

FSM (Kosrae, Pohnpei, Truk, Yap)

Overview:

FSM, the Federated States of Micronesia, consists of four major island groups totaling 607 islands in the North Pacific Ocean, about three-quarters of the way from Hawaii to Indonesia. In 1979 the Federated States of Micronesia, a UN Trust Territory under US administration, adopted a constitution. In 1986 independence was attained under a Compact of Free Association with the US, which was amended and renewed in 2003. Present concerns include large-scale unemployment, over fishing, and over dependence on US aid.

Territory:

Four major island groups totaling 607 islands. Total Land: 702 sq. km. Fresh Water: 0 sq. km Coastline: 6 112 km Highest Point: Dolohmwar (Totolom) 791 m In Pohnpei and Kosrae, GMT/UTC +11 In Yap and Chuuk, GMT/UTC +10

Location:

Oceania. Island group in the North Pacific Ocean, about three-quarters of the way from Hawaii to Indonesia.

Latitude and Longitude:

6 55 N, 158 15 E

Time Zone:

GMT +10

Total Land Area:

702

EEZ:

200

Climate:

Tropical; heavy year-round rainfall, especially in the eastern islands; located on southern edge of the typhoon belt with occasionally severe damage. Temperatures steady throughout the year averaging around 27 degrees Celsius or 81 degrees Fahrenheit.

Natural Resources:

Forests, marine products, deep-seabed minerals, phosphate

ECONOMY:

Total GDP:	
2002	277,000,000.00 USD

Per Capita GDP:	
2005	2,300.00 USD

% of GDP per Sector:			
	Primary	Secondary	Tertiary
1996	19.5%	3.5%	77%
2004	28.9%	15.2%	55.9%

% of Population Employed by Sector			
	Primary	Secondary	Tertiary
2002	25%	4.8%	70.2%
2005	0%	0%	64%

External Aid/Remittances:

Under terms of the Compact of Free Association, the US pledged \$1.3 billion in grant aid during the period 1986-2001. Total GDP (2002):\$227 million
 Note: Heavily subsidized by foreign aid

Growth:

Economic activity consists primarily of subsistence farming and fishing. The islands have few mineral deposits worth exploiting, except for high-grade phosphate.

Labour Force:	
2000	37,314

Unemployment	
Year:	Unemployment Rate (% of pop.)
1999	16%

2000	22%
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Industry:

Tourism, construction, fish processing, specialized aquaculture, craft items from shell, wood, and pearls.

Niche Industry:

Tourism, Scuba Diving

Tourism:

The potential for a tourist industry exists, but the remote location, a lack of adequate facilities, and limited air connections hinder development.



Imports and Exports:	
Tot. Value of Imports	132,700,000.00 USD (2004)
From Eu:	
Import Partners (EU:)	US, Japan, Hong Kong (2006)
Partners Outside EU:	
Import Partners:	
Tot. Value of Exports	14000000 USD (2004)
To Eu:	
Export Partners:	Japan, US, Guam (2006)
Partners Outside EU::	
Export Partners:	
Main Imports:	food, manufactured goods, machinery and equipment, beverages
Main Exports:	fish, garments, bananas, black pepper, sakau (kava), betel nut

TRANSPORTATION/ACCESS

External:

Number of Airports: 6

Each of the four urban centres has an international airport capable of accommodating medium-size aircraft. Each airport has new air terminals designed to meet the needs of steadily increasing air traffic. Continental Air Micronesia provides international and interstate passenger and cargo service within the FSM and to and from Honolulu and Guam, presently using Boeing 727 aircraft. Air Nauru also offers some service to points in the FSM. The regional hub is located in Guam, where it is possible to connect to a wide range of airlines.

Number of Main Ports:

All state centres in the FSM have deep draft harbors capable of handling almost all commercial shipping needs. Depths at ports range from 40-160 feet. Each of the ports is capable of providing containerized cargo handling, some warehousing, and transshipment facilities. Service is provided to anywhere in the world using a range of lines, which generally operate on a monthly schedule.

