

105TH CONGRESS  
1ST SESSION

# S. 1100

To amend the Covenant to Establish a Commonwealth of the Northern Mariana Islands in Political Union with the United States of America, the legislation approving such covenant, and for other purposes.

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## IN THE SENATE OF THE UNITED STATES

JULY 31, 1997

Mr. AKAKA (for himself, Ms. COLLINS, Mr. HUTCHINSON, Ms. LANDRIEU, Mr. BUMPERS, Mr. FORD, Mr. BINGAMAN, and Mr. HOLLINGS) introduced the following bill; which was read twice and referred to the Committee on Energy and Natural Resources

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## A BILL

To amend the Covenant to Establish a Commonwealth of the Northern Mariana Islands in Political Union with the United States of America, the legislation approving such covenant, and for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Commonwealth of the  
5 Northern Mariana Islands Reform Act”.

6       **SEC. 2. FINDINGS.**

7       The Congress finds that:

1           (1) The Covenant to Establish a Common-  
2           wealth of the Northern Mariana Islands in Political  
3           Union with the United States of America was ap-  
4           proved by Congress pursuant to Public Law 94–241,  
5           90 Stat. 263.

6           (2) At the time that the Covenant was being  
7           negotiated, representatives of the government of the  
8           Northern Mariana Islands expressed concern that  
9           United States immigration laws would allow unre-  
10          stricted immigration into their small island commu-  
11          nity.

12          (3) In response to these concerns, section  
13          503(a) of the Covenant provided that the Immigra-  
14          tion and Naturalization Act did not immediately  
15          apply to the Commonwealth of the Northern Mari-  
16          ana Islands.

17          (4) Congress expressly reserved the right to ex-  
18          tend the Immigration and Naturalization Act to the  
19          Commonwealth of the Northern Mariana Islands at  
20          a future date.

21          (5) Following the enactment of the Covenant,  
22          the Commonwealth of the Northern Mariana Islands  
23          instituted a largely unrestricted immigration policy,  
24          causing the Commonwealth’s population to increase  
25          from 16,780 in 1980 to a population of over 58,800

1 in 1995, with foreign workers outnumbering United  
2 States citizens.

3 (6) As a result of these immigration policies, 91  
4 percent of the private sector work force in the Com-  
5 monwealth is comprised of foreign workers.

6 (7) The Commonwealth of the Northern Mari-  
7 ana Islands has used its immigration policy to re-  
8 cruit a large, low-cost foreign work force of des-  
9 perately poor individuals with no meaningful oppor-  
10 tunity to demand safe living and working conditions  
11 of fair wages and benefits.

12 (8) Notwithstanding an unemployment rate of  
13 14 percent among United States citizens, the Com-  
14 monwealth has recruited increasing numbers of for-  
15 eign workers.

16 (9) Even though the Commonwealth alleges  
17 that unfilled job openings justify recruitment of an  
18 increasing number of foreign workers, the Common-  
19 wealth's own statistics indicate an unemployment  
20 rate of 4.5 percent among foreign workers.

21 (10) The United States Immigration and Natu-  
22 ralization Service reported that the Commonwealth  
23 of the Northern Mariana Islands has no reliable  
24 records of aliens who have entered the Common-

1 wealth, how long they remain, and when, if ever,  
2 they depart.

3 (11) At the time that the Covenant was being  
4 negotiated, representatives of the government of the  
5 Northern Mariana Islands expressed concern that  
6 the minimum wage provisions of the Fair Labor  
7 Standards Act would disrupt the Commonwealth's  
8 struggling local economy.

9 (12) In response to these concerns, section  
10 503(c) of the Covenant provided that the minimum  
11 wage provisions of the Fair Labor Standards Act did  
12 not immediately apply to the Commonwealth.

13 (13) Congress expressly reserved the right to  
14 extend the minimum wage provisions of the Fair  
15 Labor Standards Act to the Commonwealth of the  
16 Northern Mariana Islands at a future date.

17 (14) The economy of the Commonwealth of the  
18 Northern Mariana Islands has grown significantly  
19 and, in 1996, annual gross business revenues rose to  
20 \$1,500,000,000, a sixfold increase during the past  
21 decade.

