

FIRST JOINT COMMUNIQUE
Of the
FIRST WESTERN MICRONESIAN CHIEF EXECUTIVES'
SUMMIT

The Territory of Guam, the Commonwealth of the Northern Marianas, the State of Yap, within the Federated States of Micronesia, and the Republic of Palau

I. Introduction

The Chief Executives of Government of the Territory of Guam, the Commonwealth of the Northern Marianas, the State of Yap, within the Federated States of Micronesia, and the Republic of Palau held the ***First Western Micronesian Chief Executives' Summit*** to discuss matters of common interest in the region. This initial meeting was organized by the four Chief Executives with a recognition that their histories, economies, cultures and people are intricately tied to one another and that each island government can only be strengthened by expanded interaction and mutual cooperation. This meeting confirms the firm commitment of each of the participants, on behalf of their people and their governments, to establish even closer ties, to expand future discussions and to agree on mutually beneficial regional initiatives for the Western Micronesian Region.

Governor Juan Babauta of the CNMI, Governor Felix Camacho of Guam and Governor Robert Ruecho of Yap conveyed their appreciation to President Tommy E. Remengesau, Jr. and the People of Palau for the generous hospitality extended to them and their delegations during this very important regional meeting. President Remengesau, Jr., the President of the Republic of Palau, in turn, expressed his appreciation to the three Governors for their attendance and active participation in this First Western Micronesian Chief Executives' Summit.

The discussions involved a broad spectrum of regional issues. It was agreed that, due to the distances separating each participating State, each specific issue would be assigned to a 'Focus State'. The Focus State, in consultation with assigned representatives from the other states, will undertake to fulfill the initial work outline set forth in this Communique on the specific issue assigned. The other three states will provide appropriate contact personnel who will offer assistance, consultation and information to the Focus State. The Focus State will provide a written analysis and an initial set of recommendations of the issues identified in this Communique for presentation at the next Micronesian Chief Executives' Summit.

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II. Priority Issues

Specific issues discussed by the four Chief Executives and the assigned Focus State include the following:

1. Regional Tourism

Recognizing that tourism is the primary driving force for economic growth in the region and further recognizing that the marketing resources of each of the four states is limited, the Chief Executives have agreed that a program must be put in place to consolidate regional marketing efforts to the extent possible. In addition, the Chief Executives believe that joint tourism destination packages can be developed to expand tourism in each of the four states. Specifically, the Chief Executives would like to emphasize the implementation of the following regional programs:

- Intra-Island Travel – This would require the universal acceptance and involvement of private sector travel companies, such as hotels, restaurants, car rentals and golf courses, in all four states. The Program would entail a comprehensive promotional effort that includes discounts by tourism businesses to citizens/residents of each state.
- Regional Promotion – This program would consolidate, where possible, marketing efforts of all of the states on a regional basis. Regional and International trade shows would be targeted with a broader vision of the region.
- Regional Event(s) – In order to establish Micronesia as an identified tourism market, potential regional periodic events should be explored.
- Regional Cruises – A potential market of over 7 million tourists has not been comprehensively explored in the Micronesian region. Efforts should therefore be made to identify potentially interested cruise lines in the context of multi-island destinations.
- Tourism and Transportation Summit – In order to coordinate all of the components of the tourism industry within the four states, it is considered essential to hold a regional tourism and transportation summit. Potential locations and participants should be identified and issues developed.

The Chief Executives have assigned Guam as the Focus State responsible for developing a survey and comparison of current marketing efforts in each state and to pursue an analysis of the above items. This effort can be accomplished in conjunction with the efforts of the Focus State dealing with the regional airline issue.

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2. The Creation of a Regional Airline

The Chief Executives agreed that the further development of tourism is crucial in each of the four jurisdictions and that the development of a regional airline is essential to further expand tourism markets and guarantee a constant flow of tourists from major tourism partners from the region. The Chief Executives emphasized the need for airline competition to reduce costs and expand services. The Chief Executives further emphasized the need to expand air transportation opportunities between the four states. They therefore agreed to support initiatives and proposals that provide air service to all four states.

