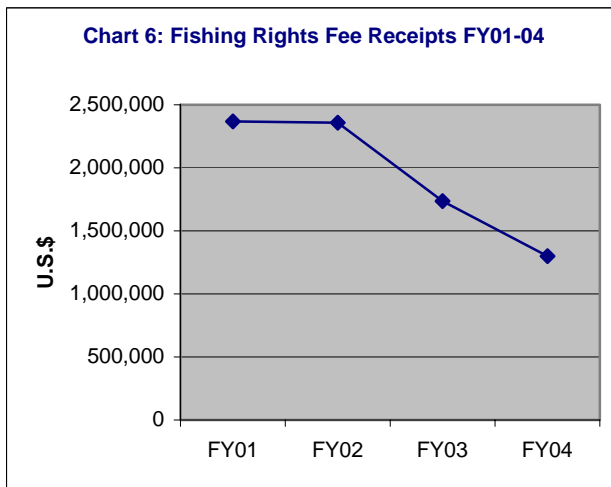


Chapter 15 – Agriculture, Fisheries and Rural Development

Fisheries

Fisheries are a vital and becoming a more significant part of the RMI economy: first, because of coastal fishing by individuals for home consumption; and second, because of commercial fishing by RMI-registered and non-registered fishing vessels. The commercial fishing sector has grown as a component of the economy and has contributed to overall economic growth and development. Yet, when fishing vessels bypass the RMI's Exclusive Economic Zone (EEZ), the sector's performance significantly impacts local business that service the boats as well as government tax revenue for fishing license and other fees.

Currently, the RMI receives a fee of 5 percent of the landed value of commercial fishing catch. In addition, the RMI has become a more significant service port for fishing vessels in the region in terms of R&R, repair and maintenance and transshipment. Fees and associate costs from these services amount to about \$15-20,000 per vessel with an annual economic contribution estimated at about \$5 to 6 million annually.



However, in the past 2 years, fishing rights revenues have decreased. The decrease is mainly due to the migratory patterns of the fish away from the RMI EEZ. The decrease as shown in Chart 6 has a significant impact on domestic revenue receipts with a reflective impact on general fund expenditure.

As shown in Chart 7, the annual catch has declined from 2001. However, based on past annual statistics, the numbers can increase in future years

based on the migration patterns of the fish as well as the commercial interests of the fishing vessels.

The closure of the tuna loining plant in FY04 has had a significant impact on the economy. The plant was beneficial in terms of employment, having employed between 100 and 520 individuals annually between 1999 and mid-2004 as well as supporting surrounding services in addition to the import, processing and export of the tuna loins and fishmeal produced. Its closure has visibly impacted private sector employment as well as income and other tax revenue. The plant was operated by PM&O. The plant was closed because of competitive costs as well as operational difficulties in other PM&O business activities that have also caused it to decrease its shipping business in the region. The government is actively pursuing other potential uses of the facility.

Agriculture

The agriculture sector mainly remains subsistence-based. While most production figures have remained about the same, there remains potential to increase production to replace imported products as well as add to employment and local private sector development.

The main agricultural crop is copra production. Production remains an important income-producing activity in the outer islands for which the government subsidizes the price for social welfare purposes. For FY04 and FY05, the subsidy was budgeted at \$900,000 annually. Tobolar, the government-owned enterprise that operates the processing plant, pays producers at a price above the market price. Tobolar also receives income from its sales of the resulting products. In

FY04, the plant was upgraded with a grant from Taiwan. The plant now manufactures soap and other products (including a motor fuel) besides the coconut oil. The oil is shipped in bulk to downstream manufacturers. Tobolar's financial performance is solely based on the world market price. The international price fluctuates significantly. For instance, between 1999 and 2001, the price per ton has decreased from \$300 to \$180.

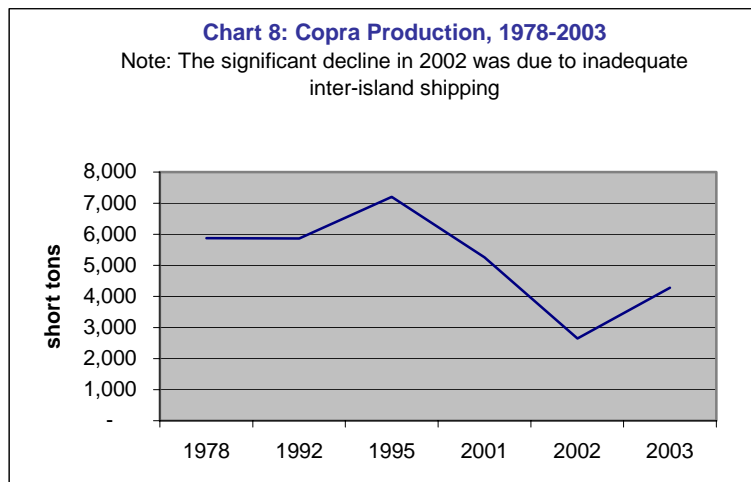


Table 1: Agricultural Production (short tons)

	1995/96	2000/01	2001/02	2002/03
Banana	164	181	179	178
Bread Fruit	1,197	4,000	4,950	5,000
Pandanus	109	189	125	126
Coconut	856	960	970	975
Taro	109	117	118	119
Other Fruits/Veg	36	33	34	23
Pork	10	11	10	9
Chicken	15	8	9	8
Total Production	2,496	5,499	6,395	6,438

Other agriculture production includes fruits and vegetables including: bananas, breadfruit, pandanus, coconut and taro. Meat production includes pigs and chickens. Production numbers between these items fluctuates. However, there is potential to increase production for more than subsistence production.

