

# Ambassador of China to the FSM presents his credentials to Olter

PALIKIR, Pohnpei (FSM INFORMATION SERVICE) - The first resident Chinese Ambassador to FSM Li Qinqing arrived June 26 in Pohnpei and presented his credentials to President Bailey Olter, June 27, in the presence of the cabinet members, diplomatic corps, other officials and friends.

Li served as the 2nd Secretary of the Ministry of Foreign Affairs in Beijing, was the Department of Western European Affairs Ministry of Foreign Affairs Deputy Division Chief, the Chinese Counsellor at the Embassy in Iceland, Netherlands and of the Department of Western European Affairs in the Minister of Foreign Affairs.

In another related activity, David Nethery is the present Charge d' Affairs of Australia to the FSM who succeeded Raewyn Henelius in June, is expected to return to Canberra shortly after the conclusion of the South Pacific Forum meeting which is to be held on Pohnpei



**CHINA ENVOY PRESENTS CREDENCE** - Ambassador of China to the FSM Mr. Li Qinqing presented his credentials to President Bailey Olter, June 27 in a brief ceremony held at the Cabinet Room in the presence of the cabinet members, diplomatic corps, friends, and other officials. From left to right are: Vice President Jacob Nena, President Olter, Mr. Li, and Mrs. Li.

July 22 to August 2, this year.

Nethery joined the Australian Department of Foreign Affairs and Trade, spent three years working in the Department's Legal Division before

being posted to Australian High Commission in Port Vila, Vanuatu, completed his duty in Vanuatu in September 1990, and was working in the Foreign  
(See CHINA, Page 2)



## THE NATIONAL UNION

PEACE • UNITY • LIBERTY

AN OFFICIAL PUBLICATION OF THE PEOPLE OF FEDERATED STATES OF MICRONESIA

Volume 12

Palikir, Pohnpei, June 15, 1991

Number 11

## WHO General Assembly grants FSM full membership

PALIKIR, Pohnpei (FSM INFORMATION SERVICE) - The FSM Department of Human Resources Secretary Dr. Eliuel K. Pretrick attended the 44th United Nations World Health Organization (WHO) General Assembly, granting the FSM full fledged membership, May 8, in Geneva, Switzerland.

On May 8, the Assembly supported and unanimously approved the application for FSM membership to WHO but requires a Letter of Instruments from the FSM National Government to be sent to the United Nations Secretary

General.

FSM wanted the full fledged membership since the Trusteeship Agreement terminated in December last year and the application had been submitted to WHO Central Office, March this year.

Being a member of WHO, financial support venues from other world lending institutions will be opened up to the FSM. The government received an annual budget of about \$400,000 from WHO to support training and manpower improvements in medicine, administration, nursing, dental, laboratory, x-ray,

and other related medical and health fields few years in the past. A number of FSM students are now attending medical schools in Fiji and Papua New Guinea through fundings from the WHO. This year the funding support from the WHO has gone up from \$400,000 to \$600,000 and this year is also the first time that funds have been made available to support FSM students attending the Medical Officer Training Program (MOTP).

As a first step in obtaining interna-  
(See WHO, Page 2)

## 2 WHO....

(Continued from Page 1)

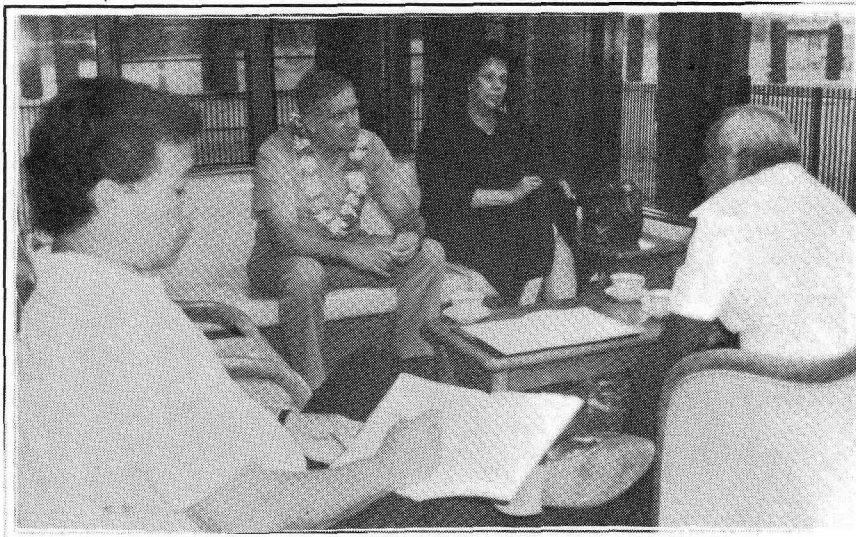
tional collaboration, the WHO will be FSM's stepping stone for eligibility to any organization in the form of international support. This support will give us the eligibility to make applications with the World Bank and International Banks and other lending institutions for improved health care and services for the people of the FSM.

