

**Marshall Islands Chamber of Commerce**

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**Meeting Minutes**

Tuesday, August 14, 2007

Marshall Islands Resort

Meeting called to order by President Jack Niedenthal at 12:01 P.M. Approximately 60 members and guests were in attendance. The next regular meeting will be on Tuesday, September 11, 2007.

- **Minutes** – approved electronically prior to the meeting
- **Treasurer's report** - \$3,102.44 BOG balance
- **Guests**
  - Gerald Zackios, Senator
  - Fred Muller, Secretary Resources and Development, RMI
  - Clyde Bishop, American Ambassador
  - Bruce J. D. Linghu, Taiwan Ambassador
  - Maureen M. Maratita, Publisher of Glimpses
  - Faye Varias, Editor of Guam Business
  - Captain Steve Fitzgerald, USN USS Peleliu advance party
  - Lt. Perez, USN USS Peleliu advance party, 455-1093 cell phone
  - David Kattenburg, Earth Chronicle Productions
  - Shiu Raj, Pacific Islands Forum Secretariat
  - Jim Gausman, Pacific Islands Forum Secretariat
  - Fred Baker, retired statistician working with R&D
  - Collin Allen, NTA
  - Yoshi Kaneko, NTA
- **Chamber President's remarks**

I would first like to welcome and recognize our guest speaker, the Hon. Gerald Zackios, I would also like to recognize the Honorable Ambassador Clyde Bishop and members of the Diplomatic Corps from the US and Taiwan, other RMI and local government officials, the representatives from the USS Peleliu, Captain Steve Fitzgerald and Lt. Perez, the representatives from PIPSO, and Maureen Maratita and Faye Varias, who are journalists from Guam, and also Dave Kattenburg, a radio journalist from Canada who will be visiting Bikini tomorrow. I would also like to take this opportunity to recognize the general public in attendance, and of course our Marshall Islands Chamber of Commerce membership.

First and foremost, thank you all for coming today. We have quite a lot of ground to cover today, so my remarks will be very brief. In today's meeting we will be discussing governmental, tourism and communication issues that will affect all of our businesses in some very profound ways. I would invite all of our guests today to participate in any of our discussions. Though these meetings are very informal, my only request is that we respect the various individuals when they have the floor.

Before we begin today, I would like to acknowledge the Hon. Brenson Wase and the Ministry of Finance of the RMI government to thank them on behalf of the Marshall Islands Chamber of Commerce for getting the RMI off the Organization for Economic and Cooperative Development, otherwise known as the OECD, blacklist of uncooperative tax havens. I would also like to thank the US Ambassador and his staff because I have been told they also lent a helping hand getting this long overdue issue resolved. For those of us involved in commerce in the Marshall Islands, this is a major, major development for the RMI.

- **Capt. Steve Fitzgerald remarks**

The USS Peleliu will arrive the week of August 26<sup>th</sup>. As soon as I know the exact arrival date, I'll inform you. The ship has a crew of 1,700, 150 of which will be given shore leave each day for approximately ten days here in Majuro. There will be medical and engineering projects.

- **Lt. Perez remarks**

You can call me with any suggestions for shore leave activities for the sailors on my cell phone – 455-1093. Or you can contact MIVA that is currently preparing a list of available activities.

- **Maureen Maratita remarks**

Guam Business Editor Faye Varias and I are in the Marshall Islands from August 11 – 19 preparing a country report on the Marshall Islands for Guam Business. The coverage will include features on tourism, the economy, construction and infrastructure. In addition, we will also prepare for a travel feature for R&R Pacific, our publication for the military market. We anticipate additional stories for the Marianas Business Journal. R&R Pacific is available in military housing for reference.

- **Gerald Zackios remarks**

I would like to address what government can do to assist in business development and the new labor law. The private sector is the backbone of the economy.

Our goal with the labor law was to balance policy with economic growth. We sought to restrict the importation of labor to encourage partnerships. There are proposed and pending amendments to the labor law that I hope will be passed by the Nitijela during this session. We were concerned with the constitutional provisions for citizenship. That's why the original law specified a maximum of two years stay for a guest worker. However,

there is a pending amendment to adjust this. There was some concern about the bonding requirements. But, I see the cost of bonding as being less than a round trip plane ticket. I hope that the Chamber of Commerce will participate in the public hearings that will be held concerning the proposed amendments.

