

STANDING COMMITTEE REPORT NO. 16-141

RE: C.R. NO. 16-173/R&D

SUBJECT: APPROVING THE DOMESTIC BASED FOREIGN FISHING
AGREEMENT FOR 12 PURSE SEINE VESSELS BETWEEN
NORMA AND LUEN THAI FISHING VENTURE, INC.

MARCH 30, 2011

The Honorable Isaac V. Figir
Speaker, Sixteenth Congress
Federated States of Micronesia
Sixth Special Session, 2011

Dear Mr. Speaker:

Your Committee on Resources and Development to which was referred
C.R. No. 16-173, entitled:

"A RESOLUTION APPROVING THE FOREIGN FISHING AGREEMENT (THE
"AGREEMENT") ENTERED INTO BETWEEN THE NATIONAL OCEANIC
RESOURCE MANAGEMENT AUTHORITY (NORMA) AND LUEN THAI FISHING
VENTURE, LTD. (LTFV) DATED NOVEMBER 24 AND 27, 2010 FOR THE
PURPOSE OF LICENSING UP TO 12 PURSE SEINE FISHING VESSELS TO
BE BASED IN THE FEDERATED STATES OF MICRONESIA FOR A PERIOD
OF TEN (10) YEARS.",

begs leave to report as follows:

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

The communication on this Domestic Based Foreign Fishing
Agreement was transmitted to Congress through Miscellaneous
Communication No. 16-104 on January 04, 2011, to which a
substantive fishing agreement between the National Oceanic
Resource Management Authority (NORMA) and Luen Thai Fishing
Venture, Ltd. (LTFV) was attached. According to the then Acting
Executive Director of NORMA, Mr. Pangelinan, LTFV is a locally
established foreign fishing company in the FSM and has been
operating in Pohnpei State for nearly fifteen (15) years now and
centered only on the long line fishery. This is the first purse
seine agreement entered into between the two parties, which will

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cover a maximum of twelve (12) purse seine fishing vessels. It is anticipated that should Congress approve this Agreement, LTFV expects to build on its current longline activities in Pohnpei to include operation of purse seine fishing vessels based in FSM ports.

In the same Miscellaneous Communication No. 16-104, Mr. Pangelinan indicated that the FSM purse seine fishery is now managed through the Vessel Days Scheme (VDS), which places a fishing effort limit on LTFV in the FSM EEZ and the waters of the Parties to the Nauru Agreement.

Your Committee on Resources and Development held a series of hearings in Palikir during the January 2011 Sixth Regular Session and the current March 2011 Sixth Special Session on the two fishing agreements between NORMA and LTFV. Among those present at the hearings were: the then Acting Executive Director of NORMA Eugene Pangelinan, the new Executive Director Patrick Mackenzie, and Patricia Jack. The Secretary of the Department of Resources and Development Mr. Marion Henry and staff from the Department also attended.

In regards to Resolution No. 16-173, it is the understanding of your Committee that under this Agreement, up to 1,200 VDS days in the FSM EEZ are allocate to LTFV to utilize annually for its purse seine fleet. However, the Agreement is structured in a way that allows for phased development of their development program and utilization of the VDS. Vessels can purchase annual permits which allocate 45 days, or six month permits which allocate 25 days, or quarterly permits which allocate 15 days. For annual permits, the fee is \$70,000. For the six month permits the fee is \$40,000. For the quarterly permits the fee is \$25,000. In addition, other fees are also required by in this Agreement, for instance, each vessel must pay a registration fee of \$600, a management fee of \$2,500, and observer costs of \$3,000 per annum. Pursuant to Part II (5) of the Agreement, the Authority will only issue a permit upon payment of all fees required. It is important to note that the allocations of fishing days and fees provided herein shall be subject to review by the Parties every three years.

Your Committee is of the opinion that this Agreement will generate significant economic benefits to the FSM including employment opportunities for FSM citizens and other economic

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benefits, including infusion of business activities to support these operations, and will also generate new tax revenues to the state and the National governments from these activities.

Importantly, this Agreement incorporates all the necessary reporting requirements as required by the laws of the Federated States of Micronesia under title 24 of the FSM Code, permissible fishing activities of authorized vessels, and provisions for cooperation in the management of fisheries stock in the EEZ.

Therefore, your Committee on Resources and Development is in accord with the intent and purpose of C.R. No. 16-173 and recommends its adoption in the form attached hereto as C.R. No. 16-173.

Respectfully submitted,

/s/ Roger S. Mori
Roger S. Mori, chairman

/s/ Tony H. Otto
Tony H. Otto, vice chairman

/s/ Peter M. Christian
Peter M. Christian, member

/s/ Dion G. Neth
Dion G. Neth, member

/s/ Peter Sitan
Peter Sitan, member

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

Paliknoa K. Welly, member

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