As an independent country, but not a member of the United Nations, it is required that the FSM meet several obligations to be considered eligible to enter the International market for importation of narcotic and Psychotropic medications.

The External Affairs and the Office of the Attorney General are looking into ratifying the WHO constitutional as adopted by the International Conference in New York in 1946.

Those requirements consist of ratification of two United Nation Conventions, on the Single Convention on Narcotic Drugs (from 1961), and the second on the Convention on Psychotropic substances signed at Vienna on February 1971, plus joining one specialized health agency, such as the WHO.

The FSM Congress have adopted resolution 7-27 ratifying the WHO Constitution.



**PERKINS PAYS COURTESY ON THE PRESIDENT** - A mission comprising of Command Naval for Marianas, Rear Admiral James B. Perkins, III, and US Ambassador to the FSM Aurelia E. Brazeal paid courtesy call on President Bailey Oler June 13. Accompanying them from the Department of External Affairs was Acting Secretary Asterio Takesy. Clockwise from left to right are Takesy, Perkins, Brazeal, and Oler. Rear Admiral Perkins visited the President on behalf of Commander in Chief of CINCPAC Charles Larson who was in the Philippines due to the volcanic eruption there.

## China

(Continued from Page 1)

Affairs Department's South Pacific Section prior to his posting here to FSM.

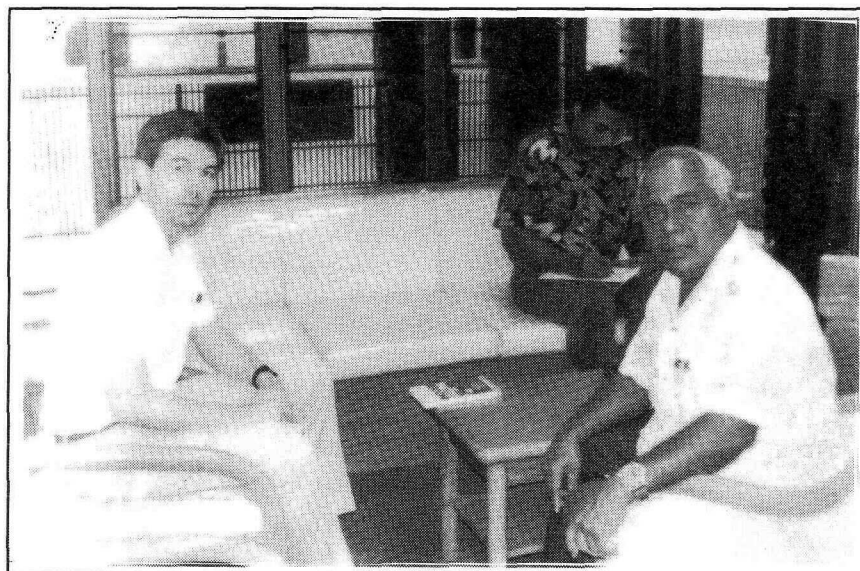
Henelius arrived in Pohnpei in April. She will be in Pohnpei until the later part of August 1991. Henelius has served in many of Australia's overseas missions, including Kathmandu, Bangkok,

Damascus, Stockholm, Jakarta, Hanoi, New Delhi, Bonn, and Kingston (Jamaica).

"I am particularly enjoying my tour in the beautiful island of Pohnpei, and getting to know the very friendly peoples of this part of the Pacific. I hope too that I will have the opportunity to visit Kosrae, Yap and Chuuk while I am in the Federated States of Micronesia."

"Coming from the rigors of a cold Canberra winter, I am enjoying the warm climate and being near the ocean. In fact a highlight of my stay so far has been catching a Skip Jack (albeit a small one) during a fishing expedition to beautiful Ant Atoll."

Evon Coghill, Third Secretary, also joined the Australian Embassy here, arrived in Pohnpei in May and will be at the Australian Embassy until after the South Pacific Forum. Coghill is an officer of the Australian Dept. of Foreign Affairs and Trade since 1970 and has served in Kuala Lumpur, Singapore, Phnom Penh, and Saigon. She had accompanied her spouse, who is also an officer of Foreign Affairs and Trade, on posting to Kuala Lumpur and Rangoon.



**NETHERY VISITED PRESIDENT** - Charge d' Affairs of Australia to the FSM David Nethery ( left) paid courtesy call on President Bailey Oler (right) in his office. Accompanying Nethery from the Department of External Affairs is Foreign Service Officer Kandhi A. Elieisar (center).



