

STANDING COMMITTEE REPORT NO. 14-32

RE: C.R. NO. 14-14/EXAFF

SUBJECT: APPROVAL OF GRANT FROM GOVERNMENT OF CHINA

MAY 25, 2005

The Honorable Peter M. Christian
Speaker, Fourteenth Congress
Federated States of Micronesia
First Regular Session, 2005

Dear Mr. Speaker:

Your Committee on External Affairs, to which was referred C.R. No. 14-14 entitled:

"A RESOLUTION ACCEPTING THE CHINESE GOVERNMENT OFFER TO THE FEDERATED STATES OF MICRONESIA OF A GRANT IN THE AMOUNT OF 2,000,000 YUAN RMB FOR PURCHASING VEHICLES FOR THE DEPARTMENT OF FOREIGN AFFAIRS FOR THE PURPOSE OF PROTOCOL USE.",

begs leave to report as follows:

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

As indicated in its title, C.R. No. 14-14 approves a grant from the government of the People's Republic of China in the amount of 2,000,000 Yuan RMB to purchase automobiles for protocol use. In a May 23, 2005 letter to the Chairman of your committee, the Department of Foreign Affairs advised that (a) at current exchange rates, the grant would represent approximately US \$250,000, and (b) that this will be sufficient to obtain five or six vehicles. The vehicles will be purchased by the Chinese government after the FSM chooses the types and models from a list that is to be provided. The Department further advised that no decision has yet been made on who will receive the vehicles. That decision will be made after consulting interested parties, including the states.

On May 24, 2005, your committee conducted a public hearing on C.R. No. 14-14, at which time it received testimony from the Secretary of the Department of Foreign Affairs, the Deputy Secretary and other Department personnel.

Your committee has some reservations regarding this resolution. First, although appreciating the generosity of the government of China, your committee questions whether the purchase of these vehicles is the best possible use of available financial assistance. Your committee is also concerned about how these vehicles will be used. We do not believe it

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appropriate that foreign financial assistance be used to purchase expensive vehicles for the personal use of FSM or state government officials.

Having said that, your committee supports the adoption of C.R. No. 14-14. It does so based on assurances from the Department of Foreign Affairs that the vehicles will be used only for the purpose of transporting visiting dignitaries. The Department also advised that the acceptance of this grant is unlikely to reduce assistance that may be available from the PRC for other purposes. Your committee encourages the Department, when working with the Chinese government on this grant, to keep in mind the larger goal of developing stronger ties with that nation.

Your Committee on External Affairs is in accord with the intent and purpose of C.R. No. 14-14 and recommends its adoption.

EXAFF

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Respectfully submitted,

/s/ Alik L Alik
Alik L. Alik, chairman

Peter Sitan, vice chairman

/s/ Tiwiter Aritos
Tiwiter Aritos, member

/s/ Isaac V. Figir
Isaac V. Figir, member

Resio S. Moses, member

/s/ Moses A. Nelson
Moses A. Nelson, member

Dion G. Neth , member