

STANDING COMMITTEE REPORT NO. 15-22

RE: C.R. NO. 15-30/J&GO

SUBJECT: ENDORSING THE STAMP AND PHILATELIC AGENCY AGREEMENT
BETWEEN THE FEDERATED STATES OF MICRONESIA AND THE
INTER-GOVERNMENTAL CORPORATION

JULY 21, 2007

The Honorable Isaac V. Figir
Speaker, Fifteenth Congress
Federated States of Micronesia
First Special Session, 2007

Dear Mr. Speaker:

Your Committee on Judiciary and Governmental Operations ("J&GO"), to which was referred C.R. No. 15-30, entitled:

"A RESOLUTION ENDORSING THE STAMP AND PHILATELIC AGENCY
AGREEMENT BETWEEN THE FEDERATED STATES OF MICRONESIA AND
THE INTER-GOVERNMENTAL PHILATELIC CORPORATION.",

begs leave to report as follows:

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

Section 110 of title 39, "Postal System", sets out that an agreement between the National Postal Service of the Federated States of Micronesia and a philatelic agent for the issuance and philatelic sales of FSM postage stamps shall require the approval, by resolution, of the Congress of the Federated States of Micronesia.

The FSM Postmaster General has negotiated a new philatelic agreement with Inter-Governmental Philatelic Corporation (IGPC), the same company that has marketed and sold FSM stamps and other philatelic materials for many years. The new agreement is presented to Congress for its approval.

Your committee met with Postmaster General Bethwel Henry and Philatelic Bureau Manager Mori in the afternoon of June 27, 2007. The Postmaster General explained that the stamp business is not what it once was, in that the internet has changed traditional stamp collecting. As a result, the agreement negotiated by the FSM is less favorable than the earlier one. Whereas the previous agreement guaranteed \$80,000 annually to the FSM, the most recently negotiated agreement guarantees only \$50,000. In addition, any revenue from the sale of FSM philatelic materials in excess of \$100,000 will be divided between the FSM and IGPC, after deducting the costs of production and reproduction. Finally, the amount set aside for the FSM's participation in stamp shows is reduced from \$20,000 to \$15,000. The Postmaster General assured your committee that our relationship with

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IGPC is an excellent one and that he is of the opinion that the negotiated agreement is fair to the FSM.

The agreement was negotiated sometime in 2006. The previous, more favorable agreement, has already expired but renews automatically for two years after expiration. Accordingly, the previous agreement is currently in force. The Postmaster General explained that there has been a delay in submitting the agreement to Congress for approval and so requests Congress to make the agreement retroactive to April 1, 2007. The Postmaster General makes this request in order to maintain and reinforce the FSM's good relationship with IGPC.

The Postmaster General explained to your committee that IGPC has not made payment to the FSM under the contract since its expiration. This was presented by the Postmaster General not as a gesture of bad faith on the part of IGPC but, rather, as related to the corporation's hope that Congress make its approval retroactive.

Your committee has confidence in the representations of the Postmaster General and so recommends approval of the agreement. However, as to the request that Congress backdate its approval, your committee takes the view that this is not an appropriate action for Congress and so declines to recommend the request. Congress therefore recommends approval of the agreement as of the date of the adoption of the subject resolution, if it is indeed adopted.

Your Committee on Judiciary and Governmental Operations is in accord with the intent and purpose of C.R. No. 15-30 and recommends its adoption in the form attached hereto as C.R. No. 15-30.

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Respectfully submitted,

/s/ Peter Sitan
Peter Sitan, chairman

/s/ Fredrico O. Primo
Frederico O. Primo, vice chairman

/s/ Tiwiter Aritos
Tiwiter Aritos, member

Isaac V. Figir, member

Dohsis Halbert, member

/s/ Moses A. Nelson
Moses A. Nelson, member

/s/ Paliknoa K. Welly
Paliknoa K. Welly, member