## **ANNOUNCEMENT**

**PALIKIR, Pohnpei (FSM INFORMATION SERVICE) -** The FSM Government is accepting bids for production of Tourism promotional and Educational video proposals, according to FSM Registrar of Corporation.

The first phase of the proposal should cover a variety of footage that will be shot from both underwater and top side locations in the state of Pohnpei which will be used for promotion of tourism, investments and also educational video programming. Copies of which will be supplied to CNN Travel Guide Network and Water Sports Networks.

The second phase will involve completed videotape with narration and soundtrack that will present Pohnpei as a tourist destination, educating the viewers about the beauty of Pohnpei, richness of culture, fascinating historical landmarks and the abundant marine life, as a world class diving area.

Bid proposals will be evaluated on the merit of its approach to the project, experience of staff, familiarity with Pohnpei State and the cost of the project.

All bid proposals shall be submitted to the Department of Resources and Development, FSM National Government, P.O. Box PS 12, Palikir, Pohnpei FSM 96941. Inquiries can be directed to Mr. Yasuo I. Yamada, Registrar of Corporations, Investment and Trade Promotion, Department of Resources and Development, Phone No. 691-320-2642 or Fax No. 691-320-5854. Deadline for submission of bid proposal is July 31, 1991.

## **Official memorandum to Department and Offices**

**PALIKIR, Pohnpei (FSM INFORMATION SERVICE)** "One of our most important responsibilities is that of keeping the public and citizens of the Federated States informed of the activities and undertakings of their government" says FSM President Bailey Olter in an official memorandum issued in early June to all Cabinet Members in the FSM Government.

"To this end, I would like to ask that each of your departments and offices designate an official to be responsible for gathering and compiling information on activities and undertakings of your respective departments and offices and transmit the same to Public Information Office for their timely and appropriate dissemination to the general public.

"I can not over emphasize the importance of this task and would ask that you make this an immediate requirement of your departments and offices, concludes President Olter's memo.

In compliance with this stated policy, various departments and offices have designated staff to be responsible for releasing news information about their departmental activities through the President's Public Information Office.

In this connection, the general public is also invited to share their views on the programs and policies of the government.

Olter urged improvement in the performance of the National Union, that it is published on a timely basis. The National Union is an official newsletter of the FSM Government.

## **Diplomatic Corps pays courtesy calls on Olter and Nena**

**PALIKIR, Pohnpei (FSM INFORMATION SERVICE) -** The members of the Diplomatic Corps whose Embassies are established in Pohnpei paid their first courtesy call on President Bailey Olter and Vice President Jacob Nena, June 10 and 11, respectively, since they took office on May 11, 1991.

The diplomats included Dean of the Diplomatic Corps Purisimo A. de Peralta, Philippine Ambassador to the FSM, Aurelia Erskine Brazeal, the United States Ambassador to the FSM, the Charge d' Affaires, a.i. of the Embassy of Australia to the FSM, Mrs. Raewyn Henelius and the Charge d' Affaires of China to the FSM Mr. Lu Fending.

The visiting diplomats during the brief meetings with the FSM Chief Executives, extended their Countries' well-wishes to both President Olter and Vice President Nena for a successful administration, reaffirming their governments' policies of cooperation with the new administration. They

also promised to lend the FSM Government any assistance possible for a successful Forum meeting slated for late July 22nd through August 2, this year.

In response, President Olter and Vice President Nena said they were honored to receive the foreign diplomats and looked forward to a continued cordial and friendly working relationship with them and the governments they represent.

"The administration looks forward to the Forum meeting with great anticipation when leaders of different Governments sit and talk together about issues of mutual interests," says Vice President Nena.

Although there may be some slight misunderstandings regarding the "diplomatic immunity" accorded to foreign diplomats and their staffs and dependents on the part of some FSM officials, Vice President Nena expressed his confidence that better understanding is the solution.

## 4 FSM Embassy participates in Asian Ladies Friendship Association Festival

THE NATIONAL UNION, June 15, 1991

**PALIKIR, Pohnpei (FSM INFORMATION SERVICE)** The FSM Embassy in Tokyo participated for the first time in the Asian Ladies Friendship Association Bazaar which was held in the Hotel New Otani, in Tokyo, May 27, according to a release from the FSM Embassy in Japan.

The Bazaar is an annual event of the prestigious association whose present President is Madam Miki, wife of the late Prime Minister Takeo Miki of Japan. The Association's membership consists of wives of diplomats and ladies from Japan. The association conducts several activities each year. This year (1991) one of its special projects is the compilation of a cook book entitled "The Treasure of the Spice Trade" containing various recipes from member countries.

All the embassies of the South East and East Asian countries, including those of the Pacific countries of Fiji, Papua New Guinea and the FSM participated in the bazaar by selling their countries' wares such as crafts, clothings, food, jewelries, etc.