Table 15.1 Copra Production (S.Tons) by Atolls/Islands in RMI: 2001-2004

Atoll/Island	2001	2002	2003	2004
Ailinglaplap	864	496	533	853
Ailuk	86	52	53	45
Arno	671	348	867	712
Aur	267	123	270	344
Ebon	438	328	410	373
Enewetak	0	0	0	0
Jabat	21	44	22	39
Jaluit	274	168	179	286
Kili	0	0	0	3
Kwajalein	9	9	12	24
Lae	86	20	34	42
Lib	81	34	43	36
Likiep	72	9	17	54
Majuro	70	30	23	90
Maloelap	325	163	203	178
Mejit	157	32	143	117
Mili	600	272	473	632
Namdrik	370	110	344	310
Namu	345	263	385	390
Rongelap	0	0	0	0
Ujae	28	19	23	34
Ujelang	9	0	0	0
Utrik	76	15	64	91
Wotho	32	4	12	17
Wotje	375	114	173	198
Total	5,256	2,653	4,283	4,868

Source: Tobolar Copra Processing Authority, Majuro

Due to non-availability of shipping transport facility to the copra producers in 2002, the produce could not be shipped to the Tobolar copra processing plant in time resulting into a great loss to the producers and the economy of the country.

**Fig 15.1 Copra Production within RMI:
1978, 1992, 1995, and 2001-2004**

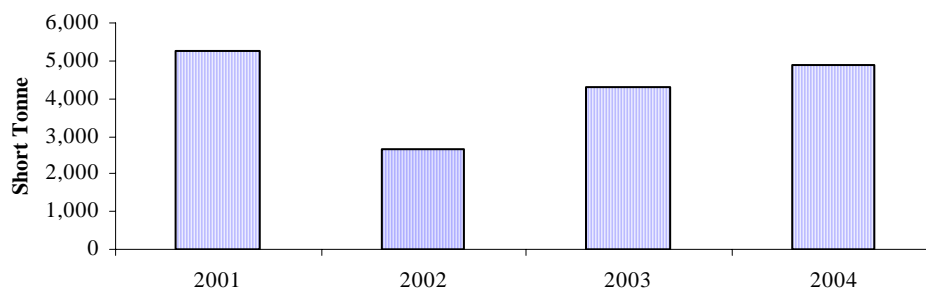
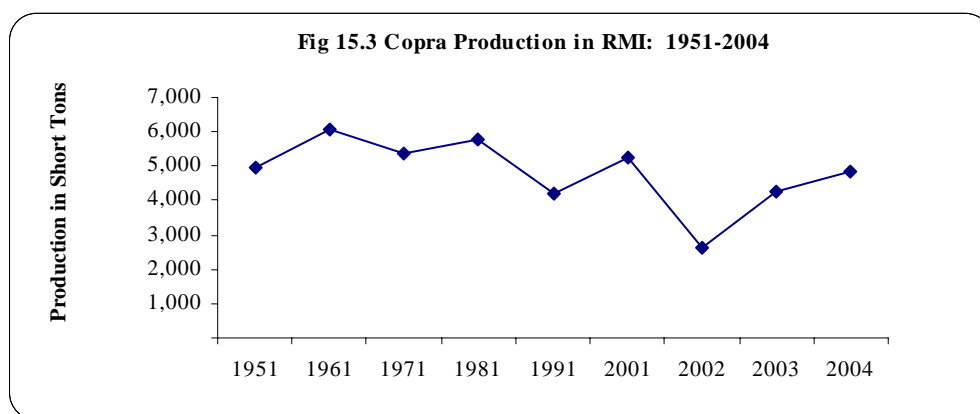
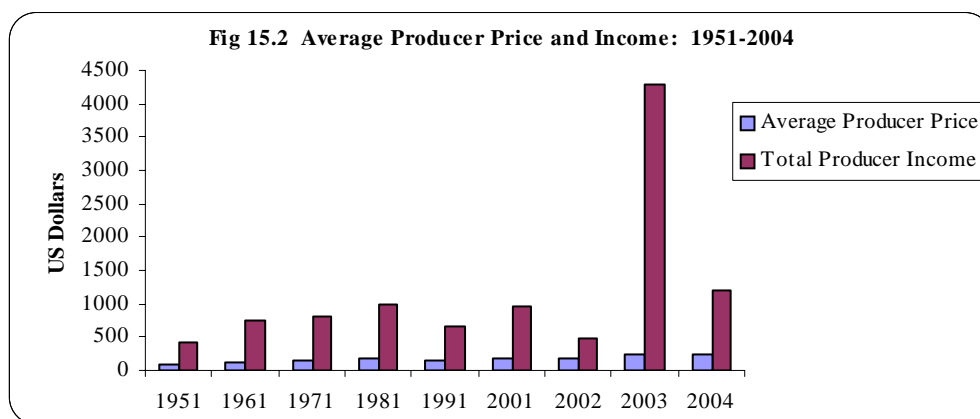


