

Marshall Islands Marine Resources Authority

Annual Report 2000/2001

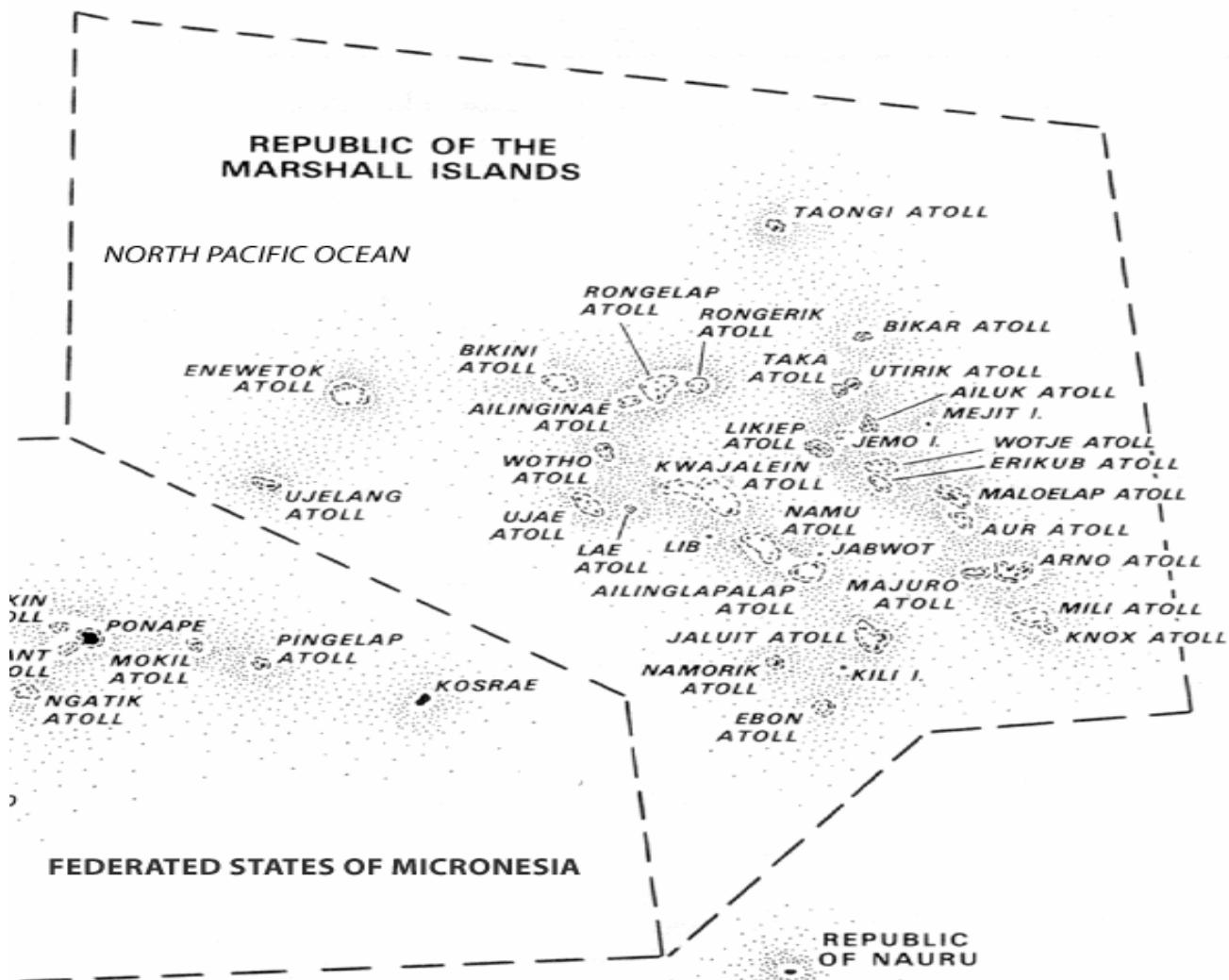


January 2002.

Marshall Islands Marine Resources Authority Annual Report 2000/2001

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*Yokwe!*

## Message from the Chairman



*I am pleased to submit on behalf of the MIMRA Board, the annual report for the year 2000-2001. This report covers much of the activity and projects undertaken by the Authority for the fiscal year 2001, including both the Oceanic sector and the Coastal sector. As you will note, much has been done during the year, and therefore, as a result, we have much to look forward to in the future.*

*The Marshall Islands is truly blessed with its abundant marine resources. This is evident in the number of Distant Water Fishing Nations who have become our fishing clients in our Exclusive Economic Zone. Tuna is an important resource to the RMI and the region as a whole. Through the Forum Fisheries Agency and the Secretariat of the Pacific Community, much of the emphasis on the nature of the fishery is coordinated through these secretariats. A simple approach of coordinated effort by the member countries easily solves much of the problems facing the fishery. Such is the establishment of the "convention" under the Multilateral High Level Conference, where the process had actually begun in Majuro in 1991. As a result of the "convention", we will soon have in place, a mechanism for the conservation and sustainable harvesting of these highly migratory fish stocks.*

*But these regional and international conventions alone are not enough. We must encourage our local governments and communities to develop their own marine resource management plan for our near shore and inshore marine resources. As part of this effort, the Authority has initiated several projects for resource assessment on various atolls. Other atolls have initiated their own, with direct and indirect involvement of the Authority. For the coming year, we will see much of that activity. While it is important that we know just what kind of marine resources are there so that we can develop appropriate management plans, it is equally important that in the development of such plan(s) we do not neglect to take into consideration the dictates of our custom and culture, and the role of our traditional leaders.*

*The Authority encourages each local government council to submit a request for a resource assessment for their atoll. Based on the assessment report, the Authority will then assist in the development of a marine resource management plan that will best fit their particular island or atoll needs. While the process may be slow and at times frustrating, the failure to put in place a resource management plan is not an option; otherwise we will forever be cursed by our future generations!*

*I hope you find this report informative and that it addresses many of your questions. However, as you know, this it is only a document. I would suggest that should you have any other questions and concerns outside of the report, please visit or call on any of us, the Management, Board and Staff.*

*God bless,*

*John M. Silk  
Chairman of the MIMRA Board  
Minister of R&D*



## Message from the Director

*Bar Yokwe!*

*The fiscal year 2000-2001 has proven to be a very challenging one for the MIMRA. As stated in the Ministers remark, I would like to further reiterate the importance and the need to further develop management capabilities for the marine resources of the Republic of the Marshall Islands.*

*This report includes the activities at the Authority, as well as projects, which MIMRA is directly and indirectly involved in. Further emphasis is placed on the Oceanic and Industrial Affairs and the Coastal and Community Affairs. At the outset, the two sectors are actively involved in promoting projects that would contribute positively to the economy and the people of the Marshall Islands.*

*The Coastal and Community Affairs have, since last year, expanded its projects provided by Japan. These include the final plan for the Jaluit Atoll Fisheries Project. Much of the sectors activity is included further in the report. Other projects include the Survey of coastal resources of selected Atolls. This will continue to include more atolls.*

*The Oceanic and Industrial Affairs have also added on to their list of 'Things to do', the re-commencement of Majuro Longline Fishbase. As for revenue from license and other related fees, the sector experienced a slight increase from last year, but still faces uncertainties with the prevailing collapse in the tuna prices in the world market. Signs of improvement are showing due to the concessions made by the World Tuna Boat Owners Association. Perhaps, during the next fiscal year, the situation will improve.*

*Again this year, the RMI participated in the Multilateral High Level Conference, which has resulted in the First Preparation Conference in New Zealand. The second meeting will be in Papua New Guinea, which will further develop the mechanisms for a Convention for the Management and Conservation of the Highly Migratory fish-stocks.*

*Overall, the Authority continues to implement its National Fisheries Policy, which are to improve economic benefits from the fisheries sector within sustainable level limits, promote responsible, private sector led fishery developments, and strengthen institutional capacity to facilitate the responsible development and management of the Nations Fisheries resources.*

*While development continues to take its priorities in the RMI, we should also aim to sustain our resources for the future. While the Authority encourages development in the Fishery sector, it is absolutely prudent that we continue to be active in the community for the purpose of achieving MIMRA's National Fisheries Policy plan.*

Danny Wase  
Director of MIMRA



## ■ COMMUNITY FISHERY

The community (reef and lagoon) fishery is essentially the basis of domestic food security and nutrition for outer island communities. The fishery is not capable of sustaining industrial scale, commercial development. By commercial fishing standards individual atoll host small fishery resources that are easily over-fished. Additionally the absence of adequate transport between

the outer islands and the two main population centers (Majuro and Ebeye) is a further impediment to development. The need for fish at Majuro and Ebeye has contributed to a significant increase in artisanal fishing activity around these two centers and has brought about concerns of possible decline in certain fish stocks, and the integrity of the fishery management process.



