

THE MARSHALL ISLANDS JOURNAL

Volume 36, Number 29 • Friday, July 22, 2005 • 75¢ on Majuro

WHO'S NEWS?

Matt Zackhras and Aeto Bantol, P2; Steve Carey, P3; Francis Reimers, Kenneth Kramer and Jeff Klein, P4; Bobby Muller, P6; Carl Ingram, P8; Kalani Kaneko and Wally Milne, P11; Anjain Rowa, P12; Rais Aho, Sultan Korean and Hillary Kobaia, P13; Jeff Borja, P14; Bill Gates and Whitmark Tokeak, P16; John Bungitak, Akira Ikeda and Eldon Note, P17; Natalie Nimmer, P20; Mark Landis, P21; Carmen Bigler, P23.



The newest crop of enthusiastic Japanese Overseas Cooperation Volunteers (JOCV) who arrived last week Thursday are 'very excited' to be here. Most will be teaching at Majuro schools. Story: P28

Photo: Leo Lewis

MEC asks US for fuel investigation

The Marshalls Energy Company has asked the RMI government to request a US government investigation into the current fuel crisis in the Marshall Islands.

At a Chamber of Commerce meeting late last week, US Interior Department deputy assistant secretary David Cohen said in response to questions from local business people about the Mobil-MEC situation that he would be happy to review the situation and see what the US government could do.

Mobil and MEC have been unable to reach agreement on a new fuel supply deal and MEC will reportedly run out of diesel in August without a resupply. The last contract expired in August 2004. MEC is pointing the finger at Mobil, saying the Guam-based

Majuro to run out of fuel in August?

By GIFF JOHNSON

company is price-gouging. Mobil denies this, saying it's a world market issue.

MEC general manager Billy Roberts, responding to comments and questions from local business people at the Chamber meeting, said MEC wants an independent investigation because "the Pacific and the world needs to see Mobil's

coersion. (Mobil's price demand) has nothing to do with world fuel prices. The situation was engineered (by Mobil). As a tactic, it was brilliant."

"If Mobil behaved improperly in terms of the law — and I have no knowledge of this — (and) if it manufactured a crisis to extort money from a customer with little bargaining power, then I'm open to looking into it and looking at possible remedies," Cohen said at the Chamber meeting.

Responding to complaints about possible violations by Mobil of US anti-trust laws, Cohen said there was the possibility of getting the Justice Department to look into the situation. He urged the Chamber to address its concerns to him in writing.

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Ebeye's Whitmark makes history with Bill Gates: Page 16

RMI teams go for gold in Palau P4,11

Francis explains ABC of business for Arno: P4

KALGov bans importation of betel nut

The Kwajalein Atoll Local Government is now enforcing a ban on betel nut.

The ordinance prohibiting importing of betel nut to Ebeye and other islands in

Kwajalein Atoll went into effect at the end of June. KALGov official Aeto Bantol told the Journal this week that the new ordinance was passed by the council to stop betel nut

chewing which has "been coloring the island with red stains — not only the sidewalks but almost everywhere and the residents are complaining." The KALGov

council was responding to the community's request to take action against betel nut chewing, he said. The ban does not affect the Army base at Kwajalein.

MEC cuts fishing fuel, disconnects bad payers

By GIFF JOHNSON

Mobil and MEC have been unable to reach an agreement on a new fuel supply contract.

As a result of MEC's rapidly declining volume of diesel fuel in its Delap tank farm, MEC halted all sales of fuel to fishing boats and others last week, and is beginning to disconnect any individuals and companies with more than a 90-day outstanding bill to cut down on power production and thereby conserve fuel.

The halting of fuel sales will dramatically reduce MEC revenues, which it has used to subsidize the price of electricity — meaning that consumers can expect power rates to rise, particu-

This week Tuesday, Mobil Oil Micronesia notified local dealers of a further rise in fuel prices. Mobil has increased gas prices by six cents, diesel seven cents and kerosene six cents per gallon. As of Wednesday this week, local dealers reported their gas prices per gallon at the pump as follows: SEPS \$3.37; Riwt Corner \$3.42; RRE \$3.43; and Ace's One Stop \$3.45.



Mobil Oil criticizes Journal coverage: Page 14

larly with world market prices on the increase.

Estimates are that MEC has fuel to continue providing electricity through mid-August, but the delivery of another tanker of fuel is critical to maintaining electricity in the capital beyond that date.

Although neither company would comment on the ongoing negotiations, the

Journal has learned through sources about the following developments:

- Mobil and MEC in early July traded counter offers but both were rejected, and talks appear to have broken down over MEC's unwillingness to accept what it earlier termed as an unreasonable profit margin sought by Mobil for a new contract.
- MEC is actively seeking

diesel fuel from other, non-Mobil fuel suppliers. Negotiations are reportedly well-advanced toward confirming prices for the delivery of a tanker of diesel.

- A proposal is expected to go to Cabinet shortly that would allow MEC to adjust rates charged for electricity up or down depending on fluctuations in the world market prices of fuel.

Fuel company asks US for investigation

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Chamber president Carlos Domnick said the Chamber expected to get a letter to Cohen later this week.

"MEC management has requested through the board to the RMI government for assistance from the US government for an independent investigation to establish why (MEC is) in the current situation, as their customers are entitled to know the truth from an independent source," MEC chairman and Public Works Minister Matt Zackhras told the Journal.

Zackhras said that Mobil president Jeff Borja indicated he would "welcome" this.

Mobil has declined to respond to questions submitted by the Journal, but issued a "letter to the editor" this week that is printed on page 14 of this issue.

Ben Chutaro said the Marshall Islands lacks bargaining power in negotiations with multinational companies and "needs an honest broker to work with our government and the company" to resolve the fuel impasse. Without a fuel supply, the capital will be hit with power outages, which will be a shock to the economy and local businesses, Chutaro said. "I'm interested to take your suggestions," Cohen told business leaders. "If there's a way for the US government to have an appropriate impact, I'd like to."

He also cautioned business leaders that the US government is "not in a position to tell private companies what to do." He noted that various options should be looked at, including a Pacific Islands Forum Secretariat proposal for islands to buy fuel together to improve bargaining power. "That type of regionalism might help overcome the disadvantage of size," he said. In comments to the Journal Friday before he departed the RMI, Cohen said that the US has a "strong interest in making sure the economy of the Marshall Islands can develop properly. I'm committed to trying to figure out how (the US) might be helpful. We don't want to raise expectations."

But, he added, since the US taxpayers are making a substantial contribution to the RMI, and this investment is being put at risk by things that are going on, "we have an obligation to look into how we might be helpful."