In order to ensure the development of a new regional airline, the Chief Executives directed the Focus State, the CNMI, to initiate a survey and comparison of major tourism markets in each state and access to airlines from these markets, as well as price structures currently in place with existing airlines providing air services. Based upon this general information, the Focus State is also directed to establish recommendations regarding the establishment of a regional airline, including a list of prospective routes to be covered. In addition, the Focus State is directed to identify potential future private sector management partners to a joint airline venture, the number of airliners proposed, and an initial estimated cost. The Focus State is permitted to initiate negotiations, pursuant to its draft recommendations, with tourism partners.

3. Regional Health Care Initiative

The Chief Executives recognized the inherent limitations in providing modern medical care and affordable health care insurance to citizens of the four islands states. In order to lower these costs, the Chief Executives recommended the following:

- Regional Drug and Equipment Procurement – The Chief Executives recognize that by purchasing these items as a single entity, costs can be reduced.
- Regional Medical Referrals – Currently most medical referrals are outside the region, resulting in significant travel costs and resulting in the departure of medical care revenues to other jurisdictions. The Chief Executives would therefore like to explore the sharing of resources through the upgrading of facilities in the region to permit referrals between the four states. This could be accomplished through the establishment of referral health care centers in each state with particular specialty services that could be offered to the other states. The center of this referral system would be Guam, due to its more advanced medical services. In this context, greater human resource training would need to be undertaken.

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- Pediatric Specialty Care Center in CNMI – A specialty service for Palau and the FSM would be identified through the health care needs assessment.
- New Hospital – The Chief Executives believe that it is imperative to pursue the construction of a new hospital in Guam, which could serve as a referral center for all of the four states. They also believe that this hospital could serve as a Veterans hospital for the region. Joint lobbying of the U.S. Congress could be very effective in gaining a one-time grant to achieve this end.
- Share Medical Specialties – The Chief Executives stressed the need to maximize current resources in the four states, especially in terms of using existing specialists for the benefit of all of the states. This ties into the development of a regional referral system. It is recommended that this issue be immediately brought before the Pacific Islands Health Officers Association, the Pacific Basin Medical Association and other appropriate regional and international medical organizations and funding agencies.
- Donor Banks – Due to the limited capacity in each state to respond to donor issues (organs, blood, blood marrow, etc.), the Chief Executives recommended the development of a regional donor program.

The Chief Executives assigned CNMI as the Focus State in initiating the initial surveys and studies in the above areas, comparing the state of health care services in each state and providing recommendations.

4. Fuel Costs

The Chief Executives further recognized the on-going economic pressures experienced in each of their states from the continuing increase of fuel prices, especially in light of the political crisis in the Middle East. Once again, the Chief Executives stressed the need to cooperatively marshal their forces to achieve economies of scale and negotiation and to thereby create market pressures to reduce these fuel prices. The Chief Executives therefore assigned Yap as the Focus State and directs it to survey fuel needs and prices, and fuel agreements in the four states and to analyze the appropriateness and feasibility of negotiating a regional fuel agreement with appropriate regional fuel suppliers in order to minimize regional fuel costs. The Governor of Guam offered to begin discussions on the issue with Mobil Oil.

5. Expansion of Shipping Capacity

The Chief Executives stressed the need to expand shipping capacity and to reduce shipping costs through regional cooperation and negotiation with international and

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regional shipping companies. They appointed Guam as the Focus State on this issue and direct it to survey and compare current shipping needs and pricing in the four states, primary shipping partners, shipping agreements presently in force in the region and potential shippers to service the region. From this survey, the Focus State is further directed to establish recommendations for consolidated shipping amongst the four states and the necessity for mutual agreements to achieve this end.

6. Solid Waste Management

Recognizing that the issue of solid waste management is both critical to the tropical environments of small island states and unique due to limited capacity, the Chief Executives stressed that, once again, economies of scale and cooperative action are crucial to reduce costs and to establish comprehensive solid waste systems that protect the natural surroundings and ensure the pristine environments that attract tourists. Within this context, the Chief Executives are especially concerned about scrap metal and toxic or hazardous materials disposal, key components of solid waste management, which are especially troublesome to each of the four states. Within this context, the Chief Executives also recognize the need to upgrade recycling centers for metals, glass, paper and plastics as well as improving appropriate and safe incineration technology.