The FSM booth had handicrafts, peppers, soaps, coconut oils, shampoos and other items produced in the FSM.

The highlight of the bazaar was the drawing of raffle tickets, with numerous prizes, including airfare tickets donated by international airlines of the Asian Pacific region. Continental/Air Micronesia generously donated two round trip tickets to Pohnpei. Door Prizes from each participating country were given away by a girl representative of each country.

The FSM was represented by Miss Arlene Takesy, an FSM student studying in Japan under Japanese Government scholarship award.

The proceeds from the bazaar were donated to designated charitable organizations or similar activities in the participating countries.

The FSM earned from the proceeds 800,000 yen (over \$5000) and donated to PATS Trust Fund. Fr. Cavanah accepted the donation at the FSM Embassy presented by FSM Ambassador to Japan Masao Nakayama.



**FSM PARTICIPATES IN BAZAAR** - The FSM was represented by Miss Arlene Takesy (right), an FSM student studying in Japan under Japanese Government scholarship award. From left to right are: Yumi Wada and Takue Kasayanagi from the FSM Embassy in Tokyo, and Takesy.

## CFSM adjourns passing 32 bills and resolutions

**PALIKIR, Pohnpei (FSM INFORMATION SERVICE)** The first Regular Session of the Seventh FSM Congress adjourned June 9 introducing 71 bills of which 16 were passed, and introduced 27 resolutions of which also 16 were adopted.

Bills passed include C.B. 7-10, CD7, appropriating \$793,956 supplemental for the Congress, the President's Office and External Affairs, public education on the constitutional amendments, the South Pacific Forum, special election and making technical corrections to the operating subsidy for the FSM Development Bank, and funding for fuel under Office of Administrative Services.

Resolutions adopted include, C.R. 7-27, ratifying the Constitution of the World Health Organization (WHO) as adopted by the International Health Conference in New York in 1956, and C.R. 7-21, confirming the nomination of Hilary Tacheliol to the Board of Directors of the FSM Development Bank.

**Other bills passed include:**

C.B. 7-17, to further amend Public Law No. 6-49, to modify the use of certain funds for public projects in Pattiw, Weito and Halls. By changing the description of a \$13,124 from "Piserach medicine, food and clothing, and freight

costs of typhoon relief goods" to "Lien Piserach operation and Maintenance".

C.B. 7-19, CD1, to amend the FSM Code to provide for the creation of preferred ship mortgages, maritime liens. If it become law, it will enable Yap Fishing Corporation (YFC) to obtain a loan from private commercial bank(s) to repay its loan from the Yap State Government.

C.B. 7-22, CD1, to further amend Public Law No. 5-89, to change the description of a \$50,000 for "legal fees (retainer and expenses) for Fono War Claims" to "Fono Public Projects" in Northern Namoneas Region in Chuuk State.

C.B. 7-25, CD7, appropriating \$660,301 as supplemental funding for operating expenses of the Executive Branch, agencies of the National Government, other National Grants.

C.B. 7-33, CD7, to further amend the FSM Code for redefining full-time employees under the National Government Employees' Health Insurance Plan. Under the new definition, employees in Kosrae State who work a 32-hour work-week will be eligible to participate in the plan.

C.B. 7-34, to further amend Public  
(See CFSM, Page 5)



*(Continued from Page 4)*

Law No. 4-28, Chuuk State public projects for changing the allottee of funds appropriated from local development authority to the Governor of Chuuk.

C.B. 7-35, to further amend Public Laws Nos. 3-17, 4-15, 5-26, and 6-106, for changing the allottee of funds for Northern Namoneas from local development authority to the Governor of Chuuk State.

C.B. 7-36, to further amend Public Law No. 3-56, public projects for Chuuk State, for changing the allottee of funds appropriated from local development authority to the Governor of Chuuk State.

C.B. 7-40, appropriating \$3,979,040 from the Program Funds of the FSM for Fiscal Year ending September 30, 1991, which was earlier appropriated by the U.S. Congress under Public Law 101-512, for the funding the construction of the new Palikir campus of the Community College of Micronesia.

C.B. 7-42, appropriating \$21,120 for reappropriating certain lapsed funds for Kapingamarangi public projects, changing the allottee from Chief Magistrate of Kapingamarangi to Pohnpei Community Action Agency.

C.B. 7-44, further amend Public Law No. 4-92, Kosrae State public projects, to reprogram certain funds allocated to Utwe Municipality.

C.B. 7-52, amending Public Law No. 67-89, Kosrae State public projects, to reprogram certain funds allocated to Malem Office building to Malem Communications project and to specify the allottee of the funds appropriated.

C.B. 7-54, CDI, to further amend the FSM Code, to exempt an ambassador from submitting his resignation after the President takes the oath of office.