Table 15.2 Copra Production, Average Produce Price and Total Income from the Produce in RMI: 1951-2004

Calendar Year	Total Production (Short Tons)	Average Producer Price Per S.Ton	Total Producer Income (\$,000)
1951	4,980	84	418
1961	6,060	126	764
1971	5,344	154	823
1981	5,760	171	985
1991	4,213	155	653
2001	5,256	187	949
2002	2,653	180	478
2003	4,283	240	1,027
2004	4,868	240	1,186

1 Short Ton=0.984 Metric Ton=907.2 Kgs.

Source: Tobolar Processing Plant and EPPSO



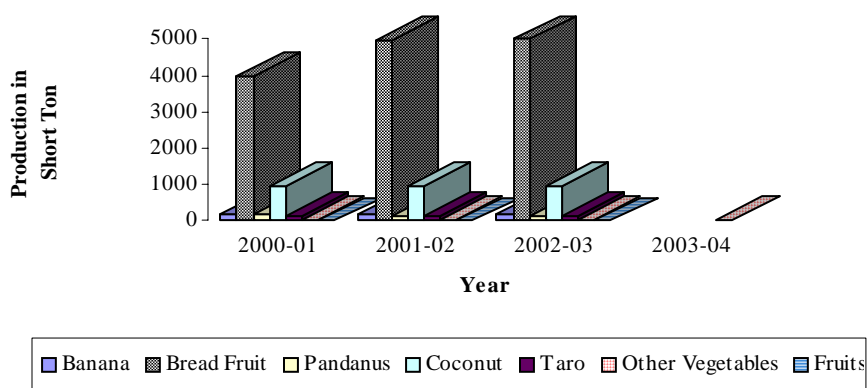
The copra prices have declined appreciably in the last five years, a decline of 40 percent from 300 US Dollars per ton in 1999 to 180 US Dollars per ton since 2001, a great setback to the interests of the coconut farmers in the RMI.

Table 15.3 Primary Productions By Householders for own consumption in Short Tons: 1995-96 to 2003-04

Productions	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04
Agricultural Products									
Banana	164	170	176	179	180	181	179	178	
Bread Fruit	1,197	1,238	1,280	1,306	5,000	4,000	4,950	5,000	
Pandanus	109	112	116	118	120	189	125	126	
Coconut	856	898	928	947	950	960	970	975	
Taro	109	112	116	118	117	117	118	119	
Other Vegetables	33	34	35	35	25	30	32	21	11.24
Fruits	3	4	2	5	4	3	2	2	
Meat Products									
Pork	10	11	9	12	10	11	10	9	
Chicken	15	10	8	9	7	8	9	8	

Source: Ministry of Resources and Development

**Fig 15.4 Production of Fruits and Vegetables(for own consumptions):
2000-01 to 2003-04**



**Fig 15.5 Production of Pork and Chicken for Own Consumption in
Short Tons: 1995-96 to 2003-04**

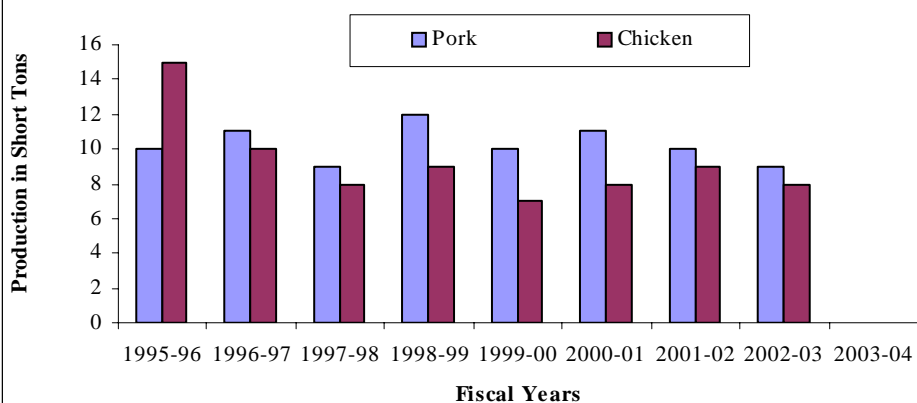


Table 15.4 Estimated Number of Pigs and Poultry in RMI: 1990-91 to 2003-04

Year	Pigs (Number)	Poultry (Number)
1990-91	11,024	48,232
1991-92	11,420	51,608
1992-93	11,877	53,465
1993-94	11,794	55,391
1994-95	12,222	57,385
1995-96	13,216	57,814
1996-97	13,341	56,728
1997-98	13,159	58,805
1998-99	14,778	89,563
1999-00	13,300	87,400
2000-01	13,859	88,535
2001-02	12,565	86,354
2002-03	12,900	86,000
2003-04

