

STANDING COMMITTEE REPORT NO. 14-54

RE: C.R. NO. 14-32/EA

SUBJECT: ECONOMIC AND TECHNICAL ASSISTANCE GRANT  
FROM PEOPLE'S REPUBLIC OF CHINA

SEPTEMBER 26, 2005

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

Dear Mr. Speaker:

Your Committee on External Affairs to which was referred C.R. No. 14-32 entitled:

"A RESOLUTION TO APPROVE THE AGREEMENT ON ECONOMIC AND TECHNICAL COOPERATION BETWEEN THE GOVERNMENT THE FEDERATED STATES OF MICRONESIA AND THE GOVERNMENT OF THE PEOPLE'S REPUBLIC OF CHINA, EXECUTED ON AUGUST 31, 2005, IN ACCORDANCE WITH 54 FSMC SECTION 210.",

begs leave to report as follows:

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

C.R. No. 14-32 has the purpose of providing congressional approval for a economic and technical assistance grant from the Government of the People's Republic of China in the amount of RMB 30,000,000 (US \$3.7 million at current exchange rates). An agreement for such assistance was signed between the two governments on August 31, 2005. The President has submitted the agreement for approval by Congress as required by title 55, section 210, of the Code of the Federated States of Micronesia.

Your committee conducted a public hearing on C.R. No. 14-32 on September 22, 2005. At that hearing, Sebastian Anefal, Secretary of the Department of Foreign Affairs, and other representatives of the Department testified concerning the agreement with the People's Republic of China. The witnesses advised your committee that, at the present time, there is no agreement as to how the grant funds will be used, nor has any decision been made in that regard.

Your committee supports acceptance of the grant and appreciates the continuing generosity and support of the Government of the People's Republic of China. We also congratulate the President and the Department of Foreign Affairs on having negotiated the assistance

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agreement with the government of China.

Although your committee recommends approval of that agreement, we do not believe that such approval fully discharges Congress' responsibilities with respect to the grant. As mentioned above, the assistance agreement has been submitted to Congress in advance of any decision having been made on how the grant funds are to be used. It will be necessary for the two governments to enter into one or more further agreements identifying the projects, programs or uses to be funded under the grant. Your committee believes that those agreements must also be submitted to Congress for approval. Certainly, the decision on how the funds are to be used merits Congress' attention every bit as much as the agreement to accept the grant. In this regard, your committee notes that 55 FSMC section 210(2) requires that the President "submit any agreement for the acceptance or receipt of foreign financial assistance to the Congress". Section 210(1) of that title defines "Agreement" very broadly, including "any arrangement, understanding, covenant, compact, transaction, or other agreement in any form". Thus, section 210 requires that future agreements with the People's Republic of China on the use of the grant funds be submitted for approval by Congress. Even if there were not already such a statutory requirement, it would be inappropriate, in the opinion of your committee, for Congress to approve acceptance of such a significant grant without regard to how it is to be used. Accordingly, your committee recommends that C.R. No. 14-32 be amended to expressly require congressional approval of any agreements with the People's Republic of China with respect the programs, projects and uses to be funded.

The committee also recommends the correction of an error in the resolution as to the number of the pertinent code section. Specifically your committee recommends the following amendments:

1. Page 1, title, delete "54" and insert "55" in lieu thereof.
2. Page 1, line 12, strike "now, therefore" and insert "and" in lieu thereof.
3. Page 1, line 11, delete "54" and insert "55" in lieu thereof.

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4. Page 1, between lines 12 and 13, insert the following:

"WHEREAS, no agreement or decision has yet been made as to how the grant is to be used; now, therefore,"

5. Page 1, line 18, following "approved" insert ", subject to the condition that each agreement with the Government of the People's Republic of China as to the programs, projects or uses to be funded thereunder shall be submitted to Congress for approval".

With these amendments, your Committee on External Affairs is in accord with the intent and purpose of C.R. No. 14-32 and recommends its adoption in the form attached hereto as C.R. No. 14-32, C.D.1. Respectfully submitted,

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Alik L. Alik, chairman

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Peter Sitan, vice chairman

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Isaac V. Figir, member

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Resio S. Moses, member

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Dion G. Neth, member

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Moses A. Nelson, member

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Tiwiter Aritos, member