

Marshall Islands Chamber of Commerce

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Meeting Minutes

Tuesday, March 13, 2007

Marshall Islands Resort

Meeting called to order by President Jack Niedenthal at 12:01 P.M. Approximately 50 members and guests were in attendance. The next regular meeting will be on Tuesday, April 17, 2007.

- **Minutes** – approved electronically prior to meeting
- **Treasurer's report** – Bank of Guam balance: \$5159.21
- **Guests**
 - American Ambassador Clyde Bishop
 - Taiwan Ambassador Bruce J. D. Linghu
 - Taiwan Third Secretary Robert Chang
 - Secretary of Education Biram Stege
 - US Army Colonel Reed, Kwajalein Commander
 - Steve Pollard, Asian Development Bank
 - Allison Nasion, Ministry of Education
 - Gary Ueno, Marshall Islands High School Principal
 - Sister Dorothy, Marshall Islands High School
 - Richard Li, Marshall Islands High School Counselor
 - Jamie Spence, President, Canvassback Missions
 - Bob Chuug, Program Director, Canvassback Missions
- President's remarks

President Jack Niedenthal briefly commented on the following quote from the United States 2006 RMI Human Rights Report, Freedom of Speech and Press, March 6, 2007:

“The constitution provides for freedom of speech and of the press, and the government generally respected these rights in practice.

Individuals generally could criticize the government privately or publicly without reprisal. In July, however, one incident that questioned the right to freedom of speech occurred when a special interim committee of the Nitijela summoned the president of the Chamber of Commerce to answer inquiries regarding a letter the chamber sent to the speaker of the Nitijela and the Marshall Islands Journal condemning travel of

certain elected officials to the PRC. The committee criticized both the letter and similar comments made by the chamber president in an interview with Radio New Zealand. Although the Nitijela took no action against the chamber, the committee's public scolding of chamber leaders led some members of the public to express concern about censorship.”

Whereas this represents a kind of vindication for the Chamber of Commerce, we only want good things to happen here in the Marshall Islands as evidenced to others elsewhere. We tried to stop the parliamentary committee that did this. We warned them about the consequences this kind of public hearing and investigation would have for the country. We spoke to everyone involved, but no one would listen. We exercised our freedom of speech as exists in any vibrant Democracy. I still feel that we did not do anything wrong when we exercised this right.

The Executive Committee (EC) met with Donn R. Ariyoshi and Lester Nakamoto yesterday. Donn is the son of a previous governor of Hawaii, and he has been an advisor to Hawaii Senator Akaka. He wanted to help the RMI with our current postal issues and came here in that regard. He told us that after investigating the situation--especially concerning the seemingly unresolved past bad audit reports of the RMI Post Office--that he doesn't feel comfortable about getting directly involved from Hawaii and risking his Senator's reputation. Mr. Ariyoshi firmly believes that action needs to occur in the Marshall Islands before he can do anything to help the RMI with regard to this issue. There haven't been any prosecutions. There has been no leadership change. It's important to remove a chief executive officer when such problems occur so that effective improvements can be made. Good examples of this are Social Security and College of the Marshall Islands. It takes courage to get ineffective people out of the way. Until something positive happens here, he can't help us.

I would like to take this opportunity to thank Taiwan for what it has done for the Marshall Islands and to encourage the Taiwan Embassy to consider the Chamber of Commerce as an available resource.

- **Taiwan Ambassador Bruce J. D. Linghu remarks**

I'm happy to address this elite group of business leaders in the Marshall Islands. This is my second week here having arrived on March 3, 2007. I'm a career diplomat. My previous postings include New Zealand, Taipei, Los Angeles, and San Francisco. Prior to serving in the diplomatic service, I was a high school teacher.

In the short time that I've been here I've already visited Kili and Enewetak islands and met with the people from Motech – the solar panel providers. I plan to continue with the good work of my predecessor who served for four years in the Marshall Islands. I'll look for new developments in the following areas: cultural, economic, and Laura technical mission that is successfully engaging in produce and livestock development. Next month there will be a medical mission of five doctors. They will visit Ebeye first and spend one week there. Then from April 16 – 20, 2007, they will practice at the Majuro Hospital. There will be a visit from a naval squadron on a goodwill mission. I'm

working with the American Ambassador and Marshall Islands government to secure all of the necessary arrangements.

- **Gary Ueno, Marshall Islands High School Principal**

As part of the “Rethinking Education” conference that just occurred, we recognize the importance of vocational training. We see the senior practicum program as being an important measurement of our performance that is now controlled by performance based budgeting. We need to prepare our seniors for the working world. Time is important. There is a proper work ethic. We look to the private sector to provide skills and knowledge.

