

STANDING COMMITTEE REPORT NO. 20-95

RE: C.B. No. 20-202/R&D

SUBJECT: ESTABLISHMENT OF A COMPETENT AUTHORITY

SEPTEMBER 27, 2018

The Honorable Wesley W. Simina
Speaker, Twentieth Congress
Federated States of Micronesia
Fifth Regular Session, 2018

Dear Mr. Speaker:

Your Committee on Resources and Development, to which was referred C.B. No. 20-202, entitled:

"A BILL TO FURTHER AMEND TITLE 41 OF THE CODE OF THE FEDERATED STATES OF MICRONESIA (ANNOTATED), AS AMENDED, BY AMENDING SECTIONS 1003, 1007, 1009, 1011, 1013, 1014, 1020, 1022, 1024, 1025, 1026, 1027, 1028, AND 1030 THEREOF, TO PROVIDE FOR THE ESTABLISHMENT OF THE COMPETENT AUTHORITY AND FOR OTHER PURPOSES",

begs leave to report as follows:

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

On May 25, 2018, the President transmitted Congressional Bill No. 20-202 through Presidential Communication No. 20-240. In this communication, the President explained that the European Union (EU) is the most lucrative tuna market in the world. However, the EU has adopted seafood regulations strictly controlling the importation of tuna from around the world.

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To the EU market, the FSM must ensure that the fish and fish products it plans to export to the EU market are safe for human consumption. Therefore, the FSM must adhere to the strict food safety, hygiene and sanitary control measures on board fishing vessels, at off-loading sites and in land-based fish processing and storage facilities. Any fish and fish products for export to the EU market must comply with the EU seafood standards and import regulations. Therefore, the establishment of a Competent Authority to carry out the monitoring, verification procedures and certification of tuna caught and processed in the FSM to meet the EU standards is a must. This is the purpose of C.B. No. 20-202.

Your Committee on Resources and Development conducted a public hearing on Wednesday, October 26, 2018 at the Congress hearing room at 8:30 a.m. Chairman David W. Panuelo welcome the witnesses who attended the public hearing. The witnesses included: Mr. Moses Pretrick, the Program Manager for Food and Safety Inspection; Secretary Marion Henry, Assistant Secretary FJ Yatilman, Assistant Secretary Alissa Takasy, Program Manager for Agriculture John Wichep from the Department of Resources and Development, Cindy Ehmes, Elina Paul from the Department of Environment, Climate Change and Emergency Management; Executive Director Eugene Pangelinan and an Economic Advisor for NORMA, and Johnson Asher Assistant Attorney General from the Department of Justice. Members of the Committee that were present included: Chairman David W. Panuelo, Senators Victor V. Gouland, Joseph J. Urusemal, Florencio Harper and Esmond Moses.

Chairman Panuelo opened the hearing and gave an opportunity to the witnesses to comment on the bill. Mr. Eugene Pangelinan explained that since there is no Competent Authority established in the FSM, some European Union member countries could not accept exportation of fish and fish products to the EU market. Mr. Pangelinan

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indicated that since the EU is a lucrative market, once we establish the Competent Authority, the FSM can assure the EU that there is a Competent Authority established, which is capable in certifying our fish and fishery products.

Mr. Pangelinan indicated that EU regulation has very stringent regulations, and this is why the Competent Authority is urgently needed.

In C.B. No. 20-202, there is a new enactment of a "Seafood Verification Unit" under section 1011 of title 41 of the Code of the Federated States of Micronesia (Annotated). It is proposed that the Seafood Verification Unit shall act as the Competent Authority for the purpose of implementing the international food safety requirements and related obligations of the Federated States of Micronesia. The Competent Authority will be located under the Department of Health and Social Affairs. In this new section 1011, the functions of the Seafood Verification Unit, which is the Competent Authority, are enumerated.

Mr. Moses Pretrick indicated that this Competent Authority has been discussed in the past. He indicated that the department had been working together with the Forum Fisheries Agency (FFA) and the Department of Justice on the drafting of the proposed legislation.

Chairman Panuelo had inquired whether the department currently has the capacity to monitor or verify the safety of our fish and fishery products. Mr. Pretrick explained that the Food and Safety Inspection Unit under the Department of Health and Social Affairs, which has two to three staff in the states are providing strict food safety, hygiene and sanitary control measures. He stated that the Food and Safety Inspection Unit is providing the inspection now, and once the bill passes, then the department may request additional funding to run the operation of the Competent Authority. There is also the

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World Bank funding that NORMA received and NORMA works closely with the Food and Safety Inspection Unit under Department of Health and Social Affairs.

Mr. Pangelinan explained that the World Bank funding is around \$500,000, which is supplementing the operation of Food and Safety Inspection Unit. He also added that NORMA is trying to build field offices in each state to assist with the Competent Authority. Once, NORMA has secured a resource person to come and look at overall programs, it can work with the industries on a cost recovery scheme.

Your Committee inquired on how much to fund the Competent Authority. If the bill passes, where will the Competent Authority be placed, at NORMA, Department of Resources and Development or Department of Health and Social Affairs. The proposed measure indicated that the Competent Authority will be placed at the Department of Health and Social Affairs.

Your Committee was informed that once the Competent Authority is established, the department can start on the promulgation of the regulations.

Currently, there is the National Food Safety Unit. The EU would like to see a dedicated Competent Authority. If this is established, some of the staff under the National Food Safety Unit can be reshuffled to the Seafood Inspection Unit.

Mr. Pangelinan indicated that once the Competent Authority is established, all the FSM flagged vessels are allowed to land their catches at the EU Market. Hence, this measure is important to the economic development effort of this Nation.

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CONCLUSION

Your Committee on Resources and Development is in accord with the intent and purpose of C.B. No. 20-202 and recommends its passage on First Reading and that it be placed on the Calendar for Second and Final Reading in the form attached hereto.

Respectfully submitted,

/s/ David W. Panuelo
David W. Panuelo, chairman

/s/ Tiwiter Aritos
Tiwiter Aritos, vice chairman

/s/ Victor V. Gouland
Victor V. Gouland, member

/s/ Isaac V. Figir
Isaac V. Figir, member

/s/ Derensio S. Konman
Derensio S. Konman, member

/s/ Esmond B. Moses
Esmond B. Moses, member

Alik L. Alik, member