22 (15) The current minimum wage in the Com-  
23 monwealth of the Northern Mariana Islands is only  
24 \$3.05 per hour for garment and construction indus-

1 try workers and \$3.05 per hour for those working in  
2 other industries.

3 (16) The United States Department of Labor  
4 has uncovered a systematic pattern of labor abuses  
5 in the Commonwealth of the Northern Mariana Is-  
6 lands, including—

7 (A) involuntary servitude and peonage,

8 (B) illegal withholding of wages earned,

9 (C) nonpayment of overtime wages,

10 (D) illegal deductions from paychecks,

11 (E) kickbacks of wages paid to employees,

12 (F) employee lockdowns in worksites and  
13 living barracks, and

14 (G) unsafe and unhealthy working and liv-  
15 ing environments.

16 (17) Despite an expectation that they will enjoy  
17 the American dream in the Commonwealth of the  
18 Northern Mariana Islands, foreign workers have  
19 been required to sign contracts with government rep-  
20 resentatives in the People's Republic of China  
21 which—

22 (A) waive rights guaranteed to United  
23 States workers,

24 (B) forbid participation in religious and  
25 political activities while in the United States,

1 (C) prohibit workers from dating or  
2 marrying in the United States,

3 (D) subject employees to civil and labor  
4 penalties if returned to China, and

5 (E) permit Chinese Government recruiters  
6 to charge a fee of 25 percent of an employee's  
7 net pay for a period of two years.

8 (18) The United States Department of Justice  
9 has determined that the immigration and labor situ-  
10 ation in the Commonwealth of the Northern Mari-  
11 ana Islands has created a major organized crime  
12 problem in the Commonwealth which involves—

13 (A) immigration document fraud,

14 (B) public corruption,

15 (C) racketeering,

16 (D) drug trafficking,

17 (E) prostitution,

18 (F) pornography,

19 (G) extortion,

20 (H) gambling,

21 (I) smuggling, and

22 (J) other forms of violent crime.

23 (19) The United States Department of Justice  
24 is investigating numerous cases in the Common-  
25 wealth of the Northern Mariana Islands of women

1 being recruited from the Philippines, China, and  
2 other Asian countries expressly for criminal sexual  
3 activity, and has also described this situation as the  
4 “systematic trafficking of women and minors for  
5 prostitution”.

6 (20) The Commonwealth of the Northern Mari-  
7 ana Islands is exempt from Federal immigration  
8 law, the Federal minimum wage law, and Federal  
9 tariffs and taxes, yet its products are sold as “Made  
10 in USA” although 95 percent of the workers in the  
11 garment manufacturing industry are not United  
12 States citizens.

13 (21) Garments made in the Commonwealth of  
14 the Northern Mariana Islands carrying the “Made in  
15 USA” label compete directly with garments made on  
16 the United States mainland by workers and busi-  
17 nesses that are subject to Federal immigration law,  
18 the Federal minimum wage law, and Federal taxes.

19 (22) In 1996, garment manufacturers in the  
20 Commonwealth shipped garments to the Continental  
21 United States with a wholesale value of \$555 mil-  
22 lion, a 30-percent increase over the previous year.

23 (23) Congress appropriated \$10 million to fund  
24 a three-year initiative by the United States Depart-  
25 ments of Justice, Labor, and Interior to assist the

1 Commonwealth in its efforts to improve its labor and  
2 immigration policies.

3 (24) Despite this appropriation there has been  
4 little or no improvement in the immigration and  
5 labor policies of the Commonwealth of the Northern  
6 Mariana Islands.

7 (25) The government of the Commonwealth of  
8 the Northern Mariana Islands has been ineffective in  
9 stemming the flow of immigration onto United  
10 States soil, raising the wage and living standards for  
11 workers, and aggressively prosecuting labor and  
12 human rights abuses.

13 (26) Despite efforts by the Reagan, Bush, and  
14 Clinton administrations to persuade the government  
15 of the Commonwealth of the Northern Mariana Is-  
16 lands to correct problems in the Commonwealth, the  
17 situation has only deteriorated.