MIMRA outer-island fish Market – MIMRA dock

MIMRA lacks the resources to undertake many of the fishery management responsibilities it has. MIMRA is physically remote from the outer island communities and the issues involved. The best people to manage the community fishery are the stakeholders themselves. The role of the government, in this regard, is to support the traditional role of the community as the resource managers and/or owners. The government retains ultimate management responsibility and authority, but many activities are delegated to community-based groups.

Income earning opportunities are limited. The relatively fragile resource base, its susceptibility to over-fishing and costly logistics restricts what can be done. The current NFDP (National Fisheries Development Policy) proposes detailed review of collateral opportunities whereby developments in the industrial fishery may nurture small developments in the community fishery. In particular this could apply to farming baitfish for the industrial pole and line

and longline fleets. Additionally an influx of productive longliners would result in an increase in airfreight capacity thereby improving the prospects for the underutilized deep-water snapper fishery, which is substantially reliant on airfreight access to USA and Asian markets. Both of these activities favor the involvement of outer island communities and small-scale development.



### **COFDAS PROJECT (Coastal Fisheries Development Assistance):**

The COFDAS project is a series of cooperative programs administered by the Overseas Fisheries Cooperation Foundation (OFCF), from Japan, in which experts are dispatched to the nations concerned in the Pacific. These projects are designed to contribute to the development of the coastal fisheries through the implementation of comprehensive technical cooperation encompassing fish harvesting and handling, production, processing, distribution, consumption and engine repairs and maintenance, refrigeration, fiberglass works, training, etc.



*Ice-making machine at MIMRA dock – capable of 5 tons production per day.*

On the coastal front, the construction of a mini-fishbase in Tobal, Aur Atoll was completed early this year, and is now servicing the local fishermen through the provisions of ice, fishing boats, fishing gear, fuel and other fisheries related needs. The construction of the fishbase and other components of the project were financed by the COFDAS project administered by the OFCF. The project also provides income to the fishers through the buying arrangement scheme established by OFCF and MIMRA. This applies to other fishers at the COFDAS projects in Jaluit and Maloelap Atolls.

Similar in nature to the COFDAS project in Aur Atoll is the completion of a fishbase in Maloelap Atoll, which will commence operation in April 2002 pending the installation of the cold storage and ice-making machine. The components of the project include those fisheries equipment provided to Aur project such as, fishing boats and OBM's (outboard motors), spare parts, fishing gear, insulated boxes, ice making machine and a building to store other fisheries related machines, etc.). The COFDAS project for Aur, Maloelap and Jaluit alone is worth over \$1 million, including the transport vessel locally known as 'LENTANIR'.



*Outer island fish is brought to Majuro for Marketing.*



### **RETAS PROJECT (Regional Technical Assistance):**

With regard to other fisheries development assistance programs or activities provided by OFCF to RMI, MIMRA has been receiving training/restoration assistance under the FDAPIN III project (Fisheries Development Assistance for Pacific Island Nations), of which objective is to undertake transfer of technology to Government-provided counterparts through on-site training and restoration which includes the methods of maintenance and restoration of fisheries related facilities and equipment on a yearly basis. The RETAS project (through the FDAPIN III) has been provided to MIMRA since 1993, and it will continue to be provided for Japanese fiscal year 2002/03 as agreed to between MIMRA and OFCF through an MOU signed by both parties sometimes in July 2001.



*Japanese Grant Aid Outer island project boats.*

The services to be provided by the RETAS project to MIMRA for Japanese f/y 2001/02 are as follows:

1. *Check and repair works for MIMRA facility in Majuro;*
2. *Replacement of crane truck for Arno fishbase;*
3. *Repair of fishing boats for Likiep, Ailinglaplap and Namu;*
4. *Improvement of giant clam hatchery project in Lodo, Likiep;*
5. *Training and maintenance advise on 4 stroke outboard engine;*
6. *Replacement of coolers at the fishbase in Arno, Likiep, Ailinglaplap and Namu;*
7. *Provision of fenders for project boats.*

Other fisheries projects requested under the RETAS project for f/y 2002/03 are:

1. *Restoration of two standby generators for the fishbase in Ailinglaplap and Namu;*
2. *Remodeling of the KAFMC facility in Ebeye;*
3. *Replacement of MIMRA current radio communication system;*
4. *Remodeling of MV Wabal to be used for hauling copra and local produce.*



### **ATOLL PROJECT:**

The Atoll Project (the project for conservation and management of coastal fishery resources and habitat environment in coral reef areas) involves the dispatching of experts to the nations concerned in the Pacific to assist in the survey of certain selected marine species with the intention to develop appropriate conservation and sustainable management plans. Particularly those regularly being targeted or harvested, such as rabbitfish, or those with commercial potential, such as sea cucumber, trochus, giant clams, etc.

The Atoll Project, which is also an assistance by OFCF, is soon to be implemented through an Implementation Plan of whose objective is also to enhance giant clams populations in the Marshall Islands by using hatchery-reared juveniles and transplanted wild adults to establish giant clam sanctuaries.

Inclusive with the above proposal under the Atoll Project is a plan to establish a resource management program of whose purposes are as follows:

1. *Estimating the standing stock of giant clams (possibly trochus and sea cucumbers in Arno lagoon, while improving the ability of MIMRA staff on data collection and analysis in standing stock).*
2. *Estimating fishery yield (catch amount) from Arno lagoon of all types of fishery including commercial, self-sufficient and leisure fishing, while improving the ability of MIMRA on data collection and analysis on fishery statistics.*
3. *Facilitating Arno Atoll Local Government in the development and implementation of a Fishery Management Plan and Fisheries Ordinance, while strengthening the service of MIMRA in resource management activities to local governments.*
4. *Initiating stock enhancement and aquaculture activities on giant clams within Arno lagoon as part of resource management.*
5. *Stock assessment of rabbitfish in Majuro with the intention to develop a management plan, coordinated with the Majuro Atoll Local Government.*



### **JICA PROJECT:**

Adding to the JICA-funded coastal fisheries development project is the “Project for Development of Fishing Communities in Jaluit Atoll”, which was approved through the “Exchange of Notes” between the Governments of Japan and RMI in December, 2000. The operation of the Project will commence in March 2002 as soon as the completion of the facility and delivery of equipment are in place.

The objectives are to improve the production and marketing system of coastal fisheries on Jaluit Atoll, as well as to promote fishing, fresh fish marketing to meet the fresh fish demand in Majuro and Kili Island, to stimulate the local economy of Jaluit, and to contribute to improving fish marketing in Majuro. The Project is worth \$4.5 million with the inclusion of a new transport vessel called ‘Laintok’.



### **TRUST FUND:**

The Fund envisages a core fund of capital that if prudently invested and managed would generate a flow of economic benefits or opportunities,

particularly the outer island communities.

Professional management of the fund is an essential prerequisite of the program. Applications for funds are intended to be assessed by a group of trustees who in turn would be guided by a trust deed and an independent commercial manager.



Proposals would be considered for any activity that can earn income and improve the standard of living for people living in the outer island communities. Such proposals can include:

- *seaweed farming;*
- *pearl farming;*
- *boat building;*
- *fishing projects;*
- *handicrafts;*
- *provision or acquisition of fishing boats, equipment and supplies, etc.*



### **COMMUNITY-BASED FISHERIES MANAGEMENT PROJECT:**

The project will assist and encourage Local Government Councils (LGCs) to establish community-based fisheries management programs so that fishing communities are motivated to take actions in order to manage their subsistence and artisanal fisheries. The management strategy the project will be introducing is to seek a community-developed management plan for the participating island communities. Each

participating community will be encouraged to analyze its fishing practices and develop a community-owned plan with undertakings to introduce appropriate community rules and pursue other conservation measures. The main purpose is to maximize the participation of the communities in the development of their own management plans. It will include sectors of the community such as chiefs, men and women, including political leaders.



