

Marshall Islands Chamber of Commerce

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Meeting Minutes

Tuesday, November 7, 2006

Marshall Islands Resort

Meeting called to order by President Jack Niedenthal at 12:01 P.M. Approximately 40 members and guests were in attendance. The next regular meeting will be on Tuesday, December 12, 2006.

- **Minutes** – approved electronically prior to meeting
- **Guests**
 1. Jessica Chapman introduced by Dolores
 2. Sara McKellogg introduced by Liz
 3. Carolyn Braun introduced by Don
 4. Martin Daly, ship Indies Trader, introduced by Bill
- **Chamber President's Remarks**
 - Chamber President Jack Niedenthal announced that Tommy Debrum, a manager of NTA, had died the previous night in Honolulu. He said that Tommy Debrum will be remembered by the Chamber for his willingness to attend Chamber meetings in order to share pertinent information about communications in the RMI, and on behalf of the Chamber Niedenthal expressed condolences to Tommy's family.
 - RRE has a new meeting room that rents for \$100 for the first four hours
 - In January, 2006, the new bylaws will be followed regarding the election of Chamber officers. Only those who have paid their dues will be entitled to vote. Regardless of the number of attendees representing a single organization with one membership, only one person can vote.
 - The WASC team that visited CMI last week had a good reaction to what they found.

- The Nitijela passed a bill last night with a modified (from the original) plan to regulate bank loan interest rates. The usury bill was also passed. None of the proposed MISSA bills passed.
- I would like to thank Bill Weza and Satoshi Yoshii for all their hard work in preparation for the expected first Japan Airlines (JAL) charter flight scheduled to arrive next February. Bill will now conduct the rest of today's meeting to discuss the JAL business opportunity.

Member Presentation – Bill Weza

Japan Airlines Charter Flights

Majuro Marshall Islands



When did this all start?

During the 911 crises, Mr. Sardha Rasaputra of Sri Lanka was stuck here for 10 days in September 2001. He had an opportunity to visit the small islands in the lagoon and felt this could be a very good destination for Japanese tourists, starting with divers. He and his family have played a major roll in the development of the Maldives. He felt the Marshalls had greater potential in its current state than the Maldives when they began tourism promotions.

He made contact with Minister Gerald Zackious and the first meeting with government agencies and the private sector took place in November 2004.

What was the Plan?

The plan was to have a group from Japan and Sri Lanka form a Wholesale company and charter an aircraft through Japan Airlines selling charter flights to the Marshalls to Japanese Travel agents. This plan was later adopted by Japan Airlines offering the investment group a block of seats on their charter aircraft.

Why would Japan Airlines want to come to the Marshall Islands?

They are listening to their customers. The people in the Charter Division know of the Marshall Islands and they are also familiar on how much time it takes to get here. They are filling a gap. The Charter Division was told to look for destinations within six hours flying time of Tokyo. The Company is not doing as well as it once was so they need to increase the usage of the aircraft that would sit idle. The Charter Division was given the aircraft for 12 hours and told to “go sell seats”. They are getting the use of the aircraft for the cost of fuel and crew. The aircraft that JAL uses is a Boeing 767-300.

What is a Charter?

One price, one destination, on one else on the aircraft, except the people that bought the trip. The price will include airfare, airport greeting, airport transfers, Japan and Majuro, hotel accommodations, and an arrival lunch or dinner depending on the flight arrival time.

Who will sell the Charters?

Japan Airlines Charter Division will wholesale the flight to the Major travel companies in Japan, JTB, Kintetsu, Hankyu Express, etc. They in turn will market the Charter to the small travel agents throughout Japan, in this case the agents that sell dive vacations. Satoshi’s company is the liaison in the Marshall Islands for the charter flights. He has packaged this and given the price to Japan Airlines Charter Division.

How many people and how frequently will they fly to Majuro?