- **Richard Li, Marshall Islands High School Counselor**

The senior practicum is an ongoing program. This is not the first year. We encourage hands on working experience. In the past we’ve focused on professions such as waitress, cook, cashier, and computer data entry. These activities lined up with our vocational elective courses such as woodworking, auto mechanics, and secretarial. Now we want to expand into areas such as journalism, tourism, retail, and wholesale.

The program lasts for four to six weeks. We’re looking for private sector host organizations that are willing to participate. The program will begin on April 17, 2007, when our seniors are ready to go out into the community. The host organizations do not pay the students. The students work in the afternoons at the host organization beginning right after we feed them a good lunch from Monday through Thursday. On Fridays they return to the high school for a weekly review.

There are about 167 seniors of which, perhaps, only 100 would qualify for this program based on their school performance. There is no vocational track at the high school. This is a voluntary program. There is neither a scholastic reward nor a penalty for participating or not in this program for the seniors. This is not a requirement to graduate. Last year wasn’t well organized. This year we’ve developed weekly student evaluation forms that consider things such as attendance, punctuality, dress, etc. The host organization prepares these forms weekly and returns them to me.

- **Committee Reports**

Government Relations – Jack Niedenthal for Jerry Kramer

I met with Internal Affairs Minister Rien Morris and selected outer island mayors at their request last week concerning extensive plans for a May Day celebration this year. It appears to be a kind of pre-Olympics that involves travel and housing of outer island participants. I invited them to attend today to speak of their needs. They didn’t come. I also suggested that they write to the Chamber outlining their needs.

The Chamber of Commerce is concerned about a recently passed labor law. Our concerns are focused primarily on the treatment of guest workers in the Marshall Islands. We were assured by Minister Zackios that this bill would be amended to contain more of

our previously submitted recommendations than were initially included. We haven't heard anything about this yet.

There is a new 21-page tobacco control law. Effectively, no one can smoke in a public place. There is no exemption for a bar or separate area. All indoor smoking is prohibited. There are stiff fines for the smoker and the proprietor. The Ministry of Health is charged with the responsibility to enforce this law. They may elect to appoint another organization such as the police to do this. When asked why there was no public hearing on this law, the Minister of Health responded that since the law was so well written the Nitijela didn't feel that there was a need for a public hearing.

Business and Trade – Neal Skinner

There will be two new businesses in the Marshall Islands. The tuna plant will be operated by a Province of Mainland China initially employing about 400 people and is expected to open for business in August or September. GFB Fisheries out of Australia will raise Humpback Grooper in Oceanside cages.

Financial Services – Jim McLean

According to Money Laundering Alert, March 2007, Volume 18, Number 5, page 2:

“Proposed legislation designed to prevent U.S. businesses from using offshore shell companies to avoid paying taxes would expand Bank Secrecy Act (BSA) regulations to include hedge funds and company formation agents. The measure – introduced in the U.S. Senate six months after its Permanent Subcommittee on Investigations released a report about offshore tax haven abuses – would help the federal government recover nearly \$100 billion a year in lost tax revenue, according to a bill cosponsor Sen. Carl Levin.”

The Marshall Islands is still “blacklisted” as a tax haven country by the OECD. Recall that the country was previously “blacklisted” by the FATF for not having sufficient anti-money laundering controls. While the FATF “blacklisting” was reversed after the necessary controls were put in place, the country didn't successfully address the OECD “blacklisting” that remains. Tax haven countries are now coming into sharper focus as evidenced by the above news. It would be prudent for the Marshall Islands to get itself removed from the OECD “blacklist” as a tax haven country before any additional and possibly Draconian legislation gets passed that could adversely affect this country's financial services. The combination of the USA Patriot Act and the FATF “blacklisting” was nearly fatal for this industry. It's time to prevent a possible reoccurrence of this problem regarding tax havens.

Tourism – Bill Weza

Upcoming events and activities:

March 17 – MIVA sponsors Billfish Club mini-tourney

March 21 – 26 – JAL second charter flight

MIVA will sponsor two media from PADI Dive Magazine in Japan

Current estimate of the economic impact from the first charter flight is at
\$130,000 not including Marshall Islands Tours, RMIPA, certain hotels,
Restaurant, and small businesses

March 22 – 23 – PATA Micronesia 4th quarter meeting in Palau

Delores and Deborah will attend

March 24 – Coconut Cup Annual Race

March 29 – Earthrace arrives in Majuro

April 6 – 8 – ROC Navy Goodwill Squadron visit

April – Euro Media Trip (dates TBA)

April – CBS News to Bikini (dates TBA)

April 15 – 20 – Pacific Expeditions Show in Majuro

April 26 – Marshallese Traditional Clothing Mats – Exhibition and Silent Auction

Media from Honolulu to cover the event

April 30 – May 4 – RMI National Games

MOHE has just informed MIVA that one of their doctors has completed the training required for the operation of the new Decompression/Hyperbaric Chamber, tentatively scheduled to arrive Majuro in May 2007.