...Not available

Source: Ministry of Resources and Development

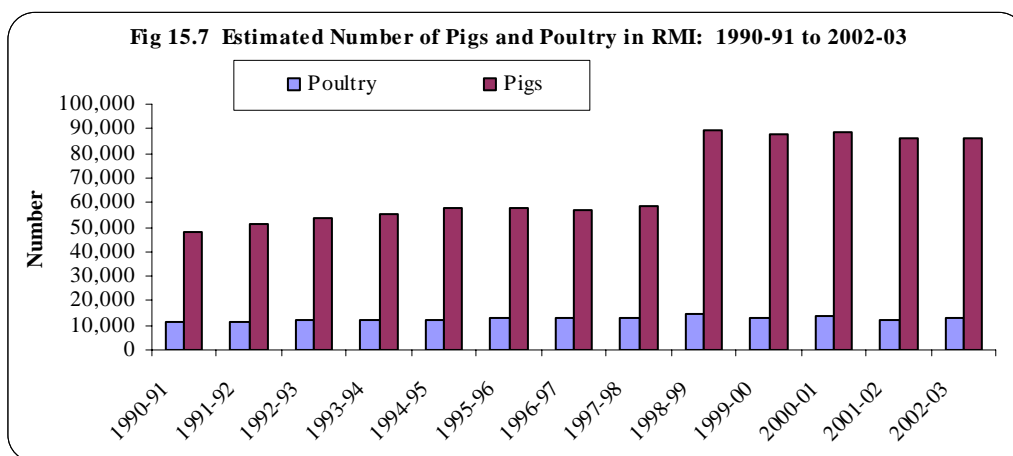
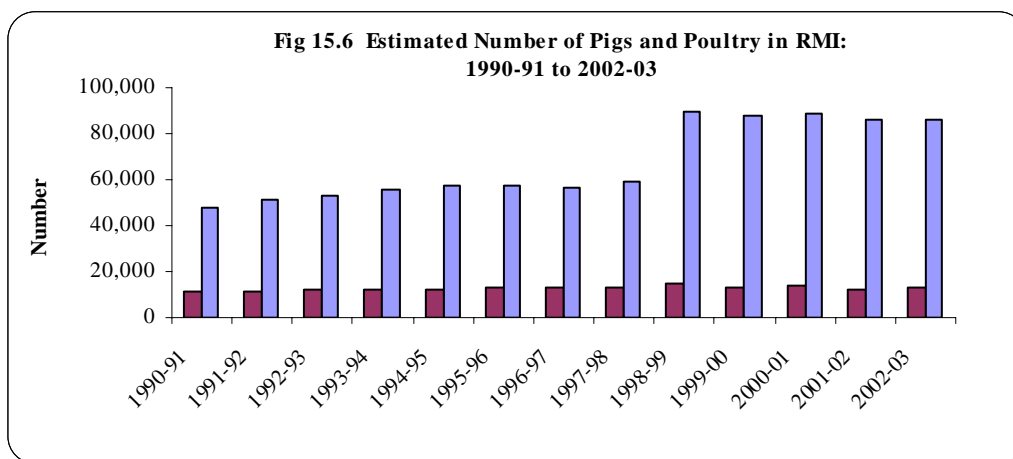


Table 15.5 PM&O Tuna Loining Plant Achievements, Majuro: 1999 to 2003

Financial Year	Number of Employees			Fish Processed (Short Tons)	Value of fish Exported (\$)	Animal Feed Produced	
	Male	Female	Total			Quantity (S.Tons)	Value (\$)
1999	20	80	100	300	60,000	50	15,000
2000	60	240	300	10,000	2,500,000	1,600	480,000
2001	80	320	400	9,700	2,450,000	1,400	420,000
2002	100	400	500	10,200	2,550,000	1,750	525,000
2003	110	420	530	12,400	3,350,000	1,300	400,000

Note: Loining plant was closed down towards the end of year 2004.