Internal:

Air

Road:

There are 240 km total of roads in FSM. Taxis are plentiful in the state centres and can be called to most locations. Hire and rental cars, bikes, local boats and buses are also available. total roads: 240 km; paved: 42 km; unpaved: 198 km (1999)

Sea:

Other Forms of Transportation:

Economic Zones:

territorial sea: 12 nm; exclusive economic zone: 200 nm

Energy Policy:

Electricity is generated throughout the FSM primarily by diesel generators. In addition small hydro-electric facilities are in operation in Kosrae and Pohnpei. Solar power is finding increased application in the outer islands. The National and State Governments are actively studying the feasibility of other alternative sources of energy. Power throughout the FSM is 110-220 volt, 60 cycle. Standard flat two-pronged plugs are used.

Year	Total Energy Production (Mwh)	Type			Total Energy Consumption (Mwh)	Sector				
		Thermic (Mwh)	Geothermic (Mwh)	Other (Mwh)		Domestic (Mwh)	Commercial (Mwh)	Public Service (Mwh)	Industry (Mwh)	Public Lighting (Mwh)
2002	192,000	0	0	0	178,600	0	0	0	0	0

Official Currency:
US Dollar (\$ USD)



Banking and Insurance:

Number of Banks and Credit Unions:
Number of Agricultural Credit Unions:
Number of Insurance Companies:

Financial Services:

Two banks operate in various FSM states and all are FDIC insured. The Bank of the FSM and the Bank of Guam each have branches in each of the capitals as well as in some outer islands. The FSM Government also operates a Development Bank, which makes concessionary long-term loans, primarily to local investors. The Bank has branches in all states. Due to capital limitations, the Development Bank can only make loans of up to \$200,000.

Communications/E-Commerce:

Open and outward. Economic data is widely available from both public and private websites and publications.

Public Ownership:

Land ownership is limited by the Constitution to citizens of the FSM. Even domestic corporations which have non-citizen shareholders may not own land. Non-citizen individuals and corporations may lease either public or private lands.

Land Use:

(2001): arable land: 5.71% permanent crops: 45.71% other: 48.58% Special importance is attached to land in Micronesia both because of its short supply and because of its traditional importance. Leasing of private lands in particular can be time-consuming, due to fractional ownership and uncertain boundaries and titles. Many parcels of land are held by families or clans which may have different fraction, all of whom assert interests in the land. However, land use can be smoothly worked out, either through the Government or expert private sector personnel. Initial point of contact should involve the Secretary of the Department of Economic Affairs, FSM National Government. The National Government as well as the respective state governments will assist interested investors in identifying local partners as well as land owners who are interested in leasing their lands to outside investors. Many landowners may be willing to lease land in exchange for an equity in the venture or for a combination of equity and lease payments based on a percentage of the land value, or a share in the gross proceeds from the business.

Agriculture/Forestry:

Black pepper, tropical fruits and vegetables, coconuts, cassava (tapioca), betel nuts, sweet potatoes; pigs, chickens. Agriculture is the most important primary activity in the nation because of its contribution to employment, wage income, export earnings, and subsistence production. Agricultural activities provide over 60% of the food consumed, and employ almost 50% of the labor force on a full-time or seasonal basis. With one exception, fully commercial agriculture does not exist. On Pohnpei, a commercial pepper farm has been started with extensive cropping of about 100 acres targeted for production over the next five years. Copra remains the ubiquitous cash crop throughout the FSM, but production has decreased substantially due to low prices for copra coupled with increasing sterility of the coconut palms. In Kosrae, citrus is a significant cash crop with limes and tangerines being exported. Periodically, Yap exports bananas, other vegetables, fruits, and betel nut to Guam and Palau. Farmstead livestock production is increasingly important throughout the FSM, particularly poultry, eggs and pork. Goats are becoming increasingly important in some areas, with goat meat production in Pohnpei doubling over recent years. Insignificant numbers of large ruminants continue to be raised, with 120 head of cattle and 70 head of buffalo in Pohnpei. There are also a few head of cattle in Kosrae and buffalo in Chuuk. Primary industrial processing occurs on Pohnpei, Chuuk and Yap. Ponape Coconut Products, Inc. continues to develop a number of coconut oil products including laundry soap, shampoo, body and hair oil, cooking oil, liquid soap and suntan oil. Some high quality charcoal is also being produced from coconut shell on Pohnpei as a by-product of the coconut oil industry. Pepper (*piper nigrum*) is being industrially processed and packaged on Pohnpei to supply both the local tourist market and export markets. White pepper is being produced as a cottage industry, and is primarily sold locally to tourists. A small kimchee factory operates on Pohnpei using locally grown cucumber and head cabbage. The copra processing plant on Chuuk manufactures laundry soap and plans to produce a similar variety of products as the Pohnpei plant in the near future. Yap processes fiber from coconut husks into brooms, brushes, ropes and mats. Also in Yap, a small abattoir has been established, capable of slaughtering animals for the local market. Forestry: Each state in the FSM has extensive forest cover, although on the low atoll islands, and the littoral slopes of the high islands, the forest cover is better described as an agro-forestry complex with a scattered secondary forest on long-fallow within the traditional gardening system. Scattered use of forest resources occur across all states. Timber is cut for subsistence farmsteads for construction and firewood. Mangrove timber is used for handicrafts, and both upland and mangrove timber is used for furniture making. Privately-owned sawmills have operated at one time or another in each state, selling rough sawn timber in the local market for construction. At present, only two saw mills on Pohnpei are operating commercially; one in Kitti logging mangrove cedar, and one in Kolonia utilizing upland timber.