Japan Airlines have told us that they will not do the Charter if there is less the 180 passengers (pax). So we are using that figure for all of our projections. The guests will be housed at Long Island Hotel, Marshall Islands Resort and Robert Reimers Hotel.

When is the first flight expected?

It takes at least 90 days lead-time, for sales promotion, before the first flight is scheduled. At this time we are looking at the first flight of 180 pax, in February 2007.

Tentative Schedule

February 11, Sunday Haneda (Tokyo) 00:15 am - Majuro 8:55 am

February 15, Thurs, Majuro 16:00- Narita (Tokyo) 19:30

March 22, Thurs, Haneda (Tokyo) 03:45am-Majuro 12:25am (Noon Time)

March 26, Mon, Majuro 16:00- Narita (Tokyo) 19:30

What will they do while in Majuro?

The following options will be offered and the expected numbers of people that should participate.

1. 2 Dives x 3 Days 120 pax
2. 3 Dives x 3 Days 30 pax
3. Snorkel Trip 1 day Traditional canoe ride beach picnic 30 per day
4. Intro dive and Beach day 15 pax
5. Sea Kayak and beach activity 15 pax
6. Yacht Sail 30 pax
7. Land tour (local lunch) Handi-craft stores 20 pax
8. Sunset BBQ (optional) most will attend

9. Local fishing on a boat or off the reef (optional night fishing) 20 pax

10. Sport fishing 5-10 pax

Baby-sitting services will be offered at a fee. Individuals will be screened in advance and re scheduled based on quality of service provided. The fee will be \$20.00 per day includes a lunch.

It is also very important to know that it is required that every operator has insurance or the tour companies will not book.

Who will benefit?

Government through tax collection

Ports Authority via landing fee and departure tax

Exxon –Mobil

The company that services the aircraft, Continental, AMI or Ports Authority

Local hotels

Dive Shops

Optional Tour operators

Stores

Local Farmer (One per person Ni will be provided upon arrival)

Restaurants

Taxi Cabs

Handi-Craft stores

Charter Boats

Gas stations

Hospital (not budgeted optional)

What do we need to do?

Besides cleaning up the island and get the optional tours setup...Lots.

The most important is the island cleanup. MIVA has approached MALGOV and offered to pay for the gas to help defray the costs...no response.

We will, MIVA, host a Saturday workshop on November 25th from 10 am in the Melele room to solicit volunteers to help with the cleanup. This workshop will also deal with other subjects that relate to the Japan Airlines arrival. We have also thought to offer schools a cash incentive to do beach and roadside cleanup. The most important aspect in the cleanup is if we can get the landowners' cooperation as well as governments, local and national. We will target the elected official also, Councilmen and Senators. MIVA will send letter to Chamber Members, Local and National Governments and the community in general.

Ground Service Equipment (GSE)

JAL has told the Marshall Islands that for them to fly here we need to provide the GSE. This is the same arrangement they have with Palau, and Fairbanks Alaska. The cost of the equipment can range from \$350,000, used, to close to \$800,000, new. Ports Authority has been charged with securing the equipment. At the present time they are looking at new equipment from New Zealand, with an expected arrival date being mid January, no purchase price has been announced.

Economic Impact

We can only estimate individual spending. The State of Hawaii estimates that the Japanese Tourist spends \$400.00 per day. We do not expect that high number here but we do feel that in addition to hotel and diving that individuals may spend \$225.00 per day for the 5 days in the Marshalls. See the economic impact sheet provided by Satoshi Yoshi.

Tentative Schedule for the first 10 months of 2007: The schedule is based on the success of the February and March flights. The frequencies could be more....It's all based on the success of February and March.

