

Second State-National Leadership Conference Underway in Palikir

(Continue from Page 1)

moderated the start of the conference which brought these leaders together for the second time to have open discussion and collaboration on some of the most important issues facing the Nation.

To begin things, Speaker Figir, President Mori and Chief Justice Amariach, along with the governors, gave opening remarks. All of the principals agreed that this meeting should result in progress for the states and the nation. The governors, in particular, spoke of the need for more ways to generate revenue at the state level and to address the additional agenda

items they had brought to the meeting. Of note were the opening remarks from Governor Robert Weilbacher of Kosrae State when he announced that the Kosrae Legislature is working on legislation to pass a partial budget for FY 2010, for only 3 quarters, because of a lack of revenue to fund an entire year of operations.

President Mori nominated Speaker Figir to be Chairman for the conference and once he was elected and took the helm, the conference immediately got into the first topic on the agenda; Social Security Reform. The FSM Social Security Administrator, Mr. Alex Narruhn, gave a presen-

tation which clearly showed that the FSM Social Security Fund has an unfunded liability of \$292 million. He gave an overview of how the Fund got into this situation, citing past contribution levels from workers 40 years ago who are now receiving benefits that surpass their contributions, and the fact that the number of workers in the FSM contributing to the fund has gone down over the years while the number of beneficiaries has gone up. He also pointed out that the fund lost approximately \$10 million when the stock market crashed. He also gave an overview

Continue next page

President Mori and Delegation Attend the "Pacific Islands Exhibition 2009" and "Viva! Pacific Islanders" Opening Ceremony in Tokyo



President Mori & First Lady at the Pacific Islands Exhibition 2009 in Tokyo, Japan

On Thursday, May 21, the "Pacific Islands Exhibition 2009" and "Viva! Pacific Islanders" Opening Ceremony took place in Tokyo at the Japan External Trade Organization (JETRO). President Mori and the First Lady attended this event, along with the Heads of Delegations from the other Pacific Island Forum Nations. The event was hosted by JETRO and opening addresses were given by Mr. Yasuo Hayashi, the Chairman and CEO of JETRO and Mr. Tuiloma Neroni Slade, the Secretary General of the Pacific Island

Forum Secretariat.

Mr. Hayashi stated that this was an official event of the PALM 5 Summit meeting and that the Pacific Island nations are important partners for Japan. He said they share common challenges as island nations in the environment and security. He noted that part of the PALM 5 Summit focuses on trade and investment and clarified that this event will highlight how buyers in Japan are exposed to products from vendors in the Pacific Island nations.

In Mr. Slade's address, he noted that this is the 4th Trade Exhibit in Japan for Pacific Island nations. He stated that economic growth must be drivers for development of the region and that we must capitalize on emerging opportunities, like the opening of markets for trade and services with Japan. He also stated that the Pacific Plan focuses on these opportunities, especially the export items such as noni juice, timber, fresh tuna, coffee, vanilla, black pearls and fresh beef and salt from Pacific Islands to Japan. He quoted the statistic that trade from Forum Island countries to Japan has doubled over the past 10 years and it now exceeds \$100 million US. However, Pacific Island nations continue to lack a range of export-

able products and lack a large enough supply of products and a general understanding of the Japanese market to take full advantage of this trade opportunity. Key factors that need be addressed are the quality of service and products, and meeting the terms of the Japanese markets. Prior to this meeting, the Pacific Island leaders were witness to the opening of the new Pacific Island Center (PIC), which is dedicated to help address these issues. This center is located in Meiji University.

Other speakers who gave congratulatory addresses were Hon. Toke Tufukia Talagi, Chair of the Pacific Island Forum, H.E. Mr. Yoshiro Mori, former Prime Minister of Japan, H.E. Mr. Nobuhide Minorikawa, Parliamentary Vice-Minister for Foreign Affairs of Japan, and H.E. Mr. Yoshifumi Matsumura, Parliamentary Secretary for Economy, Trade and Industry of Japan. After the opening ceremony, President Mori and the First Lady toured the exhibition site in the JETRO Exhibition Hall where displays from Melanesia, Micronesia and Polynesia were on display. Every country had a section to display locally produced items available for export to Japan. In the FSM

Continue on Page 4

(Continue from previous page)

of the new Social Security Law, Public Law 15-73, and how it would positively affect the funding of the FSM Social Security System. This was compared to actuarial tables that showed different predictions on how long the system could last under different levels of funding including a few that showed yearly cash infusions from Congress appropriations of \$2 million.