Marine Activity:

Fishing:

Inshore marine resources of the reefs and lagoons are harvested mainly for subsistence. The FSM's exclusive economic zone covers some 2.6 million sq. km (1 million sq. mi) of ocean which contain the world's most productive tuna fishing grounds. Although the FSM now has sole ownership of tuna stocks capable of a sustained yield of well over 100,000 tons per year, there is virtually no national participation in its exploitation. The total catch in 2000 was 27,974 tons, including 19,192 tons of skipjack tuna, 6,384 tons of yellowfin tuna, and 1,043 tons of bigeye tuna. The tuna catch is valued at about \$200 million annually. The Micronesian Maritime Authority and the National Fisheries Corporation assist in the development and promotion of commercial fisheries. Pohnpei and Kosrae have embarked on the construction of cold storage and tuna processing plants, and the Yap Fishing Corporation began upgrading its fleet. Total fisheries exports were valued at \$620,000 in 2000.

Marine Life:

Critical Issues:

Overfishing and illegal fishing by foreign vessels threaten the collapse of the fishery and the economy. Rising sea levels due to climate change threatens FSM because it is a very low lying archipelago. Degradation to natural forest, marine, and coastal areas is becoming very pressing however efforts are being made to protect these fragile areas. Aquaculture and pearl farming is very damaging to local environment and is becoming a growth industry with little regulation.

JURISDICTIONAL RESOURCES

Capital:

The capital is Palikir, on Pohnpei. State-Chuuk Capital-Weno; State-Kosrae Capital-Tofol; State-Pohnpei Capital-Kolonia; State-Yap Capital-Colonia

Political System:

The Federated States of Micronesia (FSM) Constitution, like that of the US, provides for three separate branches of government at the national level - Executive, Legislative and Judicial. It contains a Declaration of Rights similar to the US Bill of Rights, specifying basic standards of human rights consistent with international norms. It also contains a provision protecting traditional rights. Unlike the US system, however, most major governmental functions other than the conduct of foreign affairs and defence are carried out by the State governments. The Congress of the FSM is unicameral with

fourteen Senators - one from each state elected for a four-year term, and ten who serve two-year terms, whose seats are apportioned by population. Currently, Chuuk has six seats, Pohnpei four and two each are held by Yap and Kosrae. The President and Vice President are elected to four-year terms by the Congress, from among the four-year Senators, and the vacant seats are then filled in special elections. The State governments under their Constitutions are structurally similar, all utilizing three branches, Executive, Legislative and Judicial. Their makeups vary according to their different circumstances.

Political Parties:

There are no formal political parties in the Federated States of Micronesia.