C.B. 7-60, to further amend Public Law No. 5-80, Kosrae State public projects for changing the allottee of certain project appropriations from the President of the FSM to Chairman of Kosrae Small Improvement Projects Commission.

C.B. 7-61, to further amend Public Law No. 5-118, Kosrae State public projects, for changing the allottee of

funds for extension of Tafeyat secondary road project from the President of the FSM to the Chairman of the Kosrae State Commisison on Improvement Projects.

Other resolutions adopted:

C.R. 7-1, appointing Dennis Yamase as Legislative Counsel of the FSM Congress.

C.R. 7-2, extending sincere and special thanks and gratitude of the FSM Congress and the people of the FSM to the Honorable John R. Haglelgam for his many years of dedicated and valuable service to the nation.

C.R. 7-3, extending the most heartfelt thanks and gratitude of the Congress and people of the FSM to the Honorable Hiroshi H. Ismael for his many years of dedicated service to the Nation.

C.R. 7-4, extending the sincerest thanks and gratitude of the Congress to the Honorable Tony Otto, former member of the Congress of the FSM, for his many years of meritorious service to the people of the FSM.

C.R. 7-5, extending the sincere thanks and gratitude of the Congress to the Honorable Nick Bossy, former member of the FSM Congress, for his many years of dedicated service to the FSM Congress.

C.R. 7-7, thanking the Hawaii State Legislature for providing invaluable in-service training opportunities to staff from the FSM Congress.

C.R. 7-11, approving the FY'92 Family Planning Title X Grant Applica-

tion.

C.R. 7-12, CDI, respectfully requesting the President to direct the Department of External Affairs to investigate reports that services provided to citizens of the FSM have had an adverse financial impact on Guam, the Commonwealth of the Northern Marianas and the city of Honolulu, Hawaii.

C.R. 7-13, approving the FY'92 Preventive Health and Health services block grant application.

C.R. 7-14, approving the FY'91 Community Youth Activity program Grant application.

C.R. 7-17, expressing the grateful appreciation of the Congress and the people of the FSM for the service performed by our fellow citizens in Operations Desert Shield and Desert Storm during the recent war in the Persian Gulf.

C.R. 7-18, expressing appreciation to the Australian National Group of the Inter-Parliamentary Union for providing a scholarship for training with the Parliament of Australia in Canberra to the Chief Clerk of the FSM Congress.

C.R. 7-24, CDI, expressing serious concern over the threat to the FSM posed by the effects of global warming and respectfully requesting the President to assure that the special concerns of the FSM are advanced and dealt with effectively.

C.R. 7-26, to ratify the Charter of the United Nations as adopted and entered into force in 1945.

## **FSM Embassy in Fiji-New phone numbers**

**PALIKIR, Pohnpei (FSM INFORMATION**

**SERVICE - The Department of External Affairs**

**wishes to inform all concerned that effective**

**June 20, 1991, the new telephone numbers for**

**the FSM Embassy in Fiji are 304180 and 304566.**

## 6 Former Governor participates in Presidential Fellow Program

THE NATIONAL UNION, June 15, 1991

**PALIKIR, Pohnpei (FSM INFORMATION SERVICE)** - Former Governor of the State of Kosrae Yosiwo George is the first Presidential Fellow selected in a program announced by U.S. President George Bush last October at the East-West Center. George arrived May 27, in Washington D.C., engaged in the program activities planned for the visit, according to a release from the East-West Center (EWC).

In Baltimore, George had discussions on economic development & entrepreneurship in Annapolis, and had time in Crisfield, Maryland for observation of shellfish industry.

He traveled to Louisiana where he had time for observation and discussion of aquaculture and shrimp industry and went to San Diego on to observe and

discuss tuna fishing industry and applications of solar power, according to information obtained from U.S. Embassy in Kolonia.

George, who served two terms as governor of Kosrae State, plans to explore ways in which government and private business cooperate in promoting tourism and light industry. George met in Hawaii with officials and researchers and also inspect geothermal and ocean thermal energy conversion operations and diversified agriculture projects.

The Presidential Fellowship Program, under the auspices of the U.S. Information Agency and the East-West Center, was launched by President Bush at the October 27, 1990 Summit designed to bring officials of Pacific island governments to the United States for research,

consultation, travel and lecturing.

In Honolulu, Hawaii, George also met with EWC researchers, members of the business community and Pacific island contacts. In Honolulu and on the mainland, George looked into vocational education development and financing and establishment of labor-intensive light industry that would be suitable for remote, resource-poor islands.

George, 50, was a participant at the East-West Center in the 1960s and earned a B.S. degree from the University of Hawaii. He has done graduate work in education. He was a member of the FSM Development Bank Board of Directors, the FSM Development Authority, Trust Territory Personnel Appeal Board and the Trust Territory Social Security Board.