18 (27) The continuing concern about labor  
19 abuses, the Commonwealth's immigration policy, and  
20 the employment of foreign workers in a manner that  
21 unfairly competes with other United States manu-  
22 facturing prompted President Clinton on May 30,  
23 1997, to notify the Governor of the Commonwealth  
24 of the Northern Mariana Islands that Federal immi-

1       gration and minimum wage laws should be applied  
2       to the Commonwealth.

3       **SEC. 3. APPLICATION OF IMMIGRATION LAW.**

4       (a) Article V, section 506 of the Covenant to Estab-  
5       lish a Commonwealth of the Northern Mariana Islands in  
6       Political Union with the United States of America (ap-  
7       proved by Public Law 94–241, 90 Stat. 263) is amended  
8       by adding at the end thereof the following:

9       “(e)(1) For purposes of entry into the Northern Mar-  
10       iana Islands by any individual (but not for purposes of  
11       entry by an individual into the United States from the  
12       Northern Mariana Islands), the Immigration and Nation-  
13       ality Act shall apply as if the Northern Mariana Islands  
14       were a State (as defined in section 101(a)(36) of the Im-  
15       migration and Nationality Act).

16       “(2) Notwithstanding paragraph (1), with respect to  
17       an individual seeking entry into the Northern Mariana Is-  
18       lands for purposes of employment in the textile, hotel,  
19       tourist, or construction industry (including employment as  
20       a contractor), the Federal statutes and regulations govern-  
21       ing admission to Guam of individuals described in section  
22       101(a)(15)(H)(ii)(b) of the Immigration and Nationality  
23       Act shall apply. For purposes of this paragraph—

24       “(A) references in such statutes and regulations  
25       to United States resident workers shall be deemed to

1 be references to United States citizens, national or  
2 resident workers; and

3 “(B) references in such statutes and regulations  
4 to Guam shall be deemed to be references to the  
5 Northern Mariana Islands.

6 “(3) When deploying personnel to enforce the provi-  
7 sions of this section, the Attorney General shall coordinate  
8 with, and act in conjunction with, State and local law en-  
9 forcement agencies to ensure that such deployment does  
10 not degrade or compromise the law enforcement capabili-  
11 ties and functions currently performed by immigration of-  
12 ficers.

13 “(4) The Attorney General shall prescribe and imple-  
14 ment a transition period for the amendments made to sec-  
15 tion 506(a) of the Covenant. The transition period shall  
16 not exceed 4 years from the effective date of this sub-  
17 section. Not later than 2 years after the date of enactment  
18 of the Commonwealth of the Northern Mariana Islands  
19 Reform Act, the Attorney General shall submit a report  
20 on the status of implementing this section.”.

21 (b) EFFECTIVE DATE.—The amendments made by  
22 subsection (a) shall take effect 180 days after the date  
23 of enactment of this Act except that the amendment des-  
24 ignated as “(e)(2)” shall take effect on the date of enact-  
25 ment of this Act.

1 **SEC. 4. LABELING REQUIREMENTS FOR TEXTILE FIBER**  
2 **PRODUCTS.**

3 (a) Public Law 94–241 is amended by adding at the  
4 end the following:

5 **“§ 6. Labeling of textile fiber products**

6 “(a) No textile fiber product that is made or assem-  
7 bled in the Commonwealth of the Northern Mariana Is-  
8 lands shall have a stamp, tag, label, or other means of  
9 identification or substitute therefor on or affixed to the  
10 product stating ‘Made in USA’ or otherwise stating or im-  
11 plying that the product was made or assembled in the  
12 United States unless the product is made or assembled  
13 using direct labor that meets the required percentage of  
14 qualified manhours.

15 “(b) A textile fiber product that does not meet the  
16 requirements of subsection (a) shall be deemed to be mis-  
17 branded for purposes of the Textile Fiber Products Identi-  
18 fication Act (Public Law 85–897, 72 Stat. 1717).

19 “(c) In this section:

20 “(1) **DIRECT LABOR.**—The term ‘direct labor’  
21 includes any work provided to prepare, assemble,  
22 process, package, or transport a textile fiber prod-  
23 uct, but does not include supervisory, management,  
24 security, or administrative work.

