends on the Appropriations Committees in the Congress."

According to the Office of Insular Affairs, at least eight House members have made the trip, including Majority Whip Thomas DeLay (R-Tex.). Also, more than 75 congressional staff members—most of them Republicans—have made CNMI-paid trips in the last

two years, according to Roll Call, a Capitol Hill newspaper.

The e-mail, which said that Stayman's office "has been the main source of difficulty" for the CNMI, suggested that it would be better to enact funding restrictions to stop Stayman from attacking the commonwealth rather than to close his office, which could generate "hostile" news coverage and allow the Clinton administration to move Stayman and his duties to another office.

The electronic memo also said that when President Clinton last

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year called for a federal takeover of immigration and the minimum wage in the CNMI, Preston Gates had "organized the Congressional leadership response letter within 24 hours." This apparently referred to a letter in which House Republican leaders Richard K. Arme (Tex.) and DeLay assured then-Gov. Froilan Tenorio that they would block Clinton's plan in Congress. According to federal records, Abramoff and his wife have contributed \$4,000 to DeLay's 1998 reelection campaign.

Abramoff said the e-mail was

"basically a strategy memo of different options and ideas and not an implementation memo." He declined to identify the congressional "friends" mentioned in it.

Stayman said the Preston Gates e-mail reflects a CNMI strategy that is "essentially one of stonewalling" on calls for reforms. He said successive administrations have been trying to get the commonwealth to address its problems, but that authorities there keep "taking advice from people who suggest the solution . . . is to just attack the messenger."