

STANDING COMMITTEE REPORT NO. 14-140

RE: C.R. NO. 14-114/R&D

SUBJECT: EUROPEAN COMMUNITY FISHING AGREEMENT

JANUARY 24, 2007

The Honorable Peter M. Christian
Speaker, Fourteenth Congress
Federated States of Micronesia
Sixth Regular Session, 2007

Dear Mr. Speaker:

Your Committee on Resources and Development ("R&D"), to which was referred C.R. No. 14-114 entitled:

"A RESOLUTION TO CONSIDER AND APPROVE A PARTNERSHIP
AGREEMENT BETWEEN THE EUROPEAN COMMUNITY AND THE
FEDERATED STATES OF MICRONESIA ON FISHING IN THE
FEDERATED STATES OF MICRONESIA."

begs leave to report as follows:

The intent and purpose of the resolution are expressed in its title.

The subject resolution would approve the Partnership Agreement detailed above. The EC fishing vessels already fish in Kiribati pursuant to the Palau Arrangement, so the purse seine limits will be unaffected if the Agreement is approved. This is a new Agreement with the EC, and would result in extra revenue for the FSM. The EC vessels have not fished in the FSM's EEZ before.

Section 405 of Title 24 of the FSM Code requires that "to take effect within the exclusive economic zone, an access agreement involving ten or more vessels shall be submitted to the Congress of the Federated States of Micronesia for approval by resolution....."

NORMA signed the Agreement on 12 October 2006, and submitted it to Congress for approval on 27 December 2006. The Agreement will not come into effect unless approved by Congress.

The Agreement sets out the terms and conditions for EC vessels wishing to fish in the FSM.

The Agreement is in two parts: The Agreement (and an Annex that forms part of the Agreement) and a protocol. The Agreement provides for the principles and rules that will regulate the fishing activities of the EC Vessels in the EEZ under the Agreement. The protocol provides the operational functions of the Agreement. These include the number of vessels that will be licensed, the financial contributions by the EC and the responsibilities of each Party under the Agreement.

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NORMA expects the initial up front payment from the EC to be \$733,967. This amount will be paid regardless of how much fish are caught under the Agreement. If more fish than the 8600 tonnage anticipated are caught by EC Vessels, additional payment will be made. NORMA estimates that the potential of the Agreement may reach \$1,000,000. The Agreement is for 9 (nine) years and the Protocol for 3 (three). Either Party may terminate the Agreement in the event of serious circumstances such as the degradation of the fish stocks concerned, the discovery of a reduced level of exploitation of the fishing opportunities granted to Community vessels, or failure to comply with undertakings made by the Parties with regard to combating illegal, unreported and unregulated fishing.

NORMA anticipates that this will help the FSM to access European fish markets. Further, the FSM will benefit from the requirement that each vessel must either employ an FSM national or pay extra.

The Agreement allows for 6 purse seiners and 12 long line vessels. In addition to the money provided for by the Agreement, the vessels must also pay the appropriate licensing fees.

If the amendments to the Palau Arrangement are approved by Congress, this Agreement will take approximately 800-900 fishing days from the pool available to FSM under the Vessel Day Scheme.

The Committee expressed concern over the level of fish stocks in the region, and notes that a study into the levels of stocks in the region is due in March - April 2007. Further, your committee notes that foreign agreements are very political, and the FSM must take care to maintain good relations with other fishing nations who have traditionally supported the FSM.

Thus, your Committee on Resources and Development is in accord with the intent and purpose of C.R. No. 14-114 and recommends its adoption in the form attached hereto as C.R. No. 14-114.

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Respectfully submitted,

/s/ Manny Mori
Manny Mori, chairman

/s/ Ramon Peyal
Ramon Peyal, vice chairman

Alik L. Alik, member

Peter M. Christian, member

Dion G. Neth, member

/s/ Simiram Sipenuk
Simiram Sipenuk, member

/s/ Peter Sitan
Peter Sitan, member