Source: PM&O Tuna Loining Plant, Majuro

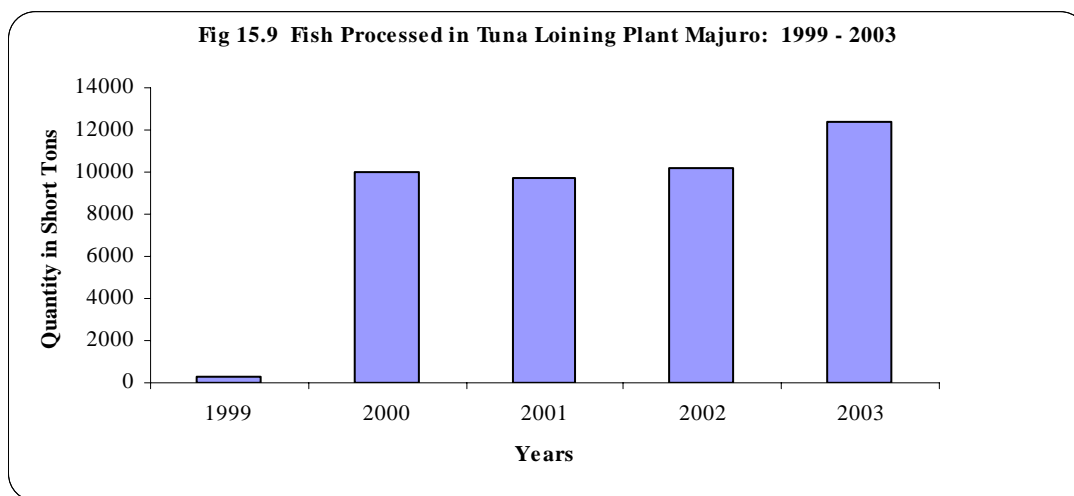
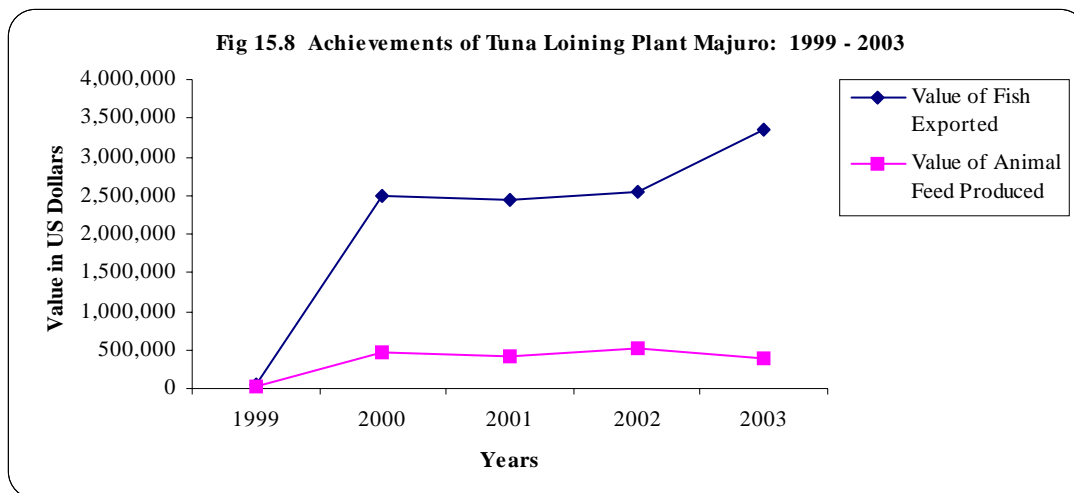


Table 15.6 Total Fish Catch (Metric Tons) by Marshall Islands Flag Ship in Entire Region: 2000 - 2004

Fiscal Year	Type of Fish			Total
	Bigeye	Yellowfin	Skipjack	
2000	0	935	6,625	7,560
2001	50	2,215	24,953	27,218
2002	128	1,057	37,057	38,242
2003	0	913	23,427	24,340
2004	1,710	2,052	36,810	40,572
Total	1,888	7,172	128,872	137,932