Important Legislation:

Compact of Free Association Act of 1985. The Compact of Free Association between the Federated States of Micronesia and the United States provide for US economic assistance (including eligibility for certain US federal programs), defence of the FSM, and other benefits in exchange for US defence and certain other operating rights in the FSM, denial of access to FSM territory by other nations, and other agreements. This act also outlines issues of immigration, environmental protection, trade, finance & taxation, communication, and foreign affairs. Foreign Investment Act of 1997. The purpose of this act is to encourage foreign investment within the territory of the FSM in a manner that serves the economic, social, and cultural interests of its citizens. It outlines specific regulations, definition, responsibilities, and penalties for both the government and the businesses in FSM. Federated States of Micronesia National Fishing Corporation Act 1983 [Title 24 Chapter 7]. The purpose of this Chapter is to establish a public corporation (Micronesian National Fishing Corporations) to promote the development of pelagic fisheries and related industries within the extended fishery zone, as defined under 18 FSMC 104, for the benefit of the people of the Federated States of Micronesia Marine Resources, Foreign Fishing [Title 24 Cap 4] of 1998. This law ensures that no foreign fishing vessel shall be issued a permit to fish in the exclusive economic zone without having entered into a foreign fishing agreement. Territory, Economic Zones and Ports of Entry, Territorial Boundaries and Economic Zones [Title 18 Cap 1]. This law outlines and defines FSM's territorial water and EEZ claims.

Principal Taxes:

National Government Taxes. The National Government imposes three taxes through its Customs and Tax Administration (CTA). The first is an import tax on all products brought into the FSM. Imported items will not be released by customs officials until all import taxes have been paid. The second tax is assessed on the "gross revenues" of all "businesses" operating within the FSM. This tax is based on gross receipts and very few deductions are allowed in computing the tax. Almost every person or company earning money from activities within the FSM will be subject to this tax, unless that person is an employee. The third tax is on wages and salaries. It is the responsibility of every employer doing business within the FSM to withhold this tax from wages and salaries paid to employees working within the FSM. Withholding is based on gross wages and salaries (no deductions). State and Municipal Taxes. The various states assess sales, use, excise, and other miscellaneous taxes. Municipalities are responsible for issuing and collecting fees for most business licenses. Each taxpayer should check with the authorities in the state and municipality where he is doing business to see what taxes his business is subject to.

Associated Power:

United States

Citizenship:

US citizenship. The Federated States of Micronesia is in a Compact of Free Association with the United States of America. The Compact of Free Association is seen by both the Federated States Micronesia (FSM) and the United States as a vehicle to secure a responsible level of assistance, financial and otherwise, that would enable the continuation of FSM's progress economically, ensure the solidification of stable democratic government and provide for the maintenance of US' essential security interests in the region.

Paradiplomacy:

The Federated States of Micronesia are party to several international bodies and treaties such as the World Health Organization (WHO), the United Nations Convention on the Rights of a Child, United Nations Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances, the Geneva Protocol, Kyoto Protocol to the United Nations Framework Convention on Climate Change, and the United Nations Convention on the Law of the Sea (UNCLOS).

HUMAN RESOURCES

Population: 108,155

2004			
Island	Area (km sq.)	Population	% of Total Population

0-14 years: 37.7% (male 20,830; female 19,993) 15-64 years: 59.2% (male 32,055; female 31,927) 65 years and over: 3.1% (male 1,505; female 1,845)

Population:	
Year	Resident Population

Age of Population:	0-14	15-24	25-49	50-64	65 and up
2007	38737	0	0	65,962	3,163

Migration:

Net Migration (2004): -20.99 migrant(s)/1,000 population

Crude Birth Rate:	
2007	2.414%
2004	2.58%

Life Expedctancy:

Life Expectancy (2004): total population: 69.44 years male: 67.68 years female: 71.29 years (2007 est.) total population: 70.35 years; male: 68.52 years; female: 72.28 years

Crude Death Rate:	
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2007	0.466%
2004	4.97%

Ethnicity:
 Ethnic Group Year 2000 Chuukese/Mortlockese 52 197 Pohnpeian 25 904 Kosraean 6 682 Yapese 5 516 Yap Outer Islands 5 516 Polynesian 1 582 Asian 1 914 White 537 Others 6 326 Total 107 008

Class Division:

Languages:
 English (official and common language), Trukese, Pohnpeian, Yapese, Kosrean, Ulithian, Woleaian, Nukuoro, Kapingamarangi

