

STANDING COMMITTEE REPORT NO. 15-17

RE: M.C. NO. 15-13/C.R. NO. 15-28/R&D

SUBJECT: GOODS AND SERVICES 2006- 2007

JULY 18, 2007

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

Dear Mr. Speaker:

Your Committee on Resources and Development ("R&D"), to which was jointly referred M.C. NO. 15-13 and C.R. NO. 15-28, entitled:

"A RESOLUTION RE: 2006 - 2007 GOODS AND SERVICES.",

begs leave to report as follows:

The National Oceanic Resource Management Authority (NORMA) submitted the 2006-2007 Goods and Services for the consideration and approval of Congress on 22 June 2007. Each year, the Goods and Services is awarded to one of the States of the FSM on a rotational basis. Essentially, "goods and services" is the provision of fishing related goods and services to the FSM as specified for in the bilateral fisheries agreement between Japan and the FSM.

Chuuk, Pohnpei and Kosrae have all received the full yearly amount of goods and services in the past. The year 2006-2007 is scheduled to be distributed to Yap State.

The entire goods and services amount for 2006-2007 is ¥37,000,000, or approximately USD \$298,400. (Note: when Congress requested a summary of all current Fishing agreements, NORMA provided information that the goods and services program was worth approximately USD \$500,000 per annum.)

The goods and services is calculated by a fixed formula, of which a portion of the goods and services is deducted from the access fees paid under the per vessel trip licensing scheme. This amount is

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deducted as part of the fisherman's contribution to the goods and services. The Overseas Fisheries Corporation Foundation (OFCF) triples the fisherman's contribution each year resulting in a 25/75 sharing of the goods and services amount. The past agreement and memorandum of understanding, signed 5 May 2006, was to cover the period from 10 August 2005 to 9 August, 2009. The amount of money provided for goods and services is the same as the interim arrangements, at ¥37,000,000.

The OFCF informed NORMA in March 2007 that the goods and services scheme would change, effective April 2007. This report does not consider whether Congress will approve or reject any amendments to the bilateral fisheries agreement, which has not yet been provided to Congress.

NORMA have negotiated an interim agreement to provide Yap the same amount of benefit under the goods and services as the other States received in previous years. This interim agreement provides that the amount will be subject to the new scheme requirements of increased audits and surveys, even though the new scheme in itself has not yet been approved by Congress.

NORMA has provided 2 interim agreements for the approval of Congress to implement this agreement for 2006-2007:

1. Memorandum of Understanding between the NORMA and Japanese Fisheries Organizations, dated 21 June 2007
2. Agreement between the NORMA of the FSM and Japan Tuna Fisheries Co-operative association, National Offshore Tuna Fisheries Association of Japan and Japan Far Seas Purse Seine Fishing Association concerning the supply of goods and services for the development of Fisheries of the FSM for the Period from August 10, 2006 to August 9, 2007, dated 21 June 2007.

The interim Agreements specify that the goods and services are to be provided by 31 March 2008.

Your Committee on Resources and Development in agreement with the provision of goods and services to the State of Yap. It commends NORMA for executing interim arrangements to ensure Yap State receives its share of the fishing revenue. Your Committee recommends the approval of the attached resolution.

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Respectfully submitted,

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

/s/ Resio S. Moses
Resio S. Moses, vice chairman

/s/ Setiro Paul
Setiro Paul, member

Peter Sitan, member

/s/ Joe N. Suka
Joe N. Suka, member

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

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