In order to progress the project, the program staff from the Coastal Fisheries Division of MIMRA will be sent to requesting island communities around the country to assess the situations on the need for a community management program and study the traditional customs that may be of value to such program. Depending on the situation, a management program that would be appropriate for a particular island community would be developed for consideration by LGCs. This is facilitated by program staff who will be acting as facilitators during community workshops. The end result of these groups' gatherings is the production of a community-owned plan that contains community undertakings to manage local fisheries and MIMRA undertakings to support the management plan.



*Inside Workshop at the MIMRA outer island fishmarket.*

The project has full support of the RMIEPA and the Ministry of Internal Affairs (MIA). MIMRA shall be assisted by RMIEPA and MIA to widely promote the project throughout the country via advertisement and panel discussions. The Secretariat of the Pacific Community (SPC) is also committed to the program, and has provided an expert to assist MIMRA. The expert is scheduled to arrive in mid March 2002.



### **DEVELOPMENT OF NEARSHORE LONGLINE FISHERY PROJECT:**

The tuna industry of the RMI mainly involves the establishment of bilateral arrangements with foreign partners to allow them to fish the tuna resource from the 200-mile exclusive economic zone (EEZ) of the Marshall Islands. In return the Republic collects licensing fees through fishing access arrangements. In the licensing periods 1997/98 and 1998/99, the Republic had earned about \$3.9 and \$5 millions respectively from its access and transhipment agreements. In the last licensing period (1999/2000), the Republic revenue suffered a drastic drop

to about \$2.9 million. The cause was largely due to the oversupply of tuna (skipjack) worldwide that forced the reduction of operational fishing vessels.



*Opportunities in the fishery sector.*

With this extraordinary reduction of revenue, the Government through MIMRA is seeking alternative options to improve its revenue earning from tuna resource of the EEZ. One option now under investigation is how the Republic could encourage its fishermen to play an active role in the harvest of its tuna resources. An answer is led to the development of a small-scale tuna industry with the involvement of local fishers. For fresh export quality yellowfin and deep sea bottom fish, a master fisherman from the SPC is expected to arrive in April, 2002 to begin with the assessment and determination of suitable vessel type and size. At the present time, the vessel size that's being considered is between 25 feet to 30 feet, with probably a 3 to 4 crewman.



Fishing on the MV LENTANIR

### MV LENTANIR PRINCIPAL PARTICULARS:

|                                         |           |
|-----------------------------------------|-----------|
| LENGTH OVER ALL                         | : 16.10 M |
| BREADTH OVRALL                          | : 3.60 M  |
| DEPTH                                   | : 1.68 M  |
| INTERN' GROSS TON                       | : 13 T    |
| MAIN ENGINGE: YAMAHA ME 859             |           |
| TIM                                     |           |
| MAX: 410PH/2250RPM                      |           |
| SPEED TRAIAL MAX: 19 KNOTS              |           |
| FUEL OIL TANK: 1200X2 LT                |           |
| FRESH WATER TANK: 130 LT                |           |
| FISH HOLD CAPACITY: 4.93 M <sup>3</sup> |           |

#### Fishing On “MV LENTANIR”:

One of the primary fishing operations of the MV Lentanir is to explore the Deep Sea Snapper Fishery.

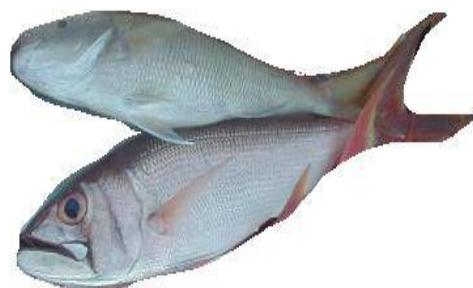
This fishery includes the commonly known fishes as the Yellowtail, onaga, opagapaga and the rest of the deep-sea coastal fishes. The operation deploys fishing lines with 5-6 hooks to a depth of between 100 and 200 meters.



Jobfish caught on Lentanir

The target species are traditionally not caught and consumed in the Marshall Islands, and therefore, can only mean it being un-exploited. Further survey into its availability and abundance in the

Marshall Islands is certainly required. It is an existing fishery, however, because of the coastal terrain and the nature of Atoll itself, it may be limited. There are prospects in the markets, both here and abroad, for the onaga, and the opagapaga. MIMRA aims to conduct a more detailed experimental fishing with the assistance of the SPC during 2002 in order to assist in further developing the fishery in the RMI.



Assorted deep-sea snapper caught on Lentanir



Trial Fishing ½ mile off the pass - Majuro

One of the advantages of the operation on the Lentanir is that it uses hydraulics to haul in the fish caught.

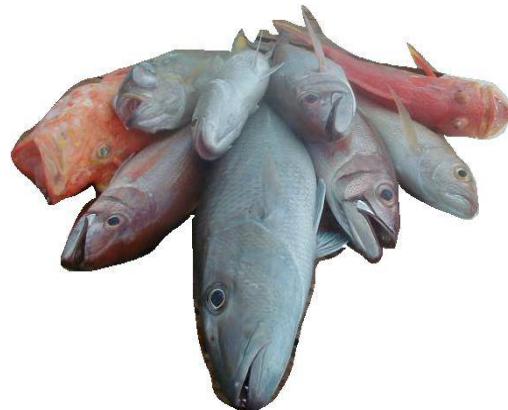
The boat was commissioned in 1999 as a transport and fishing vessel for the MIMRA's established Outer Island Fish Market program. It is an aid package provided by Japan, through the OFCF for the development of RMI's Coastal Fisheries Projects.



Hydraulic winch/reel on Lentanir.

While Japan and OFCF provided the Technical and resource assistance to maintain the projects, this year marks the end of direct assistance by the Japanese counterparts and will eventually be

turned over to MIMRA and local counterparts for management. This is expected for March 2002.



Assorted Deep Sea Fish caught on Lentanir.  
Center fish – Jobfish  
Left – Onaga  
Right – yellowtail snapper  
And assorted deep-sea finfish.

## ■ OCEANIC AND INDUSTRIAL AFFAIRS

The Oceanic and Industrial Affairs, under the Direction of the Authority, is responsible for overlooking operations of the marine exclusive economic zone from the perceived coastal jurisdiction and out to the outer limits of what is considered the 200 Exclusive Economic Zone of the RMI. This includes, administration of established fishing agreements, monitoring control and surveillance issues, as well as provide assistance in the development of the local fishery in the Marshall Islands.



Tuna Fishing-A lucrative Market the RMI is attempting to participate in.

The sector experienced a mixed reaction of deep sea Fishing Operations for the fiscal year 2000/2001. MIMRA has maintained the fishing agreements it has with the common Distant Water Fishing Nations of the Western, Central Pacific Oceans.

1. \*United States of America
2. Taiwan
3. Korea
4. Japan
5. \*FSM arrangement

During the first part of 2000/2001, the world tuna price (cannery) continued to decline, mainly because of over-supply. In an effort to change this, the World

Tuna Purse Seine Association (WTPO), adopted measures to reduce fishing efforts by reducing fishing days. Vessels were required to stay in port for 15 days, after completing each transshipment. While this was costly, it helped the market price for the canning grade skipjack and yellowfin tuna go up. (\*Administered by the Forum Fisheries Agency in Solomon Islands.)

Longline and pole and line fishing continues to be dominated by the Japanese fleet. For the coming year, the sector will increase in this fishery with the addition of the locally based longline fleet.

### LICENSING REVENUE:

Under the Fishing Access agreements between the RMI and the various Distant Water Fishing Nations, a license fee for each vessel is required for actual fishing operation in the Republics Exclusive Economic Zone. This fee remained a 5% of the landed value of the catch with a non-refundable advance payment of \$8,000.00. That much is paid before each trip is made.