Although capacity building is important in private sector development, I think that we need to look beyond that. President Note announced that there will be a return to domestic postal status later this year. International status is a problem for businesses. I hope that the present sector grants will not be used to fund this change. The legal framework is sufficient to support private sector development. But, it can improve. Implementation of law remains a problem. I recognize the GAO questions about the effectiveness of land and secured transactions legislation. These laws are on the books and are working. But implementation can be improved. The government should partner with the private sector especially with state owned enterprises such as MEC, MWSC, AMI, and others to tap into private sector management expertise. MIDB should change its housing policy to focus more on providing housing for low income families and partnering with land owners to preserve respect and eliminate abuses. There needs to be greater cooperation between national and local government. The laws are on the books, but people are needed to effectively implement these laws. Government should make decisions. For example, when the government operated the former Outrigger Hotel we lost one million dollars a year. Now that the hotel is being privately managed, although the profits are small, there are no losses. This is the kind of government private sector partnership that is required.

- **Questions and answers**

David Strauss: When will the domestic postal services return?

Answer: President Note has announced this, but I don't know when it will occur.

David Strauss: It appears that most of the deportation cases involve PRC citizens. I've heard that it's difficult to get them back to China. How did they all get here?

Answer: It's not true that there is a problem getting them back to China. It's been more of a problem with the proper handling of these cases by the investigating officers. Clearly, there is an expansion of the local Asian population. There needs to be more effective Customs and quarantine to prevent illegal entry such as on ships.

Scott Stege: When the constitution was enacted, it provided the expectation of citizenship for those foreigners who were already here with so-called blood or soil connections.

Answer: There are different ways to obtain citizenship such as by registration or naturalization. The constitution doesn't say that citizenship is automatic. But if you're born in the Marshall Islands of non-Marshallese parents, you can apply.

Scott Stege: There appears to be a change since the new labor law was enacted. Applications for citizenship are not being accepted.

Answer: If you get citizenship by registration, it can't be revoked. But if you fraudulently obtain citizenship through naturalization, it can be revoked.

Jerry Kramer: Is there a problem with getting a transit visa to deport people through a US port?

Answer: Deportees have to be accompanied. The US works with us if we escort deportees. There have been cases where unescorted deportees left the Guam airport and disappeared in Guam. Also there is an international requirement that people not be held too long in a transit area.

Jerry Kramer: It is the official Chamber of Commerce position that both the labor and immigration laws should be scrapped.

Answer: I won't discuss the immigration law. That falls under the authority of the Ministry of Justice. Regarding the labor law, of the eleven recommendations made by the Chamber of Commerce, eight were accepted and applied in some form. I think that is a good result. The number of applications and approvals has increased under the new labor law. I think that indicates that it is working.

Jack Niedenthal: (asks the US Ambassador about the postal and transit visa issues)

Ambassador Bishop: Leo Tudela of the USPC informed President Note of the return of domestic postal status. This should take about two months. Regarding deportees transiting through Guam, the United States fully cooperates with any sovereign nation to facilitate this provided that the deportee is escorted.

Salome Andrike: PRC people are coming in. How? Continental Airlines has to put them back on the plane to return them. The FSM has informed us that we cannot send them there without an invitation. It appears that they have to have a transit visa and a Marshall Islands visa before they arrive. They don't have a Marshall Islands visa when they arrive. They don't get a Marshall Islands visa when they arrive. We have to put them back on the plane. Why?

Answer: If you have a roundtrip ticket, you should be able to get a Marshall Islands visa when you arrive from countries with which we have relations. Otherwise, applications for visas have to be mailed to the Ministry of Justice.

Richard Li: Statistics show that there are as many Filipinos if not more than Mainland Chinese. If this is true, why are most if not all of the deportations of Mainland Chinese?

Answer: There should not be an unequal application of the law.

Jerry Kramer: Thank you, Senator, for your long time support and accessibility to the Chamber of Commerce.

Answer: Tourism looks good. I hope that the Chamber of Commerce continues to push tourism. The postal issue, indeed international status, is not new. It's been a part of the Compact.

Jack Niedenthal: Thank you for coming and answering questions. My only comment is that when I hear that the private sector is the backbone of the economy I think that at present the government seems to be the backbone of the economy. It appears that government should change that.