Source: Marshall Islands Marine Resources Authority

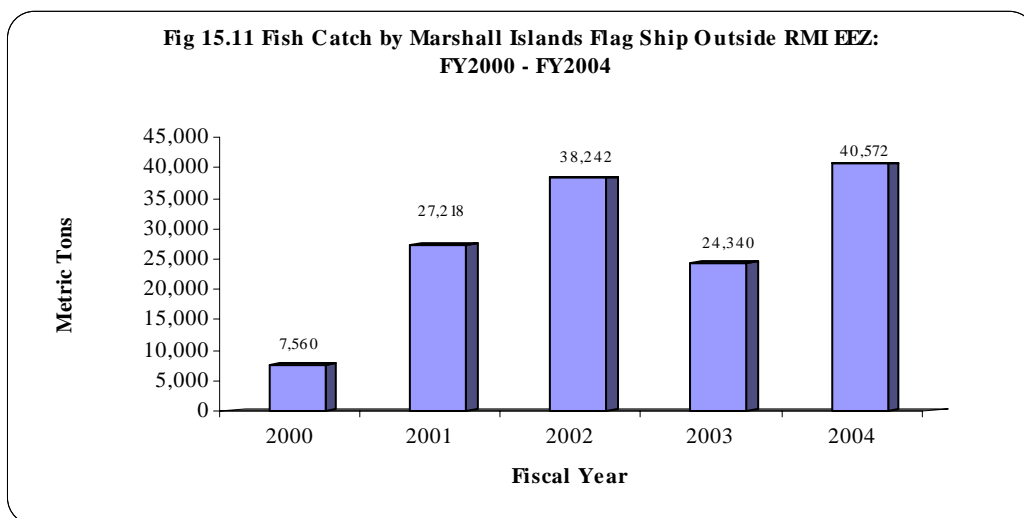
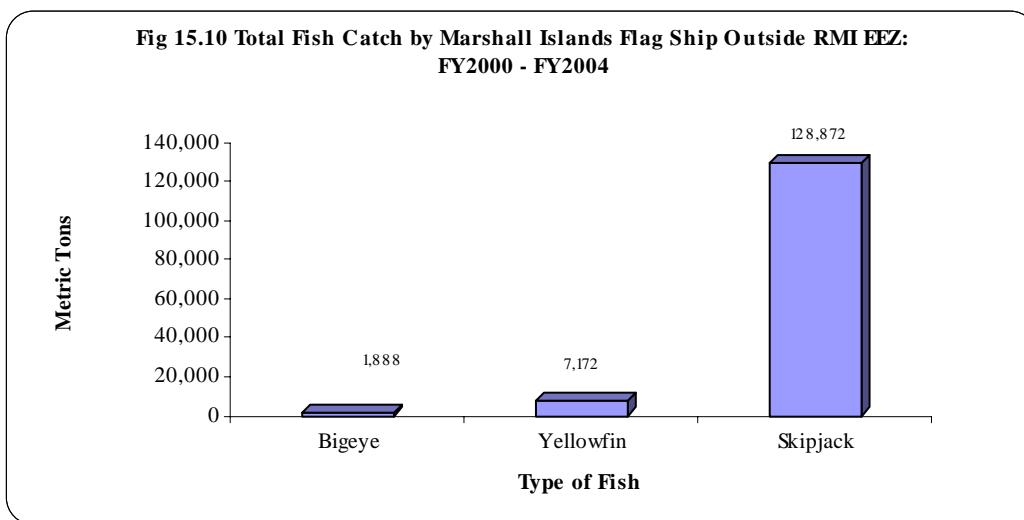


Table 15.7 Total Fish Catch (Metric Tons) in RMI EEZ By Method: 1998 - 2004

Fiscal Year	Method of catch			Total
	Long Line	Purse Line	Pole and Line	
1998	2,146.5	65,551.3	18,392.0	86,089.8
1999	4,828.6	23,742.9	3,943.8	32,515.3
2000	2,110.1	20,403.1	8,207.5	30,720.7
2001	4,176.4	36,324.4	16,242.5	56,743.3
2002	1,992.1	28,915.0	7,316.3	38,223.4
2003	1,149.3	2,442.5	39.0	3,630.8
2004	1,550.2	13,296.0	0.0	14,846.2
Total	17,953.25	190,675.20	54,141.10	262,769.55

Source: Marshall Islands Marine Resources Authority

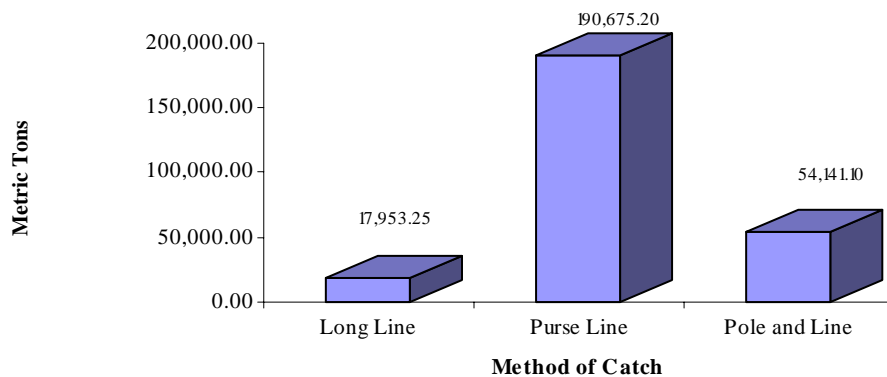
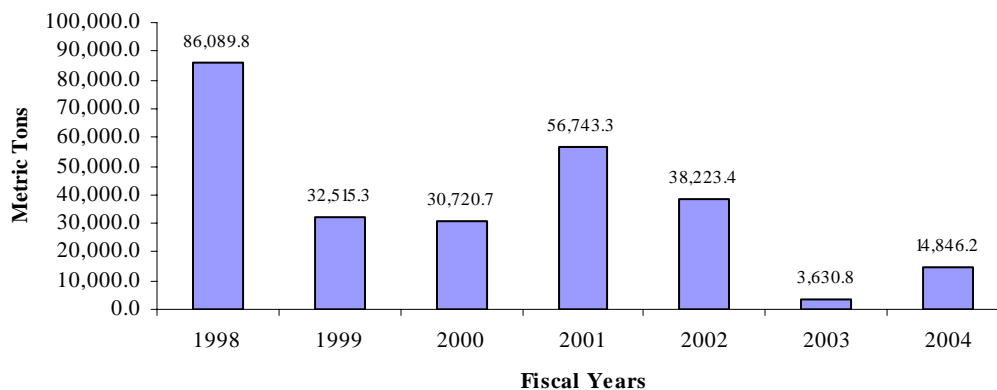
Fig 15.12 Total Fish Catch by Foreign Vessels by Method in RMI EEZ: 1998 - 2004**Fig 15.13 Total Fish Catch by Foreign Vessels in EEZ of RMI: 1998 - 2004**