Licensing Revenue is an importance avenue for resource exchange, through the Access agreement. Until such time as we have the technology to conduct the fishery, influence the market; the feasible avenue for revenue from these resources will continue in the forms of resources rent to the DWFN.

**Table 1** is an indication of the parties and type of Access agreements in which the RMI and MIMRA participated during the year 2000/2001.

**Table 1. Access Agreements in the RMI Exclusive Economic Zone for 2000/2001.**

| Country/Party    | Type         | Administrator | Type                     |
|------------------|--------------|---------------|--------------------------|
| USA              | Multilateral | FFA           | Regional                 |
| Japan            | Bilateral    | MIMRA         | Government to Government |
| Taiwan           | Bilateral    | MIMRA         | Industry to Government   |
| Korea            | Bilateral    | MIMRA         | Industry to Government   |
| FSM Arrangement* | Multilateral | FFA           | Regional                 |
| Fong Seong Co.   | Bilateral    | MIMRA         | Industry to Government   |

*Note: Carriers and Bunkers are not necessarily included as they are either chartered or commissioned based on the fishing operation.*

*The RMI became a party to the FSM arrangement in early 2000. The Arrangement is administered by the Forum Fisheries Agency FFA, and operates similar to the U.S treaty. Members of the FSM arrangement are considered a sub-regional group of the FFA, mostly from the Parties to the Nauru Arrangement group, the PNA. They are the Federated States of Micronesia, Palau, Kiribati, Solomon Islands, PNG, Nauru, and the RMI.*

**Table 2. Number of Vessels Licensed in RMI for 2000/2001.**

| Country/Party  | Purse Seine | Pole & line | Longline | Carriers/bunkers | Total      |
|----------------|-------------|-------------|----------|------------------|------------|
| USA            | 30          |             |          |                  |            |
| Japan          | 36          | 68          | 27       |                  |            |
| Taiwan         | 43          |             | 5        |                  |            |
| Korea          | 27          |             |          |                  |            |
| FSM Arr.       | 12          |             |          |                  |            |
| Fong Seong Co. | 2           |             |          |                  |            |
| Others         |             |             | 3        | 63               |            |
| Total          | 150         | 68          | 35       | 63               | <b>316</b> |

*Note: Figures does not include the Locally Based Foreign Boats. They arrived late last year, therefore does not include in this fiscal year report. Under the FSM arrangement, the RMI has 5 flagged and registered vessels operating as domestic vessels. They are Koos, 101, 102, 103, 106, and 107*

**Table 3. Foreign Licensed Revenue in RMI for 2000/2001 (U.S\$ 000)**

| Country/Party  | Purse Seine | Pole & line | Longline | Carriers/bunkers | Total        |
|----------------|-------------|-------------|----------|------------------|--------------|
| USA            | 147         |             |          |                  | 147          |
| Japan***       | 280         | 891         | 405      |                  | 1,576        |
| Taiwan         | 390         |             | 40       |                  | 430          |
| Korea          | 251         |             |          |                  | 251          |
| FSM Arr.       | **          |             |          |                  |              |
| Fong Seong Co. | 20          |             |          |                  | 20           |
| Others         |             |             |          | 63               | 47           |
| Total          | 1,088       | 891         | 445      | ***63            | <b>2,471</b> |

*\*\*Fee is calculated on catch in-zone, (Catch & Earnings) total value is remitted to country, subjected to FFA's disbursement of funds, as per regional and sub-regional arrangement.*

*\*\*\*Japanese Vessels pay license fee in Yen, and therefore fluctuates in revenue due to variables in the exchange rate. (U.S \$)*

*\*\*\*\* Bunkers, although licensed, may not call Majuro port at all.*

#### TRANSSHIPMENT:

The Transshipment activity continues to be dynamic in the Majuro port. The

measures put in by the WTPO continues during the year, but with a slight improvement to the market situation, as a result. Table 4 is an indicative of the number of vessels and fee associated with the transshipment activity for the year.

While it is obvious that mostly purse seine vessels transshipped in Majuro, longliners and most recently, Albacore boats (*commonly referred to as Jig Boats*) often call in Majuro for Transshipment as well.

**Table 4. Transshipment Trips and Fee Revenue in RMI for 2000/2001**

| Country/Party   | Purse Seine | Pole & line | Longline | Carriers/bunkers | Total      |
|-----------------|-------------|-------------|----------|------------------|------------|
| USA             | 5           |             |          |                  | 5          |
| Japan           |             |             |          |                  |            |
| Taiwan          | 157         |             | 9        | 12               | 180        |
| Korea           | 60          |             |          | 3                | 63         |
| FSM Arrangement | 57          |             |          |                  |            |
| Fong Seong Co.  | 7           |             |          |                  |            |
| Others          |             |             |          | 61               | 61         |
| Total Vessels   | 286         |             | 9        | 76               | <b>374</b> |
| FEE (U.S\$ 000) | 171         |             | 5.4      | 45               | <b>221</b> |

Total number of Vessels transshipped in Majuro at 374, with an earning of \$221,000 as transshipment revenue. The Taiwanese fleet continues to be dominant in port calls, with 157 purse seine transshipment. The declining market forced the vessel operators and owners to make drastic operation cuts, and limit the fishing effort. The boats had to stay in port fifteen (15) days after transshipment as a result.



Fish are hauled by nets from the Purse Seiner, net equal about 1 ton.



Transshipping Purse Seiner at Majuro Port. Purse seines also call Majuro port for net repair and other maintenance.

It should be noted that not all fish transshipped in Majuro are caught in the RMI EEZ. At the same time, not all fish caught in the RMI are transshipped in Majuro, in the case of the Japanese boats; they go directly back to Japan.

**Table 5. Catch and Earnings in RMI for 2000/2001**

| Country/Party   | Purse Seine   | Pole & line | Longline | Carriers /bunkers | FEE (U.S\$ 000) |
|-----------------|---------------|-------------|----------|-------------------|-----------------|
| USA             | 1,346 tons    |             |          |                   | 238             |
| *Japan          | 9,758 tons    |             |          |                   | 319             |
| Taiwan          | 7,765 tons    |             |          |                   | -0-             |
| Korea           | 12,855 tons   |             |          |                   | 236             |
| FSM Arrangement | N/A           |             |          |                   |                 |
| Fong Seong Co.  | Nil           |             |          |                   |                 |
| Others          |               |             |          |                   |                 |
| Total           | **31,724 tons |             |          |                   | ***793          |

*Note: not all catch have a return in value. Japan Longline & Pole and liners vessels pay license' fee per trip according to the preceding 3 months value of catch at the Japan Markets. Therefore, license fee is considered the value of catch.*

*\*At the time of writing, the total catch of Japanese Pole & line and Longliners have been tabulated but not finalized.*

*\*\*Including catch from Japan Pole and Line and Longliners, Total catch exceed 35,000 metric tons.*

*\*\*\* Because of the variables in the exchange rates and the market price, of Tuna, value is an indicative of the revenue, and should not be taken as actual figure.*

### **TOTAL REVENUE:**

Table 6 represents revenue generated by the sector for the fiscal year 2000/2001. At as date of this report, as indicated earlier, the value is an indication of revenue for the year, not exact to the figure. Again, fluctuations with Market value of catch, fishing operations, and

the exchange rate impacted greatly on the revenue performance. It should be noted that the no attempt was made to tally the revenue for the catch value, because of the nature of the operation and the various fisheries agreements, which applied to it.