February	One Flight
March	One Flight
Late April	One Flight
Early May	One Flight
July	Two Flights
August	Two to Four Flights. One each from Osaka and Nagoya, new concept
September	Two to Three Flights
October	Working for Two flights
November	Not Decided
December	Not Decided

How 200 Tourists x 4 nights stay Impacts Local Economy

Reported by: Satoshi Yoshii

Airport Landing dollars to Airport → Local Employment (approx. \$3000)
Airport Tax \$20 → \$4000

Hotel 120 room / night \$100 + Tax →
Hotel \$48,000
To Local Employment
Tax \$3,840 for National and \$1,440 for Local
Electricity use \$800

Meal \$40/day per person ave. →
Restaurant \$32,000
To local Employment
\$1,280 from sales Tax
Food Cost 40% = \$12,800 to stores
70% of Store cost = \$700 from import tax

Diving \$100 x 150 people for 3 days →
\$45,000
Local employment
Land Owners
Boat Charter \$40,000
Fuel \$10,000
Tax \$1,800

Taxi or Bus Average \$10/person →

\$2,000 (Local Employment)
Fuel \$400
Sales Tax \$80

Amimono, Gift Shop, Stores \$150 per person →
\$30,000
Local companies
Sales Tax \$1200
50% of inventory from outside = \$800 from Import tax

\$239,140 Economical Impact from one flight (Tax Revenue = \$16,860)
1.3% improvement of Employment rate
Local Employment Opportunity 200 People
Average wage \$2.50 x 80 hours x 200 = \$40,000 x 26 = \$1,040,000/year
Withholding Tax \$83,200 from this employment

1st year
Once a month flight (12 flights in a year) \$3,909,680 per year
Tax Revenue = \$285,520

A few years later (Employment opportunity 2.6% up)
60 flights (which Palau has currently this frequent) in a year = \$16,428,400
Tax Revenue = \$1,178,000

Resort Building or Any other Investment
Multi Million dollars

- **Discussion from the floor**

- Sam will request a meeting with the Minister of Finance so that Jack and Jerry can further discuss the Chamber's alcohol tax position.
- In the final days of the now past Nitijela session, the public hearings and announcements were not well organized.
- The lowest paid Senator receives \$51,000 as a base compensation package. We don't know what additional pay Chairmen or other special positions receive.
- The annual Chamber Christmas parade will be held on the second Saturday of December. Anyone in the community willing to donate candy or money for this charitable event should deliver the donation to the Marshall Islands Resort.
- JAL will consider reduced fare trips from Majuro to Japan following their inauguration of charter flights next year provided that the RMI Government writes a letter requesting a reciprocal arrangement.

- The Japanese require that anyone providing service to their charter flight tourists must have adequate insurance coverage.
- The Minister of Foreign Affairs is the highest level contact in the government regarding JAL.
- CMI teaches the Japanese language and should be considered if there is a need for translators.
- There doesn't appear to be as high a level of concern for timeliness in public offices as there is in the private sector regarding the JAL charter flights.
- There appears to be more official interest in fisheries than tourism development. Tourism is not necessarily on the "radar screen" as it should be.
- The Chamber needs to continue to encourage government to act promptly and decisively on completing solid waste initiatives.
- The Nauruan "Our Airlines" desire to use the Air Marshall Islands (AMI) route to Fiji is now being written as draft language in a potential agreement to do that.
- The Ministry of Health reports that the decompression chamber has been purchased and should be installed by the end of the year. This includes training and maintenance.

- **Committee Reports**

There will be an invasive species workshop at the Long Island Hotel. The Solid Waste Corporation has been formed, but the Cabinet needs to prepare an implementation plan. The Marshall Islands Conservation Society is now handling "green waste" at the dump. The Minister of Education is recuperating nicely in Manila. The Nitijela passed a bill that prohibits convicted felons from holding public office unless pardoned by the Cabinet after being recommended for pardon by the Ministry of Public Safety. The immigration and labor bills passed. Some Chamber members are still having trouble with their office fax, Internet, and voice NTA lines. Some Chamber members are having trouble sending e-mail from their Yahoo accounts to "tilmake.net" e-mail accounts.

Meeting adjourned at 1:30 PM.

Minutes prepared by:

Jim McLean

Approved _____

Approved with Corrections _____