

STANDING COMMITTEE REPORT NO. 14-87

RE: C.R. NO. 14-63/T&C

SUBJECT: FIBER OPTIC LINKS TO ALL FSM STATES

MARCH 2, 2006

The Honorable Peter M. Christian
Speaker, Fourteenth Congress
Federated States of Micronesia
Second Special Session, 2006

Dear Mr. Speaker:

Your Committee on Transportation and Communications, to which was referred C.R. No. 14-63, entitled:

"A RESOLUTION CALLING ON THE PRESIDENT OF THE FEDERATED STATES OF MICRONESIA TO ENSURE THAT ALL FSM STATES HAVE ACCESS TO FIBER OPTIC COMMUNICATIONS CABLE LINKS.",

begs leave to report as follows:

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

Discussions have been ongoing between the FSM, RMI and US regarding a proposed fiber optic cable link to extend between Guam and Kwajalein. Separate branches connecting with the main cable are proposed to bring broadband communications capability to Majuro in the RMI and Pohnpei in the FSM.

There was extensive discussion of this project during a public hearing held by your Committee during the Third Regular Session. During this hearing, representatives from the Department and FSM Telecommunications Corp. updated your Committee on progress made with regard to the project and updated estimates of the costs and time involved in its various phases.

Your Committee was informed that the parties were nearing agreement on the project, and that hopefully this would be concluded in the next several months. Witnesses at the hearing stated that the FSM's share of the cost to complete the first phase, consisting of the link to Pohnpei, was estimated between US \$9-\$15 million, and that this phase should be completed within one year of signature of the agreement.

Many participants at this hearing, including Members of your Committee, inquired as to plans to serve the other three FSM states upon completion of the Pohnpei link. Witnesses from FSM Telecom informed your Committee that they had estimated the total cost of connecting Kosrae and Chuuk States to the Pohnpei branch at US \$60

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million. Connections to Yap State would likely be through Palau and were not included in this estimate. As such, the FSM Telecom witnesses stated that the costs of connecting the other states were prohibitive, at least in the initial phase, particularly when considered against the probable subscriber base in these destinations.

The benefits of broadband access for all FSM states were discussed at length during this hearing, and many witnesses encouraged Telecom to study more carefully the feasibility of establishing links to the other States. Your Committee agrees that connection of all FSM states to the fiber optic cable should be a priority for this nation as a means to enhance the FSM's efforts to improve communications capabilities and enhance development of the private sector. Your Committee also believes that bringing broadband capability to all of the FSM States would benefit the health and education sectors in particular though allowing for application of distance learning and telemedicine technologies.

The resolution in question, C.R. No. 14-63, would call on the FSM President to work with the parties involved in the fiber optic negotiations to ensure that the needs of all FSM states are taken into account in the planning and implementation of the project.

Specifically, C.R. No. 14-63 calls on the President to make funding links to the other states a priority when considering lists of projects for possible funding under the infrastructure sector grants of the amended Compact of Free Association.

Your Committee on Transportation and Communications is in accord with the intent and purpose of C.R. No. 14-63 and recommends its adoption.

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Respectfully submitted,

/s/ Moses A. Nelson
Moses A. Nelson, chairman

/s/ Dion G. Neth
Dion G. Neth, vice chairman

Resio S. Moses, member

/s/ Ramon Peyal
Ramon Peyal, member

Claude H. Phillip, member

/s/ Simiram Sipenuk
Simiram Sipenuk, member

/s/ Peter Sitan
Peter Sitan, member