The reaction of the governors was to show how unpopular the new law is with the people of the states. There were questions about the effectiveness of the FSM Social Security Administration (FSMSSA) investment policies and the level of funding that the FSMSSA

expenses for operations each year that are approaching \$1 million a year. All of these issues were addressed by Mr. Narruhn. Pohnpei State Governor John Ehsa came with suggestions of alternate things that can be done to help save the Social Security System, including infusing a larger lump sum of cash into the system this year when the four states will be realizing an increase in tax revenues from the more than \$40 million worth of infrastructure projects going on in the states. Pohnpei State has shown an increase in \$500,000 already this year.

Governor Ehsa claimed that because the stock market is just beginning to recover, it is a more opportune time to

invest and FSM should be putting more money in now versus later. Other ideas were floated, like changing the type of system altogether, but when it came time to either act or move on to the next topic, no one was ready to move on unless something concrete was going to come out of this session, so Secretary Christian moved to give the state delegations time to write up their recommendations and to bring them to the start of the session on Wednesday, May 13, 2009 so that there can be an official list of items to help direct the FSMSSA in working towards alternative solutions and potentially amending the new law.

More information on this topic will come out of the next session. ***

President Mori Delivers the State of the Nation Address Before Congress

(Continue from Page 1)

FSM-Airport Improvement Projects that are already underway that will help stimulate the economy in terms of creating at least 1000 new jobs and infusing \$65 millions of dollars of income to the states. He spoke of further reform of the National Government, one of his major focuses on his first year in office, continued State Government reform in Kosrae and Chuuk States, and energy and tax reform. One major accomplishment in energy reform that the national government and the state governments began last year was the creation of the FSM Petroleum Corporation to purchase cheaper bulk fuel. This project has been able to significantly reduce the cost of fuel in the FSM.

The President also highlighted the upcoming connection of Pohnpei State to the submarine fiber optic cable in March 2010, and the need to connect all four states to this cable so that "the benefits will flow to all four states."

President Mori spoke of the FY 2010 budget that he has presented to Congress to work on this session and stated that it "is one of restraint and is in line with our initiatives to transition from past years of budgetary growth towards a precautionary approach during this period of recession." President Mori

stressed that, "Our ultimate objective is to stabilize the economy and continue to develop our economic base to ensure sustainability and greater self-reliance over the long-haul." There were many points in the speech where the President stressed that cooperation and collaboration of the Executive Branch and Congress are needed to move things forward, including the creation of a National Museum to protect and preserve FSM cultures.

Other areas the President touched on were health and education, strengthening the business environment in the FSM, reduction in government workforce coupled with investment in private sector development, agriculture and aquaculture opportunities, the environment, the 5 Year Compact Review, and international and regional initiatives that he is focusing on.

The President ended his address by calling "on all of the People of this country (FSM) to rise to the occasion and to innovatively grasp your own opportunities. We must view the current crisis as a test to our resolve and our national solidarity and a chance for our family to unite together as we did thirty years ago."

For a complete version of the President's State of the Nation Address, please go to http://www.fsmpio.fm/Speeches/mori/state_of_the_federation_09.html. **

President Mori Sets Task Force on Continental Shelf Project

President Mori has selected three Departments within the Executive Branch to work together with the National Oceanic Resource Management Authority (NORMA) to prepare the legal and other justifications to support the submission of the FSM to the UN Commission on the Continental Shelf. The Departments of Foreign Affairs, Resources and Development and the Department of Justice will assist NORMA on the task force now that the technical work has been completed on our submissions to the United Nations through the FSM Mission to the UN. The Division of Ocean Affairs and Law of the Sea (DOALOS) will set a time where this task force will go before the Commission to justify FSM's claims.

(Continue on Page 4)