- **New business**

President Note has asked the Chamber of Commerce to appoint two members to the newly established RMI Economic Council. There are to be six members; Director of EPPSO, 2 at large members; 2 Chamber members; and 1 business council member.

Gerald Zackios: This is not new, but it should be supported by appropriate legislation to ensure its continuation.

A general discussion ensued regarding who the two Chamber of Commerce members would be. The final consensus without objection was that the Chamber President and Vice President would be appointed.

Collin Allen from NTA was introduced and briefly mentioned that he was attending to hear members' complains or suggestions regarding NTA then to inform NTA management of what he heard for follow-up. He also mentioned that NTA is presently testing WiFi in several locations. This would be a prepaid service when it goes into production at ten cents a minute.

Richard Li requested that NTA place a test WiFi antenna at MIHS to allow the students better Internet access.

Jack mentioned that he and other Chamber members appreciate the polite and professional responses that are received from Tony Muller whenever he and others report a problem even if such reports, at times, are not professional. He recommended that NTA should immediately inform people when there is a known problem. This would prevent a lot of the confusion that otherwise occurs.

Jerry Kramer observed that Fiji reduced its 128 kbps dedicated Internet service price from \$2,000 a month to \$30 a month within one year of telephony having been privatized there.

Giff Johnson recommended that NTA use its experience with cell phones as a model regarding how to price Internet access. Reduce charges and thereby increase volume to make more money.

Charlie Domnick spoke as an NTA Board Member that as soon as problems are solved the Board plans to focus on pricing issues. He also observed in regard to the previous discussions about immigration that other Pacific Island countries are much tougher than the Marshall Islands on such matters.

Karen Earnshaw recommended that the Chamber monthly meeting be moved around to the different restaurants the way that the Mieco Beach Yacht Club handles their weekly meetings.

Tom Maus observed that there will be more US military personnel in Majuro this month and next than at any time possibly since World War II. He made reference to the Peleliu sailors and the expected Hawaiian Engineer battalion that will visit later and stay for three weeks doing projects.

- **Committee Reports – deferred**

Government Relations –Jerry Kramer

Jerry briefly reported on his recent trip to FIJI as an invited guest speaker and the official Chamber representative to PIPSO. This organization was initially formed in 2005 and had a temporary Chairman – James Movick. This time they completed a constitution and bylaws. They scheduled the next meeting. One of the inspiring presentations was of the Cook Islands that decided to privatize and in so doing encourage tourism. They sold their hotel for one dollar and dedicated three million dollar a year to tourism development. Now they have over 1200 rooms and a large annual influx of tourists. They even have attractive plane connections with the US at a reasonable price due to the volume of tourists.

Business and Trade – Neal Skinner – no report

Financial Services – Jim McLean – no report

Tourism – Bill Weza

Two members of MITA serve on the MIVA Board. The two newly appointed members are Chris Bing and Bill Weza. Bill thanked the Kramers for purchasing and delivering the necessary tug to support JAL flights. This tug was tested during the 6/30 JAL flight and was able to move the plane even with its brakes on. The tug is strong enough. Ports authority has reimbursed the Kramers for the tug. Because of the delay in receiving the tug, JAL cancelled June, July, August, September, and October flights costing M.I.R. an estimated ½ million dollars in lost revenue. This is estimated to be ½ of the total loss of revenue for the private sector. There still is the possibility of having November and December flights.

Communications – David Strauss

Cell phone service was upgraded as previously reported. However and due to the increase in cell phone usage now estimated to be at 11,000 customers, NTA will have to further improve cell phone capacity scheduled for next year. It's a case of "playing catch-up" with capability to meet the demand. NTA is testing high speed wireless. There is a test antenna on top of the RRE building Access is estimated to be within 200 feet of the tower. Regarding recent dialup Internet problems, there are four "trunks" into which all those who dial connect such that as each trunk beginning with trunk 1 is fully accessed the next trunk automatically becomes available. For some reason, this automatic enabling of the next truck failed. Regarding recent email problems, although it seems to have improved, NTA is still working on the problem.

Education –Carlos Domnick – no report

Health – Dr. Alex Pinano

The recent medical conference was successful and developed several important country strategies such as community alerts.

Environment –Don Hess – no report

Membership and Public Relations – Liz Rodick

We have 43 members and are looking for more.

Special Projects – Sam Smith – no report

Meeting adjourned at 2:00 PM.

Minutes prepared by:

Jim McLean