## President Olter's first visit to Chuuk after taking office

**PALIKIR, Pohnpei (FSM INFORMATION SERVICE)** - FSM President Bailey Olter accepted an invitation and addressed the Chuuk High School graduates in a Graduation Ceremony in June in Weno, Chuuk.

Olter made his first official visit to that State since he took office upon his election as President, May 11 this year.

While in Chuuk, President Olter

conferred with Chuuk State Governor Sasao Gouland and other state leaders on matters of mutual interests to the state and the FSM as a whole.

Olter flew to Guam following his Chuuk State stopover for a brief visit with officials in Guam.

Olter was officially welcomed with honor guards upon arrival at the Pohnpei International Airport in Dekehtik from

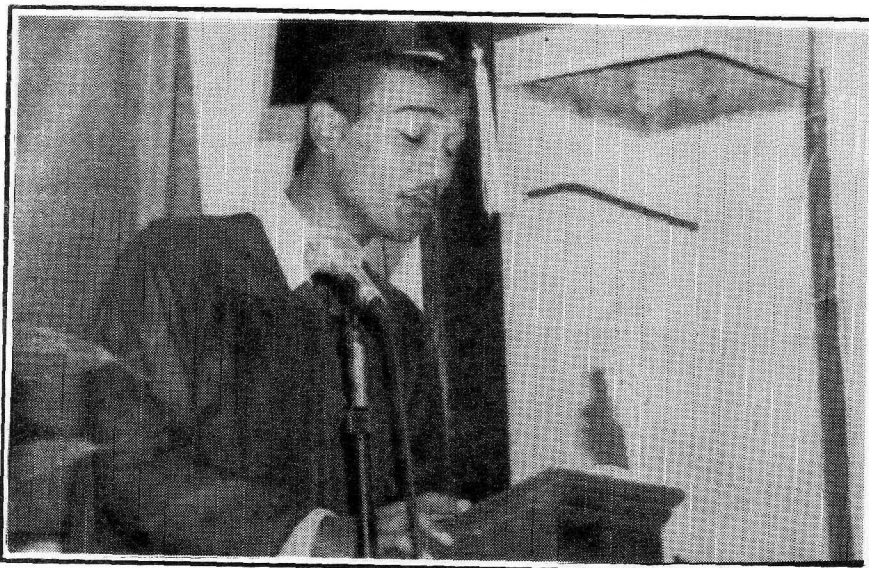
his trip. The President was then escorted into the VIP lounge in the terminal by officials of the Department of External Affairs before leaving for his residence in Dolonier.

In another related activity, FSM Vice President Jacob Nena was invited as guest of Continental Air Micronesia, to represent the FSM Government, on the Continental Air Micronesia's inaugural flight on its newly established air service to Cebu city in the Philippines. Nena and his wife Lerina joined other officials and dignitaries on the inaugural flight.

Prior to departure from A.P. Won Pat International Airport, Guam, a ribbon cutting ceremony was held in the departure lounge. Upon arrival in Cebu, Philippines, guests attended lunch, hosted by Continental Air Micronesia, Guam and an Inaugural cocktails hosted by Continental, Philippines.

On June 1, the guests had choices of either sightseeing or golfing. A dinner was hosted by Cebu Governor Osmena.

Vice President and Mrs. Nena returned from Cebu to Guam and to Pohnpei, Sunday, June 2, according to the flight itinerary accompanying the invitation.



**OHWA HIGH SCHOOL GRADUATION** - The valedictorian Dawender Narruhn of the graduating class is speaking during the Ohwa High School graduation commencement held at the Kolonia Protestant Church, June 6.



# Olter responds to first State Legislature Leadership Conference 7

THE NATIONAL UNION, June 15, 1991

WENO, Chuuk (FSM INFORMATION SERVICE) - The following resolutions were adopted by the First State Legislature Leadership Conference (SLLC) held, April 22-26, 1991 in Weno, Chuuk, and after careful review, President Bailey Olter responded to the resolutions, according to a release from FSM External Affairs.

The resolutions include: SLLC Resolution No. 1-91-007, requesting the National Government, the Federated Development Authority, the IDF Board of Advisors, and the FSM Development Bank to undertake a joint effort to simplify the application and review processes with respect to IDF loans and to eliminate other unnecessary and burdensome conditions and application requirements with respect thereto.

SLLC resolution No. 1-91-008, requesting the FSM National Government to initiate negotiation with the United States Government for the appropriation of the \$40 million authorized in Section 111 (d) of Title I of the Compact of Free Association Act for the FSM.

SLLC resolution No. 1-91-002, requesting the FSM National Government to assist the States to come with ways and means of obtaining cheaper alternative energy sources or means of obtaining and distributing lower-cost fuel for all the islands of the FSM.