**Table 6. Total Revenue/Earnings in RMI for 2000/2001 (U.S\$ 000)**

| Country/Party | Purse Seine | Pole & line | Longline | Carriers /bunkers | FEE (U.S\$ 000) |
|---------------|-------------|-------------|----------|-------------------|-----------------|
| License fee   | 1,088       | 891         | 445.0    | 47                | 2,471           |
| Transshipment | 171         |             | 5.4      | 45                | 221             |
| Catch/Value   |             |             |          |                   | 793             |
| <b>TOTAL</b>  |             |             |          |                   | <b>3,485</b>    |

### **COMPARITIVE ANALYSIS:**

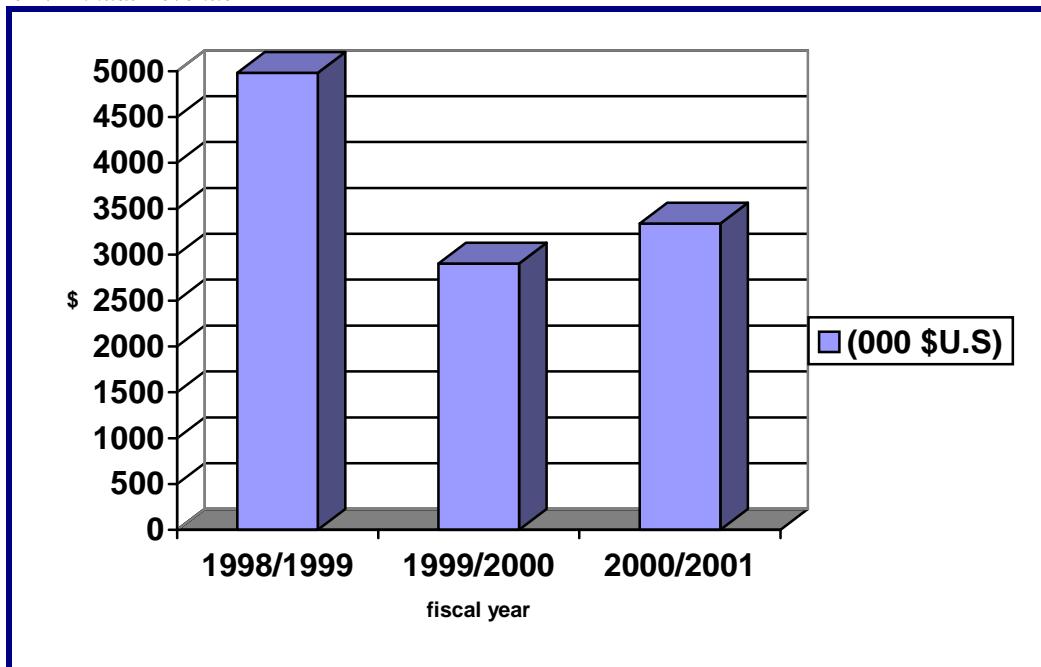
Overall revenue increases by (half) ½ million U.S.D (\$), as compared to last year, 1999/2000. However, short of

about 1.5 million from 1998/1999. Given the dynamics of the Fishery, it is hard to predict the futures operation.

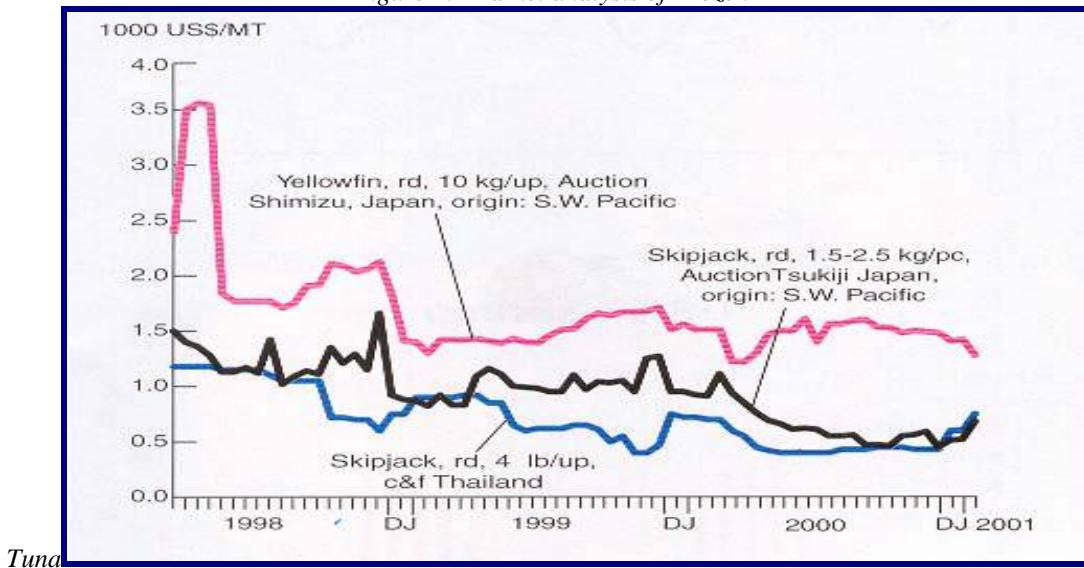
Therefore, it is inevitable that the past operation be analyzed and documented

in order to provide, at least, the basis of futures operation.

*Figure 1: Annual Revenue*



*Figure 2: Market analysis of Frozen*



Source: Info Fish

Figure 1 represents the annual revenue generated over the last three years, while figure 2 represents the fluctuations of tuna prices at the Major markets, Thailand and Japan. 1998 was

considered a good year, a lot to do with the El Nino phenomena, with a dramatic drop thereafter. Early 2001, shows signs of improvement partly due to the WTPOs sanctions on its fleets.

*Figure 3: Licensed Vessels (all fleet)*

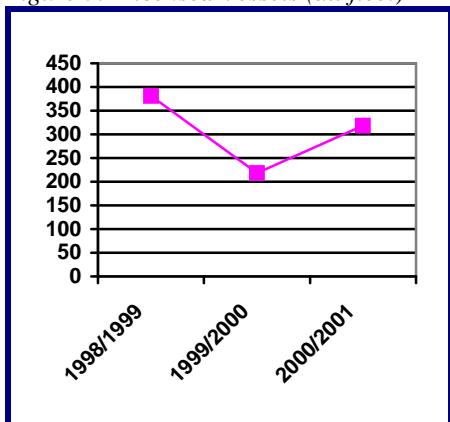


Figure 3 shows the fluctuations of the total number of vessels in the RMI EEZ. 1998 at 385 vessels, 1999 at 219 vessels while in 2000/2001 at 316.

*Figure 4: Catch in RMI (Metric Tons)*

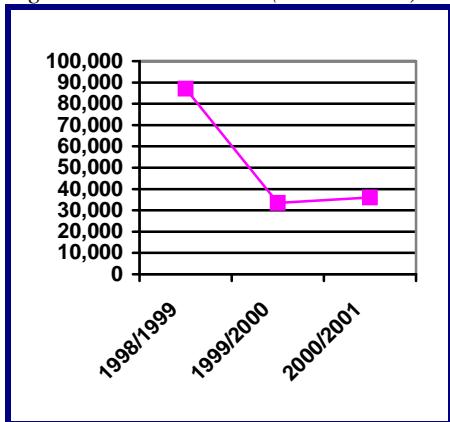


Figure 4 shows catch in the RMI zone by all gears and vessels licensed through MIMRA. 1998 at about 87,000 metric tons, 1999 at 33,000 metric tons, and 2000/2001 at 35,000 metric tons.

*Figure 5: Transshipped Vessels in Majuro Port (all vessels)*

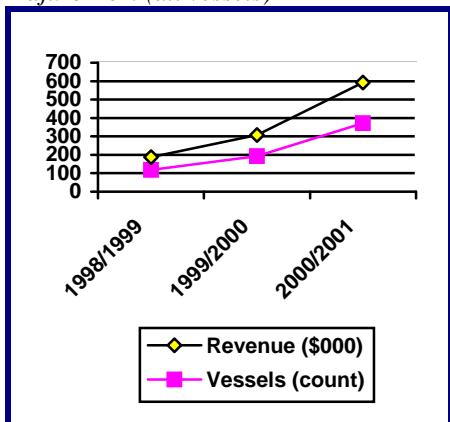


Figure 5 represent the total number of vessels by all gears that call in Majuro port for purposes of Transshipment. 1998 at 118, with an earning of about \$70,000 as fee. In 1999 at 192 vessels, with a revenue of \$115,000, and 2000/2001 at 374 vessels, with an earning of \$221, as transshipment fee.