25 “(2) **FREELY ASSOCIATED STATES.**—The term  
26 ‘Freely Associated States’ means the Republic of

1 Palau, the Republic of the Marshall Islands, and the  
2 Federated States of Micronesia.

3 “(3) QUALIFIED MANHOURS.—The term ‘quali-  
4 fied manhours’ means the manhours of direct labor  
5 performed by persons who are citizens or nationals  
6 of the United States or citizen of the Freely Associ-  
7 ated States.

8 “(4) REQUIRED PERCENTAGE.—The term ‘re-  
9 quired percentage’ means—

10 “(A) 20 percent, for the period beginning  
11 January 1, 1998, through December 31, 1998;

12 “(B) 35 percent, for the period beginning  
13 January 1, 1999, through December 31, 1999;  
14 and

15 “(C) 50 percent, for the period beginning  
16 January 1, 2000, and thereafter.

17 “(b) EFFECTIVE DATE.—The amendments made by  
18 this section shall take effect on the date of enactment of  
19 this Act.”.

20 **SEC. 5. MINIMUM WAGE REQUIREMENTS.**

21 (a) Section 503 of Article V of the Covenant to Es-  
22 tablish a Commonwealth of the Northern Mariana Islands  
23 in Political Union with the United States of America (ap-  
24 proved by Public Law 94–241) is amended by deleting  
25 “States; and (c) the minimum wage provisions of Section

1 6, Act of June 25, 1938, 52 Stat. 1062, as amended.”  
2 and inserting in lieu thereof “States.”.

3 (b) Public Law 94–241, 90 Stat. 263, is amended  
4 by adding at the end thereof the following:

5 **“§7. Minimum wages in the Commonwealth of the**  
6 **Northern Mariana Islands**

7 “(a) The minimum wage provisions of the Fair Labor  
8 Standards Act of 1938 (29 U.S.C. 206(a)(1)) shall apply  
9 to the Commonwealth of the Northern Mariana Islands,  
10 except that—

11 “(1) during the period beginning 30 days after  
12 the date of enactment of this Act and ending on De-  
13 cember 31, 1997, the minimum wage rate applicable  
14 to the Commonwealth of the Northern Mariana Is-  
15 land shall be \$3.05 an hour for an employee;

16 “(2) beginning on January 1, 1998, and each  
17 calendar year thereafter, the minimum wage rate ap-  
18 plicable to the Commonwealth of the Northern Mari-  
19 ana Islands for an employee for each such calendar  
20 year shall be the minimum rate applicable to the  
21 Commonwealth of the Northern Mariana Islands for  
22 the preceding calendar year increased by 30 cents or  
23 the amount necessary to increase the minimum wage  
24 rate to the rate described in section 6(a)(1) of the

1 Fair Labor Standards Act of 1938, whichever is  
2 less; and

3 “(3) after the calendar year in which the mini-  
4 mum wage rate applicable to the Commonwealth of  
5 the Northern Mariana Islands has been increased  
6 under subparagraph (A) to the minimum wage rate  
7 described in section 6(a)(1) of the Fair Labor  
8 Standards Act of 1938, the minimum wage rate ap-  
9 plicable to the Commonwealth of the Northern Mari-  
10 ana Islands for an employee for any succeeding cal-  
11 endar year shall be the rate described in such sec-  
12 tion.”.

13 (b) EFFECTIVE DATE.—The amendments made by  
14 this section shall take effect 30 days after the date of en-  
15 actment of this Act.

16 **SEC. 5. REPORT.**

17 Not later than 1 year after the date of enactment  
18 of this Act, the Secretary of the Interior, in consultation  
19 with other Federal agencies, shall conduct a study of the  
20 extent of human rights violations and labor rights viola-  
21 tions in the Commonwealth of the Northern Mariana Is-  
22 lands, including the use of forced or indentured labor, and  
23 any efforts being taken by the Government of the United  
24 States or the Commonwealth of the Northern Mariana Is-  
25 lands to address or prohibit such violations. The Secretary

1 of the Interior shall include the results of such study in  
2 the annual report, entitled “Federal CNMI Initiative on  
3 Labor, Immigration, and Law Enforcement,” transmitted  
4 to Congress.

5 **SEC. 6. AUTHORIZATION OF APPROPRIATIONS.**

6       There is authorized to be appropriated such sums as  
7 may be necessary to carry out provisions of this Act.

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