Congratulations to Quincy Calep, newest member of the Marshall Islands Visitors Authority Board of directors, representing the Ebeye Chamber of Commerce.

Congratulations to Emelyn Simon, MIVA's new Marketing and Research Officer.

Kommol tata to Dolores deBrum-Kattil who has announced her resignation from MIVA, effective May 18. Interested individuals must submit a letter of interest and resume to the MIVA Chairman of the Board no later than Monday, April 16, 2007. The MIVA Board of Directors is responsible for the selection and placement of the General Manager.

Transportation – (discussion from the floor) Salome Andrike

The Ports Authority purchased a “push back tug” from a New Zealand company and promised that the tug would arrive before the first JAL charter flight on February 11, 2007. The New Zealand company has admitted that the failure to deliver this piece of equipment is their fault. It is now expected to arrive in March or April. The tug on loan from JAL will stay for the second charter flight. JAL was not happy with this

development. JAL cancelled their April and May charter flights. They are waiting for the tug issue and approval to use Kwajalein as an alternate landing site.

US Army Colonel Reed reported that a one-time waiver has been granted for using Kwajalein as an alternate landing site for March. He is seeking US Defense Department approval for JAL to have alternate landing rights after March.

US Ambassador Bishop clarified the issue regarding Kwajalein landing rights. JAL and others have always had and continue to have emergency landing rights on Kwajalein. What has been prohibited is alternate landing rights.

US Army Colonel Reed reported that he is seeking authority from the US Defense Department to sell diesel fuel to Ebeye for a period of possibly one to two years.

Communications – David Strauss

Fiber optic cable: Army cannot own fiber optic cable. It must be owned by someone else. NTA is waiting for appointment of owner and operator before it can begin "negotiations."

All outer islands except Rongelap have been upgraded (cell phone service).

\$800,000 is being spent to upgrade cell phone system and get Ebeye its own switch. Currently, Ebeye is using Majuro switch, limiting bandwidth available to Majuro. Should double our capacity. NTA is hoping this will occur on their 20th anniversary May 1, but if not May 1, then "definitely" sometime in May.

Education – Carlos Domnick

Today's featured guests from the Ministry of Education represent today's committee report.

Health – Dr. Alex Pinano

On August 1 – 3, 2007, medical people from around the Pacific will come to Majuro for a conference sponsored by the local medical association. The topic will be emerging and re-emerging infections.

There are 24 cases of Typhoid Fever on island. Two US Center for Disease Control (CDC) doctors are here trying to locate the source of this bacterial infection. It appears to be coming from the Rita area. This is a disease that is typically contracted from fecal contamination of the water supply. There are two types of vaccine that are available. However, neither of these vaccines is part of the country's regimen of shots. There are no supplies of these vaccines on island. They can be purchased without a prescription. Residents should be advised to boil any ground water obtained from wells to kill this kind of bacteria.

Hospital waste is now being handled by the new Solid Waste Corporation.

Chamber member Ben Chutaro advised that as early as 2004 a problem with ground water wells was identified in the Jenrok area. Most households aren't connected to the island's sanitary sewers due to failure to pay for Majuro Water and Sewer services. He asked why this serious health issue hasn't been confronted before now. The Chamber unanimously appointed Ben to identify appropriate measures that the Chamber should pursue to encourage the government to properly address this health concern.

With the current drought in effect, there is the possibility that some businesses may be tempted to use well water as it might be involved in the preparation of food or what will become food such as ice for fresh fish. It would be a good idea for the Ministry of Health and other authorities to anticipate this risk and appropriately advise all organizations that this should not be done in the interest of public health.

The acting Chief Secretary hasn't been able to convene a quorum of the National Disaster Committee to meet concerning the Typhoid epidemic.

Environment – Don Hess

The new Solid Waste Corporation's Board has met every week since February. An interim Manager is now in place and working at the dump. The initial emphasis will be on repairing the seawall to extend the life of the present dumpsite.

Membership and Public Relations – Liz Rodick

We now have 38 paid up members for 2007. This includes Canvassback Missions that joined today.

Special Projects – Sam Smith

No report.

Meeting adjourned at 2:00 PM.

Minutes prepared by:

Jim McLean

Approved _____

Approved with Corrections _____