

Jerry Kramer speech at August 2 ATOSSCOM meeting in Saipan

The following was my presentation but doesn't include other comments and answers to several questions:

To recognize all distinguished guests here today would be a challenge. Thanks for the wonderful greeting and organization for our arrival at the airport. Chris Tenorio apologized for not having a topless reception like Yap, but actually I think we're all happy he wasn't topless.

At last year's meeting we initiated discussion about a joint task force with MSC that would gather information on issues of mutual interest for further consideration. There were emails and letter exchanges between us, MSC, and PNA. It was planned that with MSC's Secretariat office and permanent staff, they would play a key role in organizing the effort. In the meantime, it was learned that there was activity regarding one of the key issues for forming the joint task force by the PNA working towards improvement of fisheries issues. There was an intention of discussion at the usual joint annual meeting between MSC and ATOSSCOM for this year, but as we know, MSC held their annual meeting earlier than ATOSSCOM, so there hasn't yet been a mutual discussion.

There are issues that a joint meeting and possibly a joint task force could assist in resolving. There is a place for a joint MSC - ATOSSCOM effort, but to move forward, we need to refine, determine and agree between the two organizations as to the scope, responsibility, authority, and operational procedures of a joint entity. When it comes to fisheries, for now, I believe its in ATOSSCOM's best interest to work with PNA and where its suitable, with our governments. Joint periodic meeting, instead of a joint task force would be productive. ATOSSCOM may be better served if any specific difficulties or contentious issues regarding shipping, are put in writing and submitted to MSC under ATOSSCOM's signature.

The PNA, Partners to the Nauru Agreement, was initiated with the assistance of the South Pacific Commission in 1982. Its made up of the Marshall Islands, Federated States of Micronesia, Republic of Palau, Nauru, Kiribati, Papua New Guinea, Solomon Islands, and

Tuvalu. In 2010 the PNA took charge of their rights and to control fishing in sustainable quantities and get more return for the value of the catch. They started the VDS, Vessel Day Scheme for selling fishing licenses. The rates agreed by member countries range from discounted domestic rate of about \$6,000 for a one day license to about \$11,000 for international vessels. Total license fees prior to 2010 was in the range of \$60,000,000 a year. Last year under the VDS it was about \$450,000,000.

Stevedore and handling companies whose countries are members of PNA - that's RMI, FSM, and Palau, account for 42% of all tuna caught in the Western and Central Pacific Ocean, and that's about 21% of the entire world's tuna cannery fish.

The WCPO Western & Central Pacific Ocean Tuna catch for 2016 was 2,717,580 Metric tons, of which about 1,900,000 metric tons came from PNA waters, and of that about 1,200,000 metric tons came from countries that are both PNA members and ATOSSCOM terminal operators and stevedore companies.

The commercial value of the 1,200,000 tons for calendar year 2016, was about \$2 billion 200 million. Packing 27 tons of cannery fish into 40-foot containers would require about 42,300 containers for the year, about 3,600 containers a month, over 800 containers a week.

Presently all but a small quantity is transferred from fishing vessel to carrier vessel and never comes to shore in our ATOSSCOM countries or gets shipped by our ATOSSCOM member shipping companies. Stevedore and handling charges to get this fish ashore loaded into containers and put on to commercial shipping vessels would produce about \$58 million in gross revenue. Ocean Freight to market would be nearly \$230 million in revenue.

Having fish off loaded at the docks instead of on to carrier vessels would provide additional \$ millions in sales to ships crews, and most importantly would vastly increase tax revenues.

With ships along side discharging, fueling in port at the same time would be attractive to the fishing boats, even with slightly lower fuel costs on the high seas that takes time.

The opportunity is great, but there are many challenges. Not the least is Labor in our region, especially with our citizens ease of access to move to the US, is a serious problem when trying to compete with the low-cost labor on the fishing boats and carrier vessels. This transshipment opportunity should belong to the citizens and companies of our respective countries. Our Stevedore and Handling companies can do the work. They need cooperation, support and some assistance from our governments to keep this business for local companies. Providing the freight to our commercial carriers could benefit our region with more competitive lower inbound shipping rates.

Much of the carrier shipments are transshipped again in Bangkok and other Asian ports before reaching final destination for canning. There needs to be consideration and action to establish one of our member countries, the Marshalls, FSM, Palau, Saipan or Guam as the WCPO Western & Central Pacific Ocean tuna transshipment center.

I leave you with these thoughts, and hope with each ATOSSCOM meeting we can see progress in maximizing one of our greatest or perhaps the greatest resource to the benefit of our citizens and our countries.