Religion:
 Roman Catholic 50%, Protestant 47%, Other 3%

Literacy:
 definition: age 15 and over can read and write. (1980) total population: 89% male: 91% female: 88%

Education System:
 As Trustee, the US placed early emphasis on basic education for FSM children. The Peace Corps provided an early cadre of teachers, which has been augmented increasingly in recent years by qualified Micronesians. Today, as one indicator, the literacy rate in FSM is quite high. By law, all FSM children are required to attend school through the eighth grade. Private educational facilities, such as the Pohnpei Agricultural and Trade School (PATS) and Xavier High School in Chuuk, are important elements of the overall picture. In the post-secondary area, FSM students have been supported at the College of Micronesia, the University of Guam and other US colleges through Pell grants and other US education programs. Almost all current government leaders in the FSM are graduates of US colleges. The College of Micronesia in Pohnpei is now opening a new campus constructed with US assistance, and is the beneficiary of Land Grant status through the US Department of Agriculture. Currently, special attention is being directed to the most effective design of curricula at all levels to address the particular needs of FSM in the coming years. A US-funded study by the University of Ohio has been valuable in identifying previous areas of inappropriate emphasis, and suggesting alternative strategies.

Total Pre-schools:()	
Total Primary Schools	
First Level:	
Second Level:	
Third Level:	
Total Secondary Schools:	
Total Professional Schools	
Universities:	

Number of Schools per Island:											
		Pre-school		Elementary			High-school		Prof.	University	
		Pub	Priv	1	2	3	Pub	Priv		Pub	Priv

Students Enrolled:					
Year:	Pre-School	Elementary	High-school	Prof.	University

Teachers							
Year	Pre-School	Elementary			High-School	Prof.	University
		1	2	3			

Educational Attainment in the FSM for the Population Aged 25 and Over (2000 Census) No school 12.3% Pre-school/kindergarten 1.0% Elementary 36.0% High school 32.3% College 18.4%

Medical Services:
 FSM citizens enjoy a level of health care which is high in comparison to the rest of the Pacific Region, thanks largely to the focus on this area by the US during the Trusteeship. Under the Compact, FSM Governments have maintained that standard, as indicated by current mortality statistics. The US Public Health Service provides doctors at the four State hospitals, and Micronesians are taking their place in the system through such programs as the Medical Officer Training Program in Pohnpei. Certain emergency cases are referred to hospitals in Guam and Hawaii. Volunteer groups of physicians in the United States visit FSM on a regular basis to perform specialized services in such areas as reconstructive surgery.

HISTORY AND CULTURE

History:
 The FSM has a rich history dating back several thousand years. The islands were originally settled by ancient people sailing east from Asia and north