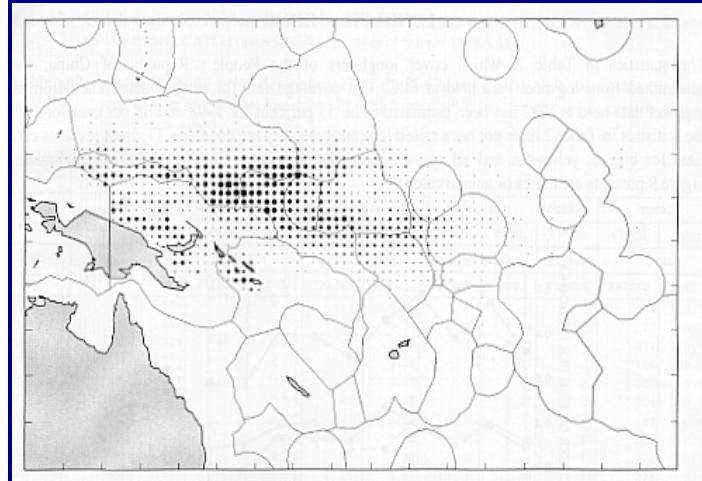
For this year, certainly the figures and numbers seemed to be on the rebound, from that of last year, with the increase in total number of licensed vessels, catch in-zone, number of transshipped vessels and overall revenue generation.

## STATE OF THE FISHERY:

MIMRA is part of a regional network in the management of highly migratory fish stock, through the Forum Fisheries Agency (FFA) and the Secretariat of the Pacific Community (SPC), as mapped in figure 6. Important management and scientific issues' regarding the Oceanic fishery is being addressed. While MIMRA prescribed the terms and conditions of operations for fishing

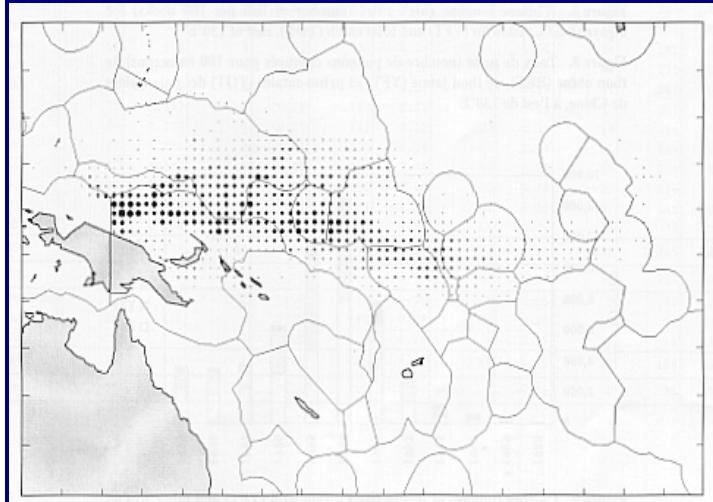
vessels through access agreements, most if not all the operators in the RMI operate elsewhere in the region, in the FFA member countries. Therefore, management and scientific issues are focused, through these regional organizations. Overall prospect of the regional fishery is presented in figure 6,7,8, and 9.

*Figure 6: Purse Seine effort in 1999 determined from logsheet data.*



*Source: SPC*

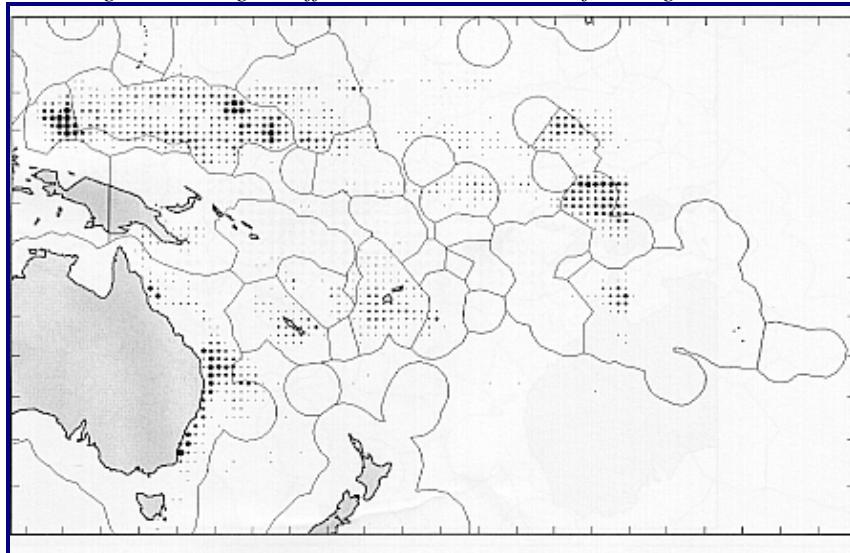
*Figure 7: Purse Seine effort in 2000 determined from logsheet data.*



*Source: SPC*

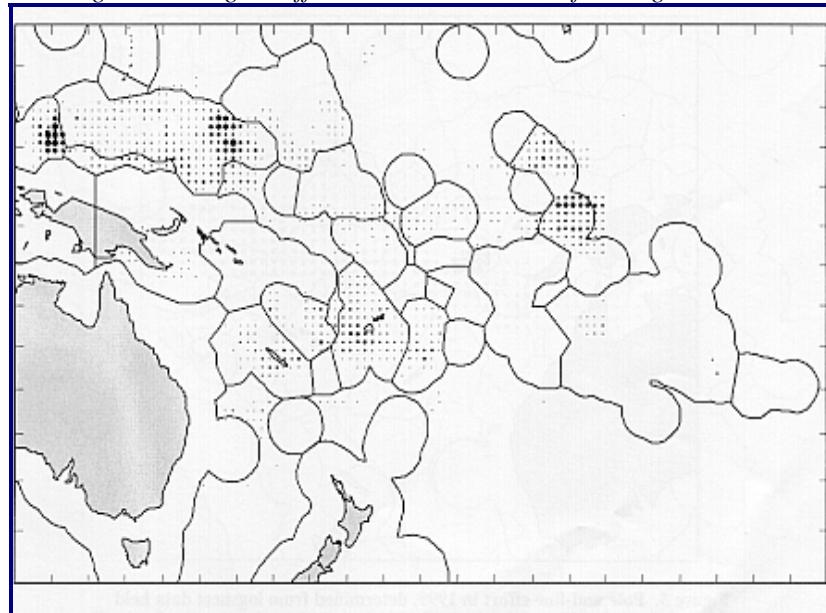
As indicated in the figures 6 and 7, the purse seine fishery appears to be shifting more to the southeast, from 1999 to 2000. It shows relatively, where the fishery operated in the RMI and the region as a whole. This is the dominant fleet licensed in the RMI, with 150 vessels.

Figure 8: Longline efforts in 1999 determined from logsheet data



Source: SPC

Figure 9: Longline efforts in 2000 determined from logsheet data



Source: SPC

Figure 8 and 9 shows the area of operation in the region for all longliners during 1999 and 2000. The RMI was fairly inactive during 2000, with 27 licensed issued to Japan as compared to 1999, 55 licensed. Japan also underwent a fleet reduction late last year, resulting in fewer number of domestic longliners operation out of Japanese ports.

## MONITORING CONTROL AND SURVEILLANCE:

MIMRA cooperates with the Sea Patrol in terms of policing and surveillance of the fishing operation. The Authority forwards all relevant information, including the license list and position reports to the Sea Patrol for formulating and supplementing its planning and operation executions. In order to ensure accountability of the vessels operation in the zone, the Sea Patrol and MIMRA cooperates closely through sharing information as well as assets in the effort.

Of significance this year, is the transfer of the Vessel Monitoring System from the MIMRA to the Sea Patrol. The system will be based at the Sea Patrol, however, with full access with the authorized MIMRA personnel.

The RMI has established mutual ties with FSM, and Palau in the field of Fisheries and Law enforcement cooperation. The three countries used

the Niue Treaty, which is developed by the FFA, as a basis for establishing such an agreement. This agreement, among other tasks, can authorize fisheries surveillance exercise by one country in another countries EEZ. One of the main objectives is to share assets and information into the fishing operation in each EEZ. While realizing the limited capacity to surveil each EEZ, the arrangement is certainly one to encourage cooperation and built on the limited capacity.

