

**Marshall Islands Chamber of Commerce**  
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### **Meeting Minutes**

Friday, April 27, 2011

Marshall Islands Resort

Meeting called to order by President Steve Philips at 12:00 P.M. Approximately 45 members and guests were in attendance. The next regular meeting will be held the week of May 23, 2011, unless otherwise scheduled to accommodate a guest speaker.

- **Minutes** – approved electronically prior to the meeting

- **Guests**

- Kenneth Kedi, RMI Transportation and Communication Minister
- Martha Campbell, American Ambassador
- Bruce Bilimon, Ministry of Finance and AMI Board Secretary
- Bart Deemer, USAID
- Stephen S. C. Hsu, Taiwan Embassy
- Bill Capelle, AMI GM
- Robert MacCallum, interim Charge d' Affaires of the U.S. Embassy
- Dan Fitzpatrick, AMI
- Mike Trevor, AMI

- **Chamber President's opening remarks**

Welcome to the April Chamber of Commerce meeting. Please join me in welcoming our guest speaker.

- **Ben Graham remarks**

Ben Graham presented "Revisiting the Reform Agenda, Public Enterprise Financial Review and Reform Analysis, Air Marshall Islands (AMI), Inc. This report is a product of an Asian Development Bank technical assistance grant. It covers a decade of Air Marshall Islands (AMI) financial information ending with fiscal year 2009. The report has been presented to the AMI Board.

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Secretary's note: The full report can be accessed at the following Internet URL: (all one line)

[http://www.google.com/url?sa=t&source=web&cd=1&ved=0CBQQFjAA&url=http%3A%2F%2Fwww.yokwe.net%2Findex.php%3Fmodule%3DDownloads%26func%3Dprep\\_hand\\_out%26lid%3D483&rct=j&q=yokwe%20Public%20Enterprise%20Financial%20Review%20and%20Reform%20Analysis&ei=B4G3Tf7mG-3UiAlE4Nke&usg=AFQjCNGHvkAgxPwqb300npFP131mOOTWuQ&cad=rja](http://www.google.com/url?sa=t&source=web&cd=1&ved=0CBQQFjAA&url=http%3A%2F%2Fwww.yokwe.net%2Findex.php%3Fmodule%3DDownloads%26func%3Dprep_hand_out%26lid%3D483&rct=j&q=yokwe%20Public%20Enterprise%20Financial%20Review%20and%20Reform%20Analysis&ei=B4G3Tf7mG-3UiAlE4Nke&usg=AFQjCNGHvkAgxPwqb300npFP131mOOTWuQ&cad=rja)

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This financial analysis indicates that AMI has been receiving an annual subsidy from the government and can be expected to continue to require that. Nearly all financial indicators show that AMI is not economically viable. Its outstanding debt to MISSA grew during the decade. Sales indicate that there is a legitimate demand for AMI services.

There appear to be six options at present:

1. Do nothing (business-as-usual) and hope that things get better
2. Private management contract
3. Partial divestiture where government regains a controlling interest
4. Partial divestiture where government regains a minority interest
5. Full divestiture
6. Dissolution

The way forward includes the need to carefully analyze each of these options. Experts are available and willing to assist the government in this task. Consideration needs to be given to the state owned institutional framework that at present doesn't effectively exist; required aviation infrastructure; linkages and partnerships with international carriers; some Marshall Islands remote areas are not economically viable; and community service obligations.

Ben Graham, Minister Kedi, AMI employees, and Chamber attendees engaged in an extensive question and answer session following the presentation. Chamber members requested that the Marshall Islands Chamber of Commerce Executive Committee formulate aviation recommendations and make those recommendations available to the AMI Board and the RMI Cabinet.

- **New business**

A Pacific Island Private Sector Organization (PIPSO) delegation is scheduled to visit the Marshall Islands on May 5 – 6. The Ministry of Resources and Development along with the Marshall Islands Chamber of Commerce has coordinated this visit. The Marshall Islands Chamber of Commerce Executive Committee is scheduled for a breakfast meeting with this delegation on May 5<sup>th</sup> from 8:00 AM to 9:00 AM in the RRE "K" room.

Jerry Kramer, Chairman, Comprehensive Economic Development Strategic Plan (CEDS) committee, reported that the Ministry of Research and Development (R&D) may have to become part of the application process along with the Chamber. The purpose of this new committee is to implement US Economic Development Administration (EDA) funding. We have been eligible to apply for their 50% matching funding under the amended Compact of Free Association. Before we can apply a comprehensive economic development (CED) plan has to be prepared and submitted. EDA will fund 100% of the cost for this plan. The Chamber has received approval from R&D to act as the coordinator. The Chamber has engaged the services of a company that has experience preparing a CED plan. The Chamber's goal is to help to bring more development funds into the country to create jobs and stimulate private sector development. It should be noted that different kinds of funds qualify as matching funds such as grants and in kind.

A US Coast Guard cutter will visit Majuro for 24 hours on May 10<sup>th</sup>. There are 200 service men and women on this ship.

Meeting adjourned at 1:30 PM.

Minutes prepared by:

Jim McLean