President Olter in his letters to Speaker Kisande Sos of Chuuk State Legislature said in respect to SLLC Resolutions Nos. 1-91-007 and 1-91-008, that the National Government has earlier raised it's serious concerns regarding the established procedures and use of the \$20 million allocated for lending under the IDF Lending Program, as we (FSM) need to ascertain the need for the remaining \$40 million balance. Based on the experiences and reviews by the Department of Resources and Development, IDF Board, the FDA and applicants complain that the following are the main problems that need to be remedied: bank branch offices, application forms, review sequence, and division of the \$20 million into the five sub-accounts (four state subaccounts and the private sector reserve subaccount).

The President has recommended that:

A. If two sub-accounts are to be maintained (State and private sector reserve), the retained state sub-account should be reviewed by FSM Development Bank and

appropriate government agency which can provide simultaneous technical assistance. Furthermore, all loan applications should be submitted directly to the FSM Development Bank.

B. The FSM Bank (commercial) be designated to handle the private sector reserves sub-account and require that loan applications be submitted directly to the bank for processing and for FDA's approval.

C. The whole amount of the additional \$40 million is earmarked for private sector reserve sub-account be placed in the FSM Bank. (Government agencies can provide technical assistance with FDA approval or disapproval.)

President Olter said he strongly believe that since IDF funds are being used and treated as "low interest" loans, it should be managed by a commercial bank with the IDF Advisory Board providing only recommendations and the FDA carrying out the approval/disapproval authority.

He pointed out in his letter to conference Chairman Speaker Sos that he has reviewed the resolution regarding alternative energy source and fuel supply and offer the following recommendations:

A. Currently each of the four states has it's separate fuel oil supply contract with Mobil Oil Micronesia, Inc., and has been in a weak negotiating position on the pricing and supply security of its fuel needs.

His recommendation to remedied the situation is that the four states jointly negotiate and/or tender one oil supply contract, the President said, adding that the FSM can seek and secure technical assistance from

relevant regional and international organizations to assist FSM in the formulation of it's tender/strategy.

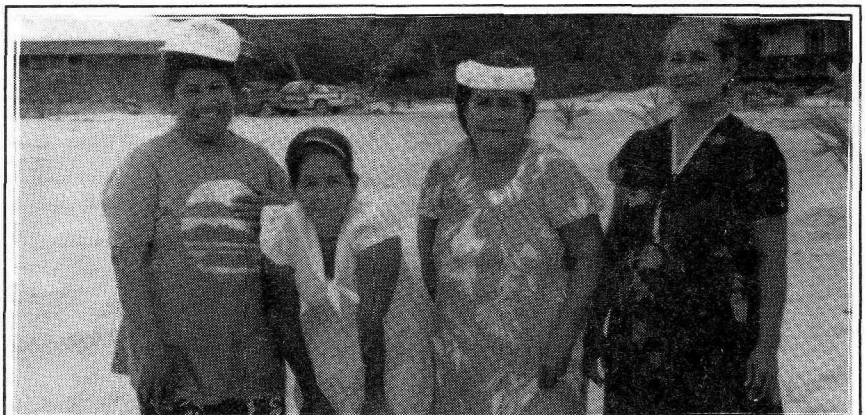
B. Meanwhile, each of the four states currently maintains, purchase, operates, negotiate contracts and subsidize it's own utility system.

The present practice is not only costly but it is unreliable and inefficient in the use of monies, expertise, and manpower and not compatible with economic development efforts.

President Olter recommended that the four states join together with the private sector to establish a Nation-wide FSM utilities corporation.

His response to securing oil supply and encouraging economic development, he said an oil tax should be established that will have all or partial features of the following measures: removal of government fuel rate, earmarked tax for construction of fuel storages, establishment of a FSM Oil Co., implementation of renewable energy technology and conservation programs, discourage uses of certain equipment (use of fuel), protection of private retail and users, enactment of solar tax incentives legislations, and sliding tax rates to accommodate volatile fuel prices.

President Olter requested Speaker Sos for his prompt comments/response to his recommendations so that appropriate government departments may initiate appropriate proposed legislations when necessary, and/or initiate requests, where appropriate, for external assistance.



**KOSRAEANS IN POHNPEI CELEBRATE COMMEMORATION DAY FOR MALEM** - Kosrae Community in Kolonia Observed June 6th Commemoration Day for Malem Municipality, Kosrae State, on June 8, this year at Misko Beach. The celebration comprising of mini sports and a luncheon. Standing on the Starting Line in the opening game from right are: Nipastu Melina C. Edwin, Deaconess (Insatlang) Kenye L. Tally, Deaconess (Lasa) Kenye L. Tally and WCA Member (Setun) Kenye T. Martinus.