Table 15.8 Loans and Grants Provided to Rural Low Income Families for Repair/Modernization of Houses Under USDA Rural Development Loan And Grant Program: 1990-91 to 2003-04

Year	Number of Beneficiaries		Amount Advanced(\$)		Average Per Beneficiary(\$)	
	Loans	Grants	Loan	Grant	Loan	Grant
1990-91	142	8	353,580	23,000	2,490	2,875
1991-92	47	19	107,190	63,500	2,281	3,342
1992-93	79	14	395,000	52,030	5,000	3,716
1993-94	165	48	410,160	237,500	2,486	4,948
1994-95	12	7	29,880	35,000	2,490	5,000
1995-96	8	6	19,920	30,000	2,490	5,000
1996-97	93	14	182,580	60,040	1,963	4,289
1997-98	151	38	298,443	184,500	1,976	4,855
1998-99	143	42	783,441	174,628	5,479	4,158
1999-00	49	26	210,421	108,500	4,294	4,173
2000-01	86	43	459,368	172,251	5,341	4,006
2001-02	84	28	723,127	171,598	8,609	6,129
2002-03	91	33	966,263	237,000	10,618	7,182
2003-04	64	34	645,675	229,950	10,089	6,763
Grand Total	1,214	360	5,585,048	1,779,497	4,601	4,943

Source: US Department of Agriculture, Majuro Local Office

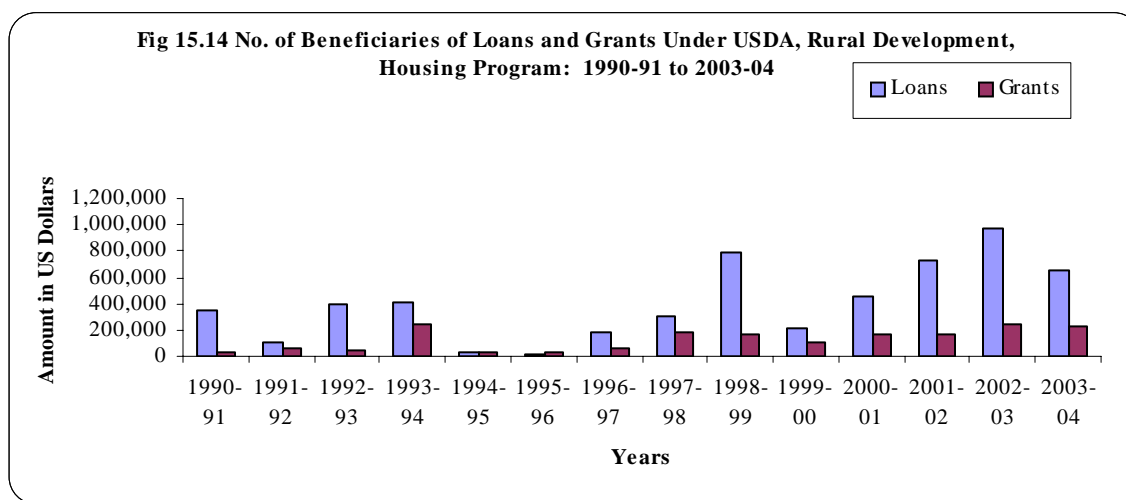
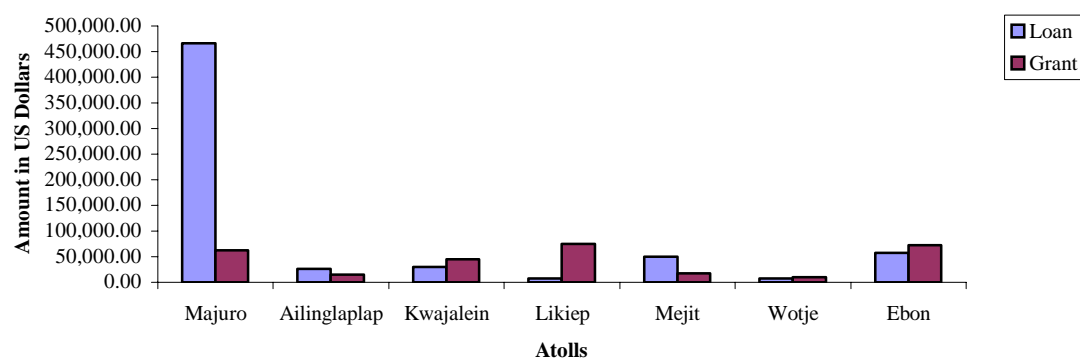