from Polynesia. Later discoverers and settlers included the Spanish, Germans, and Japanese and evidence of their former presence is found throughout the islands. Following the trusteeship under US administration after WW II, the FSM is now independent and self-governing. Most linguistic and archaeological evidence indicates that the islands were first discovered and settled between two and three thousand years ago. The first settlers are often described as Austronesian speakers possessing horticultural skills and highly sophisticated maritime knowledge. These first settlers are thought to have migrated eastward from Southeast Asia to Yap. From there, some migrated south to Papua New Guinea, Solomon Islands, and New Caledonia, and later to Kiribati and the Marshall Islands. The oral histories of the Micronesian people indicate close affiliations and interactions in the past among the members of the island societies comprising the present-day FSM. The Lelu ruins in Kosrae (1400 AD) and the Nan Madol ruins of Pohnpei (1000 AD) are impressive reminders of the accomplishments of these early peoples. In 1525 Portuguese navigators in search of the Spice Islands (Indonesia) came upon Yap and Ulithi. Spanish expeditions later made the first European contact with the rest of the Caroline Islands. Spain claimed sovereignty over the Caroline Islands until 1899. At that time, Spain withdrew from its Pacific insular areas and sold its interests to Germany, except for Guam which became a US insular area. German administration encouraged the development of trade and production of copra. In 1914 German administration ended when the Japanese navy took military possession of the Marshall, Caroline and Northern Mariana Islands. Japan began its formal administration under a League of Nations mandate in 1920. During this period, extensive settlement resulted in a Japanese population of over 100,000 throughout Micronesia. The indigenous population was then about 40,000. Sugar cane, mining, fishing and tropical agriculture became the major industries. World War II brought an abrupt end to the relative prosperity experienced during Japanese civil administration. By the War's conclusion most infrastructure had been laid waste by bombing, and the islands and people had been exploited by the Japanese Military to the point of impoverishment. The United Nations created the Trust Territory of the Pacific Islands (TTPI) in 1947. Ponape (then including Kusaie), Truk, Yap, Palau, the Marshall Islands and the Northern Mariana Islands, together constituted the TTPI. The United States accepted the role of Trustee of this, the only United Nations Trusteeship to be designated as a "Security Trusteeship," whose ultimate disposition was to be determined by the UN Security Council. As Trustee the US was to "promote the economic advancement and self-sufficiency of the inhabitants." The President of the US appointed a High Commissioner of the TTPI, and he, in turn, appointed an administrator for each of the "Districts" mentioned above. The TTPI remained under the civil administration of the US Navy Department until 1951, when authority passed to the Department of the Interior. In 1979, upon implementation of the FSM Constitution, the US recognized the establishment of the FSM national and state governments. Self-sufficiency, however, remained a dim prospect, in part because private-sector growth had never been encouraged by the TT Administration. On July 12, 1978, following a Constitutional Convention, the people of four of the former Districts of the Trust Territory, Truk (now Chuuk), Yap, Ponape (now Pohnpei) and Kusaie (now Kosrae) voted in a referendum to form a Federation under the Constitution of the Federated States of Micronesia (FSM). United Nations observers certified this referendum as a legitimate act of self-determination. Thereby, the people reasserted their inherent sovereignty which had remained dormant, but intact, throughout the years of stewardship by the League of Nations and the United Nations. Upon implementation of the FSM Constitution on May 10, 1979, the former Districts became States of the Federation, and in due course adopted their own State constitutions. Nationwide democratic elections were held to elect officials of the National and four State governments. The Honorable Tosiwo Nakayama, the former President of the Congress of Micronesia, became the first President of the FSM and formed his Cabinet. The new Congress of the FSM convened, elected the Honorable Bethwel Henry as Speaker, and began to enact laws for the new Nation. A judicial system was established pursuant to the National and State constitutions. Thereupon, the United States entered upon a period (1979-86) of orderly transfer of governmental functions consistent with the terms and intent of the UN Trusteeship Agreement. The Compact of Free Association with the US was signed on October 1, 1982, and entered into force on November 3, 1986. The Federated States of Micronesia became a member of the United Nations on September 17, 1991.

Referenda:

Recent Significant Events:

Music, Dance, Handicraft and Patrimony:

The traditional music of Micronesia is distinctively different from other regions of the Pacific. This music employs very few instruments with the main instruments being conch shell horns, sticks, and the "box" which is beaten by a multitude of hands to provide a beat to accompany the singing which always predominates.

Sources:

Bank of Hawaii. "Federated States of Micronesia Economic Report." Fall 2005. <http://www.boh.com/econ/pacific/fsmaer.asp> March 2005. CIA World Factbook. "Federated States of Micronesia." 10 February 2005. Available online. <http://www.cia.gov/cia/publications/factbook/geos/fm.html> March 2005. Government of the Federated States of Micronesia. Available online. <http://www.fsmgov.org> March 2005. Legal Information System of FSM. Available online. <http://www.fsmlaw.org/fsm/index.htm> March 2005. Pacific Regional Information System. "1999 FSM Yearbook." Available online. <http://www.spc.int/prism/Country/FM/stats/Publications/Yearbook/1999%20FSM%20Yearbook.pdf>. March 2005. Pacific Regional Information System. "PRISM- Federated States of Micronesia National Statistics. Available online. http://www.spc.int/prism/country/fm/fm_index.html. March 2005. PacLII Document Collections. "Federated States of Micronesia. Available online. <http://www.pacii.org/databases.html#FM> March 2005. US Office of Insular Affairs. Available online. <http://www.doi.gov/oia> March 2005.

<http://www.nationsencyclopedia.com/Asia-and-Oceania/Micronesia-Federated-States-of-FISHING.html>

<http://www.fsmgov.org/info/index.html>

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