# ADB approves \$153,000 technical assistance for FSM

PALIKIR, Pohnpei, (FSM INFORMATION SERVICE) - The Asian Development Bank (ADB) has approved a \$153,000 technical assistance grant for the FSM to be used for strengthening the operation of the FSM Development Bank (FSMDB), according to a release from the ADB Office in Manila.

The technical assistance consists of two components. The first component is to assist FSMDB in preparing a corporate plan consistent with the FSM Government's Second National Development Plan for Fiscal Years 1991 - 1995. The technical assistance will review the Development Bank's policies and objectives for lending operations, priority sectors, areas of business diversification, organizational structure and branch network; upgrade manuals to make them consistent with the proposed corporate plan and to strengthen FSMDB's project processing capabilities; recommend personnel policies; and design a staff training development program which emphasizes basic banking knowledge and specialized skills. The second component will examine ways to improve the existing computer-based management information system to generate operational data, information and reports required by FSMDB management and staff.

With the increasing funds received from national and state governments, the FSMDB needs to expand its loan portfolio. However, it must strengthen its institutional and operational capabilities to enable it to channel these funds more effectively to bankable private sector projects.

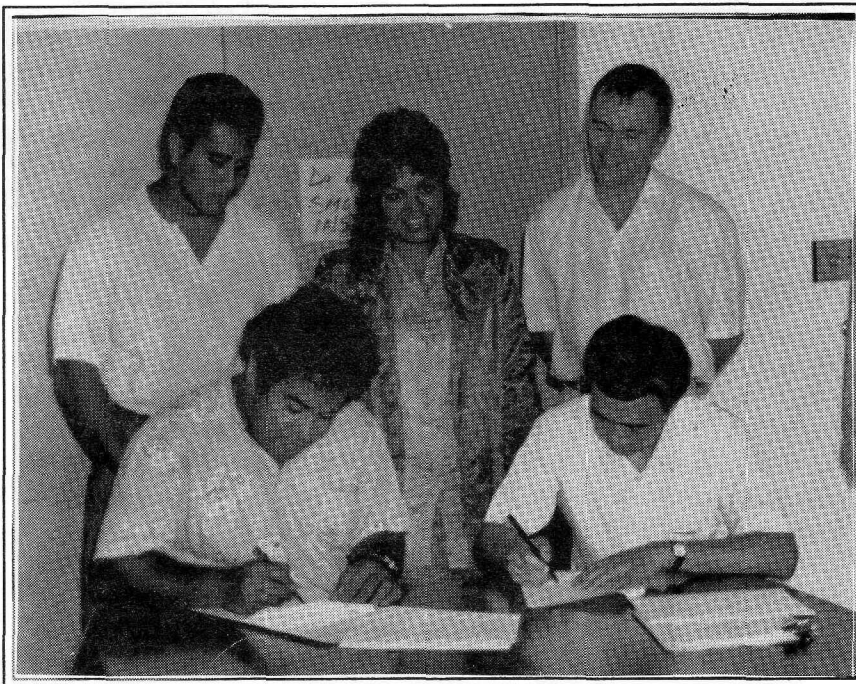
The technical assistance will reassess FSMDB's role as a development finance institution, strengthen its staff

base and professional competence, and improve its operational capabilities to enable it to perform more effectively as a self-perpetuating organization.

The technical assistance will require the services of one Development Bank

Specialist and one Management Information Systems Specialist.

The FSM Finance Department will be the Executing Agency and the FSM Development Bank will be the Implementing Agency.



**FSM AND JICS SIGN CONSULTANT AGREEMENT** - A Deputy Chief for Asian Affairs Lorin Robert and the Grant In Aid Cooperation Division of Japan International Cooperation Systems (JICS) Deputy Director Michimasa Numata, signed the consultant agreement for the Small Scale Long line Fisheries Development Project in a brief ceremony held at the FSM Department of External Affairs in April, according to a release from the FSM Department of External Affairs.

The Note Of Exchange between the Republic of Japan and FSM Governments gives a \$1.73 million package consisting of a 10-ton Tuna long line boat equipped with fishing gears from the Government of Japan, and a Small Scale Grant In Aid Scheme to the FSM National Fisheries Corporation for the Long Line Fisheries Development Project.

The JICS as the consultant to establish tuna project in FSM, will provide professional services including the designing and drawing of documents, specifying and supervising of the tuna project, and other technical assistance as necessary.

## THE NATIONAL UNION

Published by: The Office of the President/Information

FEDERATED STATES OF MICRONESIA

P.O. Box 34, PALIKIR STATION

PALIKIR, POHNPEI FM 96941

Tel.: (691) 320-2548; Fax: (691) 320-2785; TELEX 729-6807