Table 15.9 Loans and Grants Provided to Rural Low Income Families for Repair/Modernization of Houses by Atoll Under USDA Rural Development Loan And Grant Program: 2003-04

Atoll	Number of Beneficiaries of:		Amount Given (\$)	
	Loan	Grant	Loan	Grant
Majuro	39	10	466,375.00	62,850.00
Ailinglaplap	3	2	26,850.00	15,000.00
Kwajalein	4	6	30,000.00	45,000.00
Likiep	1	1	7,400.00	75,000.00
Mejit	7	3	50,000.00	17,500.00
Wotje	1	2	7,450.00	10,000.00
Ebon	9	10	57,600.00	72,100.00

Source: US Department of Agriculture, Majuro Local Office

Fig 15.15 Loans and Grants Advanced to Low Income Rural Families for Housing by USDA: 2003-04**Table 15.9a Loans and Grants Provided to Rural Low Income Families for Repair/Modernization of Houses by Atoll Under USDA Rural Development Loan And Grant Program: 2002-03**

Atoll	Number of Beneficiaries of:		Amount Given (\$)	
	Loan	Grant	Loan	Grant
Majuro	60	10	674,003.00	64,500.00
Likiep	3	0	42,510.00	0.00
Wotje	2	1	30,000.00	7,500.00
Jaluit	7	5	54,850.00	37,500.00
Ailinglaplap	9	10	67,500.00	75,000.00
Ebeye	10	7	97,400.00	52,500.00

Source: US Department of Agriculture, Majuro Local Office

Table 15.10 Loans and Grants Provided to Rural Low Income Families for Repair/Modernization of Houses by Atoll Under USDA Rural Development Loan And Grant Program: 2001-02

Atoll	Number of Beneficiaries of:		Amount Given (\$)	
	Loan	Grant	Loan	Grant
Majuro	69	18	590,597.00	101,598.00
Likiep	4	0	52,530.00	0.00
Wotje	1	0	15,000.00	0.00
Jaluit	6	6	35,000.00	40,000.00
Ebeye	4	4	30,000.00	30,000.00

Source: US Department of Agriculture, Majuro Local Office

**Table 15.11 Grants Provided to Projects for Development of Community Facilities
Under USDA Rural Development Loan And Grant Program: 2004**

Project Name	Economic Impact Funds
Arno Atoll Local Government - City Hall	\$78,624.00
Majuro Cooperative School - Renovate Administrative, Library & Kitchen	\$77,300.00
Bikini Atoll Local Government - Training Center	\$75,000.00
Assumption School - Phase III School Building Construction	\$75,000.00
Namdrik Atoll Local Government – City	\$73,125.00
Bikini Atoll Local Government - Fire Truck	\$65,625.00
Mejit Atoll Local Government - City Hall	\$61,520.00
Ministry of Health (Majuro) – Ambulance	\$55,785.00
Majuro Atoll Local Government - Four Patrol Trucks	\$51,269.00
Jaluit Atoll Local Government - Training Center	\$37,000.00
Majuro Atoll Local Government - Uniforms and Police Equipments	\$37,000.00
Jaluit Atoll Local Government - Two Boats	\$31,178.00
Marshall Islands High School (MOE) – Computers	\$15,554.00
Youth to Youth in Health - Building Media Development and Information	\$18,750.00

Source: US Department of Agriculture, Majuro Local Office

**Table 15.11 Grants Provided to Projects for Development of Community Facilities
Under USDA Rural Development Loan And Grant Program: 2003**

Project Name	Economic Impact Funds
Arno Atoll - Two Boats	\$43,500.00
Arno Atoll - Three Pickup Trucks	\$30,167.00
Ebon Atoll - Repair/Renovate Dispensary	\$27,601.00
Lae Atoll - City Hall	\$43,134.00
Likiep Atoll - Community Hall and Facilities	\$36,781.00
Mili Atoll - Community Center and One Boat	\$70,530.00
Wotje Atoll - Community Hall and Warehouse	\$93,750.00
Maloelap Atoll - 8 Solar Powered Reverse Osmosis Units	\$75,000.00
Ministry of Justice - Patrol Cars & Trucks	\$61,728.00
Ministry of Justice - Patrol Car	\$6,266.00
Majuro - International Airport Runway	\$500,000.00

Source: US Department of Agriculture, Majuro Local Office

Table 15.12 Loans Advanced By The Marshall Islands Development Bank: as of June 30, 2003

Type of Loan	Number of	Total Cumulative	Average Amount
	Loans	Amount Advanced	Per Loan
Business Loan	99	\$19,927,150	\$201,284
Housing Loan	314	\$4,077,910	\$12,987
Water Catchments	300	\$400,000	\$1,333

There were no water catchment loans in year 2004. All housing loans are administered under USDA-Rural Development

Source: The Marshall Islands Development Bank, Majuro