

STANDING COMMITTEE REPORT NO. 13-149

RE: C.R. NO. 13-96/EXAFF

SUBJECT: APPROVAL OF MARCH 23, 2004 ECONOMIC AND TECHNICAL COOPERATION
AGREEMENT WITH PEOPLE'S REPUBLIC OF CHINA

SEPTEMBER 1, 2004

The Honorable Peter M. Christian
Speaker, Thirteenth Congress
Federated States of Micronesia
Fifth Special Session, 2004

Dear Mr. Speaker:

Your Committee on External Affairs, to which was referred C.R. No. 13-96, entitled:

"A RESOLUTION TO APPROVE THE AGREEMENT ON ECONOMIC AND TECHNICAL COOPERATION BETWEEN THE GOVERNMENT OF THE FEDERATED STATES OF MICRONESIA AND THE GOVERNMENT OF THE PEOPLE'S REPUBLIC OF CHINA, EXECUTED ON MARCH 23, 2004, AND FOR OTHER PURPOSES.",

begs leave to report as follows:

The intent and purpose of the resolution are expressed in its title.

This referenced resolution, transmitted to Congress via Presidential Communication No. 13-141, is an Agreement on Economic and Technical Cooperation between the Government of the People's Republic of China and the Government of the Federated States of Micronesia (the "Agreement"). The Agreement provides for gratuitous aid of RMB ¥ 40,000,000 (approximately US \$ 4.8 million) from the People's Republic of China Government to the FSM Government for the purposes of economic and technical cooperation project(s) or providing commodities.

Your Committees on External Affairs and Resources and Development held a joint public hearing on C.R. No. 13-92 and C.R. No. 13-96 on August 26, 2004 with representatives from the Department of Foreign Affairs, Department of Justice, Department of Finance & Administration and the Office of the President in attendance. The Secretary of Foreign Affairs, Mr. Sebastian Anafel, signed this Agreement on 23 March 2004 when he accompanied the President on the President's visit to China.

Your Committee on External Affairs learned during the public hearing that there were no specific projects agreed upon by the two governments. Under the agreement, the People's Republic of China may choose from possible projects identified by the FSM. The Secretary of

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Foreign Affairs, Sebastien Anafel, identified three proposed projects currently under consideration for funding under this agreement and the similar agreement that is the subject of C.R. No. 13-92: the construction of the facilities for the Tuna Commission, the construction of the four official residences of the President, Vice President, Speaker and Chief Justice and the Airport/Terminal renovation in Chuuk. Your Committee also learned that there is no date line restriction on the use of these funds.

Your committees received assurances from the Executive that all uses of funds would be consistent with both the written and verbal agreements with the People's Republic of China regarding the use of these funds.

In order to make the resolution more accurate, your Committee recommends the following change to C.R. No. 13-92:

1. Page 2, line 5 - delete "Kolonias" and insert "Palikir" in lieu thereof.

With this amendment, your Committee on External Affairs is in accord with the intent and purpose of C.R. No. 13-96 and recommends its adoption in the form attached hereto as C.R. No. 13-96, C.D.1.

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Respectfully submitted,

EXAFF

/s/ Isaac V. Figir
Isaac V. Figir, chairman

Jack Fritz, vice chairman

/s/ Alik L. Alik
Alik L. Alik, member

/s/ Henry C. Asugar
Henry C. Asugar, member

/s/ Resio S. Moses
Resio S. Moses, member

/s/ Tiwiter Aritos
Tiwiter Aritos, member

/s/ Dion G. Neth
Dion G. Neth, member