The proposed subsidiary concluded in early 2001, resulted in a draft agreement being formulated in Majuro. While the agreement is at hand, the next step is the formulation of actual exercise(s) by the three states. The effort is also being assisted greatly by the Forum Fisheries Agency and the Australian Defense program, which deploy technical assistances to the RMI in terms of Fisheries surveillance exercise.



*RMIS LOMOR – Surveillance asset for the RMI*

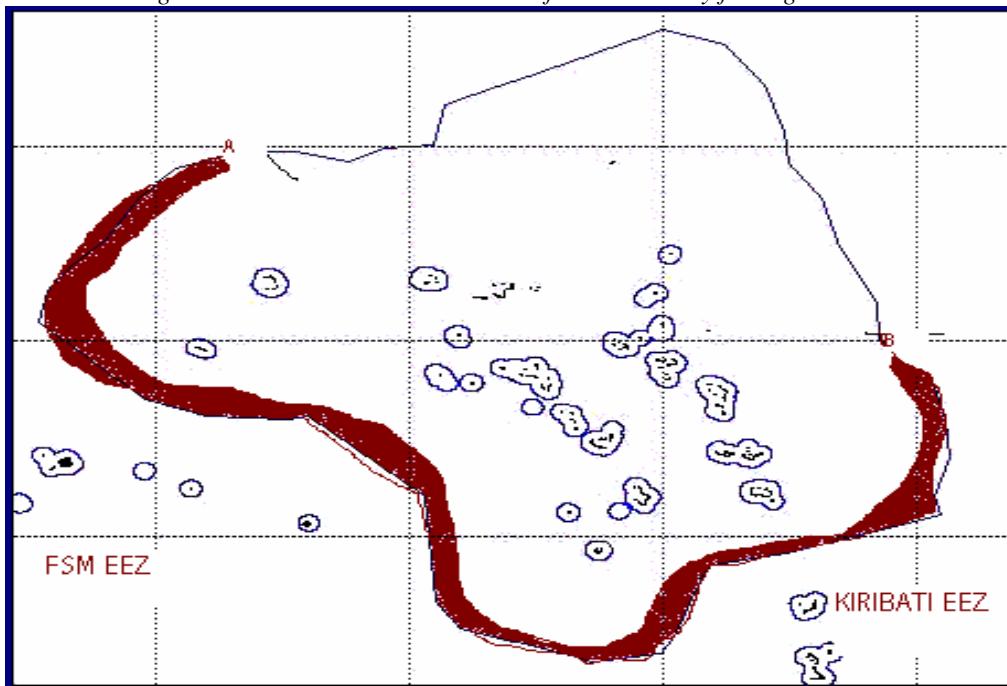
## DELIMITATION BOUNDARY SURVEY:

The RMI has yet to complete the survey of its boundary and outer limits, to define and further determine the Exclusive Economic Zone. The effort is being stalled pending the project move from the Forum Fisheries Agency to the South Pacific Geoscience Commission (SOPAC). The project was initiated in 1997 with the assistance of the FFA. Up until present, three actual surveys have been done to determine territorial sea baseline for the RMI. It is anticipated the work will continue and hopefully complete during the fiscal year 2002.

With the effort underway, the RMI can initiate the process of boundary negotiations with the FSM and Kiribati. As indicated by the FFA, the two countries have done similar surveys at the borders adjacent to the RMI.

As shown in figure 10, the bold area represents the baseline and borders that have been surveyed. The Northern portion of the RMI has yet to be surveyed. As indicated earlier, this work is anticipated with the assistance of the SOPAC.

Figure 10: RMI EEZ. Bold area is defined and ready for negotiation.



## ■ MAJURO LONG LINE FISH BASE REVIVED



One of the government's policies is to promote sound foreign investment in the Marshall Islands and the Fishery sector continued to be an area of interest by the foreign fishing operators. This is because of the geographical situation of the RMI, in terms of the migration of tuna and tuna like species. In other words, the RMI EEZ is quite relatively productive in terms of the availability of tuna in its waters.



*Locally based Tuna Longline vessels*

Ting Hong Co., who last managed and operated the Majuro Tuna Longline Fish-Base, closed its doors for business

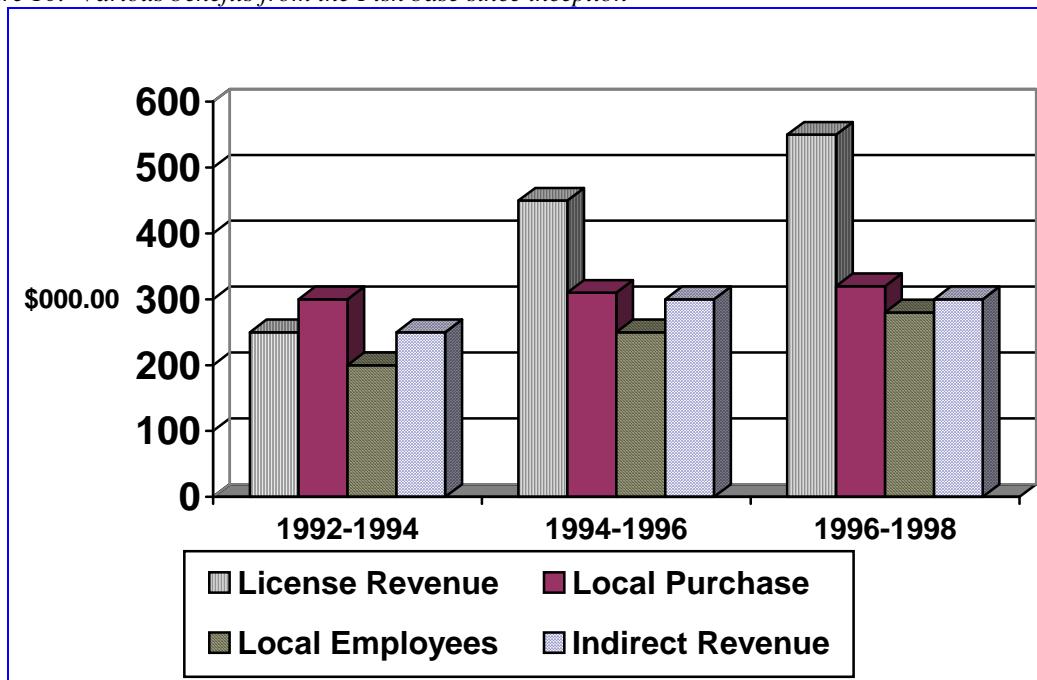
in late 1998. As a result the government was left with a fish base basically inoperable. Built in 1983, the Fish-Base was a development aid package provided by Japan under its grant aid program by the Japan International Cooperation Association. Its primary intention was to assist the Marshall Islands in developing a national fishing industry. Over the years, the Fish-Base has not had any extensive renovation, except where necessary, maintenance of equipments to run a tuna fishing operation.

Now, the government has a depreciated Fish-Base, which is in desperate need of renovation. On the one hand, the government would like to utilize it to its full purpose/potential. Hence, through the Marshall Islands Marine Resources Authority (MIMRA), the effort was to find an operator suitable to operate the Fish-Base.

To date, the Fish-Base has had two (2) previous operators: 1. Mehau Fishing Co., a Hawaiian based company, 2. Ting Hong Co., a Taiwanese based company. During the course of its operations, the Fish-Base has not only brought significant revenue to the

government, but to the private and the community as a whole. What it is now, appears to be a body with much of its vital organs in ruins. At risk was the government owning a Fish-Base with all of its purpose and benefits unheeded.

*Figure 10: Various benefits from the Fish base since inception*



*Variations of the benefits are derivative of the number of vessels, number of employees and the operator of the Fish-Base for a period.*

MIMRA therefore, was not only looking for a suitable operator, but one that would be willing to restore, renovate and hopefully breath life back into the Fish-Base. Realizing the potential benefits for which can be derived, in early 2000, a suitable candidate was short-listed and negotiations began for the acquisition and operation of the Fish-Base. Much of the negotiation was based on the previous operators experiences during their time operating the Fish-Base. In early 2001, the company, Marshall Islands Fishing Venture (MIFV) was established, and became the third operator of the Fish-Base.