Once again, the Chief Executives stressed the opportunities that exist for the four regional partners if they work together to establish cooperative ventures to take advantage of economies of scale to enhance opportunities for scrap metal and hazardous materials disposal and for comprehensive solid waste management. The Chief Executives therefore designated Palau to serve as the Focus State to survey general solid waste capacities, systems and needs and to further survey and analyze current recycling programs and capacities, including incineration activities and technology. Further, the Focus State is directed to make recommendations identifying potential cost-saving cooperative measures to lower costs of waste disposal, recycling and incineration and to develop practical proposals for such joint action. Finally, the Focus State is directed to explore public partnerships with the shipping industry to identify shipping availability in order to achieve low cost removal of solid waste. Privatization options should also be reviewed.

7. Renewable Energy

Recognizing that small island states cannot continue to rely solely on imported fossil fuels, the Chief Executives agree that, again, economies of scale and cooperative action are essential to reducing the cost of energy consumption thereby facilitating the sustainable economic growth of the region. The Chief Executives designated Palau as the Focus State to, within this context, survey current energy sources and identify appropriate eco-friendly alternative energy technologies focusing on locally produced generation.

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This may include, but not limited to, solar, wind, and Ocean Thermal Energy Conversion (OTEC). The Focus State is also directed to identify appropriate capacity building and sustainable use education programs.

8. Telecommunications

Recognizing that the high cost of communications is limiting economic growth and equal contact with the international market place, the Chief Executives stressed the need to combine efforts to assess appropriate and alternate telecommunications systems, such as submarine cables and satellites. They also stressed the need to combine efforts in the delivery of telecommunications services. Finally, they expressed concerns regarding system failures. The Chief Executives assigned Yap as the Focus State to assess alternate technology for telecommunications delivery, to identify areas where joint efforts can result in reduced telecommunications costs and to assess the potential for developing a circle cable system that could protect against system failures.

9. Education

Recognizing that education is the future of our children, and further recognizing that our respective education systems have emphasized college preparatory education rather than the development of trade skills, the Chief Executives propose that a regional trade education capacity be developed. This system should include integration with trade schools in the Pacific region, such as New Zealand, Australia, Taiwan and Japan. The Chief Executives assigned both Guam and the CNMI to analyze this issue and to provide an analysis and recommendations.

III. Conclusion

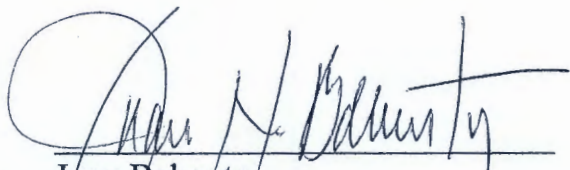
The Chief Executives stressed their commitment to establishing real regional partnerships in order to bring higher quality and lower cost services to the region. To accomplish this, they indicated that follow-up on the proposed initiatives was a crucial component of success. They also expressed their desire to expand the Summit participants to include the President of the Federated States of Micronesia and its respective Governors and the President of the Republic of the Marshall Islands. Invitations will therefore be extended to the next Summit.

In order to fulfill their commitment to work the proposed initiatives through to completion, they established a quarterly reporting process and a bi-annual Summit. The first quarterly report will be due on June 30, 2003

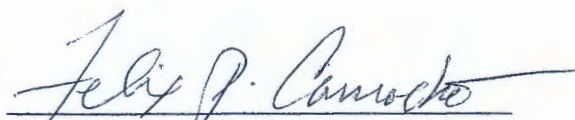
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The Chairman of the Summit will serve for one year and the President of Palau, as the Chairman of the First Summit shall continue to serve the remainder of the year. The next meeting was scheduled for Palau in September.



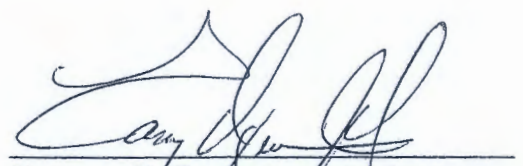
Juan Babauta
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Felix Camacho
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Robert Ruecho
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Tommy E. Remengesau, Jr.
President of the Republic of Palau