



MICRONESIAN TRADE COMMITTEE Interim Secretariat

Micronesian Trade Committee (MTC) and Micronesian Association of Sustainable Aquaculture (MASA): working together towards enhanced trade and economic cooperation and integration in the Micronesian sub-region.

The MTC Interim Secretariat thanks MASA for the opportunity provided to make a statement on the occasion of the *Sub-Regional Consultation on the Development of MASA Agreement*. This Paper provides background information on the MTC, the linkages between the MTC and MASA, and what lies ahead in terms of MTC work program. The MTC Interim Secretariat commends and welcomes this very important initiative; and looks forward to working with all the stakeholders to enhance synergies and cooperation between MASA and the MTC for the sustainable economic betterment of the Member States and their People.

Background

2. As mandated by the Leaders of the Federated States of Micronesia (FSM), the Republic of the Marshall Islands (RMI) and the Republic of Palau (Palau) during the 7th Micronesian Presidents' Summit in 2007, the MTC was established by the Ministers of the three Countries in July 2008 in Pohnpei through a Memorandum of Understanding. The ultimate goal of the MTC is the enhancement of Member States' trade and economic cooperation and integration efforts, with a view to achieve sustainable and equitable socio-economic development and improve the standard and quality of life of their People, through policy cooperation and coordination, trade and investment facilitation and promotion, transfer of technology, human resources development and capacity building, and promotion, and pooling of resources.

3. In July 2009 at the 2nd MTC Meeting in Majuro, an Interim Secretariat headed by the FSM was established, pending the establishment of a permanent body. During their 3rd Meeting in July 2010 in Palau, MTC Ministers agreed to FSM hosting the future permanent MTC Secretariat, and discussed options for membership contributions to the operations of the MTC. Ministers also discussed the merits of upgrading the MoU establishing the MTC into a treaty and the negotiation of a free trade agreement. A preliminary study on a trade agreement among the three countries was presented at the 4th MTC Meeting in Pohnpei in 2011. The study recommended that a meaningful trade and economic cooperation initiative in the Micronesian sub-region should include the US territories of Guam and CNMI, as well as other Micronesian Countries (Kiribati and Nauru), in order to achieve significant economies of scale.

Linkages between the MTC and MASA

4. Since the first MTC Meeting in 2008, there has been the recognition that small market size, supply side constraints, and non-tariff barriers represent some of the key impediments

to trade both among the Member States and between the Member States and the rest of the world. There has also been the recognition that a regional approach focused on common commodities and services or key products and services of interest for the Member States represent a realistic strategy to enhance trade and economic cooperation and integration in the Micronesian sub-region. The 2011 preliminary study and the March 2014 consultations identified amongst the key sectors for trade cooperation and integration fisheries and aquaculture. In addition, following the March 2014 consultations, the MTC has identified strengthening and supporting producers' networks as a priority. In this regard, the MTC and the MASA are interconnected, because the work of MASA fits perfectly into the mandate and objectives of the MTC. The MTC Interim Secretariat sees MASA as a network that will contribute to address the supply side constraints facing producers in the Micronesian sub-region, provide an opportunity to its Members to share knowledge and know-how, and facilitate transfer of technology.

5. The MTC, as an umbrella organization for trade and economic cooperation and integration in the Micronesian sub-region will benefit MASA. To begin with, the MTC aims at establishing a legal framework to will provide the legal certainty and predictability for trade and economic cooperation and integration among the Member States. A treaty will provide a legal framework with the legal certainty and predictability for trade and economic cooperation and integration among the Member States in areas of mutual interest, including aquaculture. In addition, given that the MTC aims at establishing a sub-regional market of approximately 600,000 consumers, which allows producers to achieve the economies of scale, a key element in promoting, attracting, or expanding investments in the sub-region, it will also benefit MASA. Furthermore, a strong and vibrant MTC will be beneficial for MASA. In effect, one of the objectives of the MTC is to mobilize resources from development partners to advance trade and economic cooperation and integration initiatives in the Micronesian sub-region, including providing support to the private sector and producers' networks such as MASA. In this regard, the MTC Interim Secretariat will work with MASA and support all initiatives that would contribute to facilitate and increase production with a view to increase trade among the Member States and between the Member States and the rest of the world.

Recent developments and prospects for 2014

6. At the 2012 MPS in RMI, the Leaders endorsed the recommendation of the Micronesian Trade Ministers Meeting to upgrade the MoU establishing the MTC to a Treaty status.

7. The MTC Interim Secretariat developed a draft treaty in 2013; and undertook consultations on the treaty with Member States between January-March 2014. A meeting of the working group established by the MTC Ministers made up of Trade, Foreign Affairs, and Legal officials will be convened on June 30-July 5, 2014 in Palau to review and discuss the draft treaty, for consideration by the MTC Ministers. It is anticipated that the MTC Ministers will be held immediately prior to the MPS, with a view to finalize the draft treaty for endorsement and signature by the Leaders during the 2014 MPS.

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