MIFV is a subsidiary of Luenthai Holding LTD., based in Hong Kong, the MIFV agreed to renovate and restore the Fish-Base to service Tuna Longline fishing vessels. Much of the Fish-Base needed repair for servicing Tuna Longline boats. The ice-making machine and the cold storage rooms were basically dead. In order to run these, the company brought in the original supplier of the equipments to re-service with necessary parts to restore the machines.



Offloading Bigeye Tuna at the Fishbase

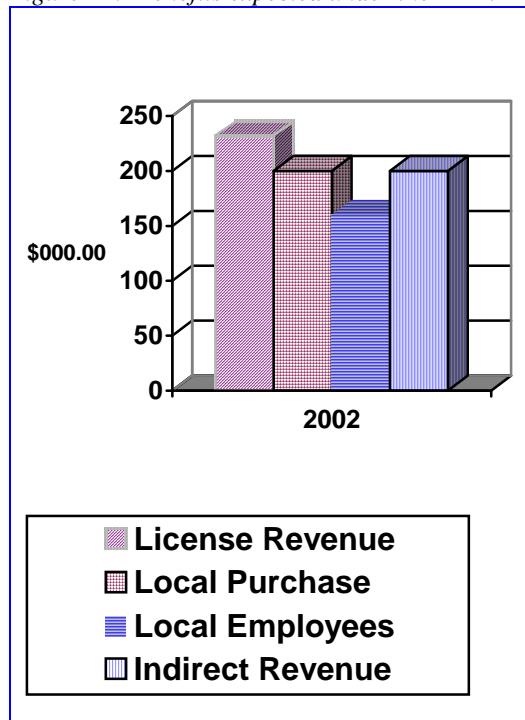
In order to facilitate the business transactions of the boats, the crew and the catch, the office spaces, and all of the available rooms needed repair, cleaning and adequate supply. In summary, the entire facility needed major repairs and maintenance.



Inaugural operation at MIFV – November 2001

The MIMRA is confident that with the effort underway, the benefits will once again be available through the Fish-Base' operation. During October 2001, the company began hiring and training locals for the operation of the Fish-Base. At the same time, eight of its vessels arrived to take up licenses for fishing within the Republics Exclusive Economic Zone.

Figure 11: Benefits expected under the MIFV



MIFV will make contributions to the economy in terms the license revenue, local purchase, local employees, and indirect revenues in terms of taxes and social security.

Outlook for year 2002 of operation by the MIFV is based on license fee negotiated per vessel, and the projected number of vessels to be licensed.

For example:

|            |            |
|------------|------------|
| Per Vessel | = \$9,300  |
| Fleet      | = 26 boats |

Projected license rev. = \$241,800.00 annum

## ■ LOINING PLANT

The Loining plant went into full production in November 1999. Since then, it has employed over 300 people and has produced approximately 10,000 tons of fish annually, as raw materials from fishing boats and carriers.

As at the end of 2001, the plant had bought fish from 37 vessels, including purse seiners, carriers, and jig boats. The plant projects 42% loin production from 100% raw material. The rest is produced into fishmeals. The primary market of the produced loins is Pago Pago, in American Samoa. While there, it is further processed into canned Tuna.



Raw material (tuna) from purse seine is being offloaded to the loining plant.

The plant employed 400 people, 100 more than originally planned. The employees have two shifts; night-shift beginning from 4 pm to 1 am, and day shift from 7 am to 3 pm. Considerable wash down and cleaning is maintained in-between. Approximately 80% of the workforce in the plant comprises of females.

The plant also guarantees fishing vessels, purse seines or carriers to Majuro port for offloading its catch. While PM&OP caters for processing only, the other half of the venture,

Starkist, ensures that adequate fish will be supplied to the plant by way of fishing vessels or carriers. The plant is capable of processing 1,000 short tons of fish per month.



Production line inside the loining plant. Day shift workers busy with processing loins.

Table 7: Vessel numbers and tonnage transshipped to the loining plant by year.

| Year                    | 2000   | 2001  |
|-------------------------|--------|-------|
| Total vessels           | 15     | 16    |
| Raw product (MT)        | 10,296 | 9,632 |
| Processed/Exported (MT) | 4,118  | 3,852 |



Skipjack tuna in racks ready for the cooking, processing.



Produced loins, in vacuum packed plastic containers for ready freezing and delivery.

## ■ MINISTRY OF R&D/MIMRA BUILDING UNDERGOES FACELIFT

The Ministry of Resources and Development building recently had a facelift, which includes entire flooring and ceiling remodeling. Under the new roof, R&D will expand the left wing with a new conference room and a stairway; and back door, with direct access to the Outer Islands Fish Market

The Project was awarded to West of Dawn and AC Construction Company through a bid process solicited by the Public Works, FED and R&D in August 2001.



*R&D/MIMRA building – photo taken on December 2001*

MIMRA contributed about \$250,000.00 while the Ministry of R&D matched the fund to complete the renovation project. The renovation commenced in October 2001, and is expected to be complete by the end of March 2002.

The new building features expansion of the right wing with additional four (4) rooms. The entire building will house MIMRA, MIDA, R&D Secretary and staff, including the Agriculture Division, Small Business and Trade Section, and the outer Islands Farm projects.

## CALENDAR OF EVENTS:

Some of the activities that have been advised for the year 2002

|                  |                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                   |
|------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------|
| February         | Atoll Survey Team – OFCF                                                                                                                                                                                                                                                                                                                                                                                          | Majuro, MH                                        |
| February – March | <i>Special Fiftieth session of Forum Fisheries Committee</i><br><i>Informal meeting on Participation (PrepCon)</i><br><i>PREPCON 2</i>                                                                                                                                                                                                                                                                            | <i>Madang,</i><br><i>Papua New Guinea</i>         |
| February         | Signing of the subsidiary agreement for fisheries surveillance cooperation. RMI, Palau, FSM                                                                                                                                                                                                                                                                                                                       | Majuro, MH                                        |
| March            | <i>Internal Meeting of the Pacific Island Parties to the US Treaty</i><br><i>14<sup>th</sup> Annual US Treaty Consultation</i><br><i>Internal Preparation of the Pacific Island Parties to the US Treaty Negotiations</i><br><i>Third US Treaty Extension Negotiations</i>                                                                                                                                        | <i>Kiritimati,</i><br><i>Republic of Kiribati</i> |
| April            | Eleventh Regional Aerial Surveillance Meeting<br>5th Regional Meeting of the Monitoring, Control and Surveillance (MCS) Working Group                                                                                                                                                                                                                                                                             | <i>Majuro,</i><br><i>Marshall Islands</i>         |
| April – May      | <i>21<sup>st</sup> Annual Meeting of the Parties to the Nauru Agreement</i><br><i>7<sup>th</sup> Annual Meeting of the Parties to the Palau Agreement</i><br><i>7<sup>th</sup> Annual Meeting of the Parties to the Federated States of Micronesia Arrangement for Regional Fisheries Agreement</i><br><i>Species Working Group Meeting</i><br><i>Annual Fifty First session of the Forum Fisheries Committee</i> | <i>Pohnpei, Federated States of Micronesia</i>    |
| June             |                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                   |
| July             | Standing Committee on Tuna & Billfish                                                                                                                                                                                                                                                                                                                                                                             | Honolulu, Hawaii                                  |
| August           | <i>Marshall Islands Observer training Course</i>                                                                                                                                                                                                                                                                                                                                                                  | <i>Majuro</i><br><i>Marshall Islands</i>          |
| September        | Annual Consultation with Korea Deep Sea Fishery Association                                                                                                                                                                                                                                                                                                                                                       | TBA                                               |
| September        | Annual Consultation with Taiwan Deep Sea Boat owners Association                                                                                                                                                                                                                                                                                                                                                  | TBA                                               |
| November         | <i>Regional Training Course</i>                                                                                                                                                                                                                                                                                                                                                                                   | <i>Fiji/Vanuatu/FSM</i><br><i>(Venue tba)</i>     |
| December         |                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                   |

*Up coming events during the new fiscal year. The list is tentative, and may change accordingly. Some events are yet to be confirmed, others have not been advised.*



*-End-*