

STANDING COMMITTEE REPORT NO. 15-88

RE: C.R. NO. 15-106/R&D

SUBJECT: NATIONAL FISHERIES CORPORATION - NORMA FOREIGN FISHING
VESSEL AGREEMENT

FEBRUARY 20, 2008

The Honorable Isaac V. Figir
Speaker, Fifteenth Congress
Federated States of Micronesia
Third Regular Session, 2008

Dear Mr. Speaker:

Your Committee on Resources and Development ("R&D"), to which was referred C.R. No. 15-106, entitled:

"A RESOLUTION APPROVING THE AGREEMENT FOR FOREIGN FISHING VESSELS BETWEEN THE NATIONAL OCEANIC RESOURCE MANAGEMENT AUTHORITY AND THE NATIONAL FISHERIES CORPORATION.",

begs leave to report as follows:

The intent and purpose of the communication was as expressed in its title. That communication from NORMA seeks approval of a proposed Foreign Fishing Vessel Agreement (Agreement) with National Fisheries Corporation (NFC) that was executed by both parties in Kolonia, Pohnpei on November 27, 2007.

THE AGREEMENT:

The proposed Agreement is represented as an "amalgamation" of two prior Access agreements with NFC, one of which was for Japanese and the other for Taiwanese longline foreign fishing vessels. It is for a maximum of 70 boats. It provides for a \$22,000 annual fee or \$6,000 quarterly access fee for vessels under twenty gross tons and \$26,000 annual and \$7,000 quarterly fees for vessels over 20 gross tons. The per vessel contribution to the FSM observer program would be raised from \$150 to \$300 per year. The term of the Agreement is two years.

The Authority reserves the right to revoke or suspend a permit issued under this agreement if the vessel is removed from good standing from the Vessel Registry or fails to meet WCPFC requirements. The Authority may terminate the Agreement for breach of its terms or upon substantial non-compliance by NFC. Further, if NORMA determines that there is a serious threat to the fish stocks in the waters of the FSM, it may take necessary action for the preservation of the stocks to limit or close access and refund to NFC on a pro rata basis a portion of the fees for the time remaining on the Agreement.

All other standard terms and conditions including those required by

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law apply in this Agreement.

PUBLIC HEARING:

Your committee held a public hearing on the above referenced agreement on Wednesday, February 13, 2008 at the call of Chairman Dion Neth. Committee members present included Senators Peter Sitan, Paliknoa Welly and Joseph J. Urusemal. NORMA Chairman Hubert Yamada, NORMA Deputy Director Eugene Pangelinan and Nick Solomon, Executive Director of NFC appeared by invitation. Mr. Pelsesar Petrus, Special Assistant to the President for Legislative Matters, observed.

After the welcoming remarks, the Chairman yielded the floor to Deputy Director Pangelinan who provided an overview of the proposed agreement. He stated that the Japanese fleet agreement expired in November, 2007 and the Taiwanese agreement in January, 2008. Since this agreement was not submitted to Congress for approval before the expiration of one of those prior agreements, NFC is not permitted to continue to operate under it pursuant to Public Law 14-55. He urged prompt action on this resolution for that reason.

Your committee notes that this agreement will allow up to a combined total of 70 Japanese and Taiwanese long line vessels to be licensed during the term of this Agreement. The "amalgamated" agreement will place Taiwanese and Japanese vessels under the same fee structure for the different classifications. Most of the Taiwanese vessels are over 20 gross tons and the new agreement will result in an increase to the fees required of them. The fees remain the same for the Japanese longliners.

Your Committee continued to stress the need for the FSM to maximize its benefit from its most important fisheries resource and questioned efforts to raise the access fees and permit fees for commercial fishing in the EEZ. A discussion of the economics of the fishing industry followed with all of the witnesses expressing the view that the current fee structure was appropriate to maintain a competitive position with neighboring jurisdictions.

Mr. Solomon expressed the desire of NFC for longer-term access agreements citing a need for fishing enterprises to be able to engage in long term planning. With long-term permits, they reduce the amount of work involved in processing renewals each year. Short-term permits

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allow NORMA flexibility to terminate agreements if companies fail to turn in their reports or if the overall terms of the agreements are violated. Further, NORMA considers catch data and sustainability when formulating new agreements.

RECOMMENDATION:

Your Committee on Resources and Development recommends that the Fishing Access Agreement with NFC be approved and that a Resolution approving the same be adopted in the form attached hereto.

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Respectfully submitted,

/s/ Dion G. Neth
Dion G. Neth, Chairman

/s/ Setiro Paul
Setiro Paul, Vice Chairman

/s/ Joseph J. Urusemal
Joseph J. Urusemal, member

Resio S. Moses, member

/s/ Peter Sitan
Peter Sitan, member

Joe N. Suka, member

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