

STANDING COMMITTEE REPORT NO. 16-143

RE: C.R. NO. 16-172/R&D

SUBJECT: APPROVING THE DOMESTIC BASED FOREIGN FISHING  
AGREEMENT FOR UP TO 120 LONG LINE FISHING  
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. 16-172, 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 120 LONG LINE FISHING VESSELS TO  
BE BASED THROUGHOUT THE FOUR STATES OF 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. 16-103 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. Eugene Pangelinan, LTFV is a  
locally established foreign fishing company in the FSM and has  
been operating in Pohnpei State for nearly fifteen (15) years,  
and centered only on the long line fishery.

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In Miscellaneous Communication No. 16-103, the Agreement authorizes up to a maximum of 120 long line fishing vessels categorized in two size classes, less than 150 gross ton vessels and greater than 150 gross ton vessels.

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 hearing 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 were also present.

In regards to Resolution No. 16-172, it is the understanding of your Committee that under this Agreement, vessels that are less than 150 gross tons pay an annual fee of \$11,000 per vessel per annum, or \$4,000 per vessel per quarter, and vessels that are greater than 150 gross tons pay an annual fee of \$18,000 per vessel per annum, or \$6,000 per vessel per quarter. In addition, other fees are also required by this Agreement. For instance, each vessel must pay a registration fee of \$600, a management fee of \$500, and observer costs of \$1,000 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 Agreement, if approved, replaces the current Agreement between Micronesia Fishing Venture, Inc. (MFVI), a subsidiary company of LTFV, which has been in place since 2002, and is for a period of ten years subject to review when the Parties to the Nauru Agreement implement the long line vessel day scheme (LLVDS). The PNA LLVDS will be fully implemented in 2012.

This Agreement increases the number of vessels that would operate out of FSM ports. The vessels will be based out of FSM ports and utilize transshipment facilities. All vessels will be required to be fitted with VMS for purposes of monitoring and compliance. Your Committee is concerned that MFVI was authorized to fish in the FSM EEZ with 70 long line vessels; however, it can only come up 55 long line vessels and never utilized the full 70 long line

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vessels authorized under the current agreement. With this Agreement, LTFV is requesting for 120 long line vessels. Based on this, your Committee recommends that NORMA condition the issuance of permits to LTFV until the company can come up with at least 70 long line vessels.

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 benefits, along with an 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, and permissible fishing activities of authorized vessels, and provisions for cooperation in the management of fisheries stock in the FSM EEZ.

Therefore, your Committee on Resources and Development is in accord with the intent and purpose of C.R. No. 16-172, and recommends its adoption in the form attached hereto as C.R. No. 16-172.

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Respectfully submitted,

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

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