

## China-FSM Aid & Development Projects, 2000-2011

[netrightdaily.com/wp-content/uploads/2011/12/ChinaPowerPlayMicronesia.pdf](http://netrightdaily.com/wp-content/uploads/2011/12/ChinaPowerPlayMicronesia.pdf)

This document is a shortened and corrected version of the information posted on web site [www.netrightdaily.com](http://www.netrightdaily.com), documenting a partial timeline of various Chinese foreign aid and development projects<sup>1</sup> directed towards the Federated States of Micronesia, from year 2000 up to the 2011 announcement of the Chinese interest, via ETG, in turning Yap into a new and improved "Macau Gambling and Golf Resort for wealthy Chinese" and Ethnic Zoo.

**Please note:** In the [original document](#), the hyperlinks to [Kaselehlie Press](#) are invalid (missing hyphen).<sup>2</sup>

Adding the numbers given in the source documents (**but omitting the value of** several large ships, a new Pohnpei administration building, writing off huge loans, and personal residences built for the President, Vice President, Speaker and Chief Justice in Pohnpei) for the years 2000 through 2011, adds up to the rather respectable sum of **US\$ 176,276,000** (\$0.176 billion) in cash advances. Very nice!

### Begin Partial Timeline:

[March 2000 \(pireport.org\): 600 ton ship](#); a firm commitment to build another ship for the FSM later; another \$150,000 in further economic grants.

[March 2002 \(fsmgov.org\): \\$5 million](#); FSM-China Friendship Sports Center stadium in Pohnpei (ground broke in 1999).

[August 2002 \(fsmgov.org\): \\$30,000](#); tropical storm relief for Chuuk.

[January 2004 \(fsmgov.org\)](#): Memorandum of fisheries cooperation; Chinese expressed interest in "expanding its fishing fleet in the Pacific subject to existing regional arrangements.."

[January 2004 \(fsmgov.org\)](#): \$1.8 million; economic and technical projects; visiting Chinese Government delegation, headed by **He Yafei**, Director-General of the Department of American and Oceania Affairs under the Ministry of Foreign Affairs.

[April 2004 \(fsmgov.org\)](#): \$4.8 million; economic and technical cooperation; FSM President **Urusemal** visits Chinese President **Hu Jintao**.

[2004 \(fsmgov.org\): M/S Chief Mailo](#); passenger cargo vessel for Chuuk.

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<sup>1</sup> Sources: Kaselehlie Press (<http://bild-art.de/kpress/index.php>), FSM Government press releases ([www.fsmgov.org](http://www.fsmgov.org)), Pacific Islands Report ([archives.pireport.org](http://archives.pireport.org)) and the Wikileaks embassy cable archives ([wikileaks.org](http://wikileaks.org) (courtesy Julian Assange)). Dated hyperlinks are URLs to the actual document source of the brief description given here.

<sup>2</sup> This has been corrected in this version (HN).

**March 2005 (fsmgov.org)**: \$300,000; vehicles for the Department of Foreign Affairs for Protocol.

**September 2005 (fsmgov.org)**: \$3.75 million; "Agreement on Economic and Technical Cooperation" announced during a working visit to China.

**April 2006 (pireport.org)**: \$2.5 million; grant assistance and assessment for Pohnpei State Administrative Building; will be the largest structure in the FSM; courtesy meetings in China with national Fishery Corp, Civil Aviation Bureau, Export-Import Bank.

**April 2006 (pireport.org)**: Chinese announce plans to forgive debts of Pacific Nations including Micronesia.

**May 2006 (fsmgov.org)**: \$2 million; loan for Kosrae High School Project; FSM President Urusemal speaks at Bo'ao Forum for Asia 2006 in Hainan Province; meeting Premier **Wen Jiabao** in Beijing; **Urusemal** describes opportunity "*window being accessing the U.S. markets through the Federated States of Micronesia as provided under our Compact...*"; received by Premier **Wen** at the Great Hall of the People followed by a banquet in honor of President Urusemal.

**August 2006 (fsmgov.org)**: \$1 million; economic and technical cooperation; Minister **Li Zhaoxing** of the Chinese Ministry of Foreign Affairs visits FSM.

**September 2006 (fsmgov.org)**: Personal residences for President, Vice President, Speaker and Chief Justice in Pohnpei; Jiangsu Construction and Engineering Company.

**May 2007 (fsmgov.org)**: FSM Government opens embassy in China.

**July 2007 (fsmgov.org)**: \$4 million; \$3.5 million to bail out Chuuk State Government<sup>3</sup>.

**November 2007**: Pohnpei State Admin Building Project ground breaking.

**December 2007 (fsmgov.org)**: (\$ undisclosed) FSM President **Emanuel Mori** visits President **Hu Jintao**, His Excellence **Wen Jiabao**; visit to Shenzhen City, Zhejiang Province, Shanghai; FSM delegation includes Foreign Affairs officials, Legislative leaders; National Legislature.

**December 2007 (Kaselehlie Press)**: Vice Speaker **Resio Moses** reports participants each received an envelope from the Chinese Government containing thousands of dollars and implied that the money was a bribe).

**January 2008 (fsmgov.org)**: \$550,000; grant to construct Embassy Compound in Beijing.

**January 2008 (fsmgov.org)** \$4.1 million; \$1 million for FSM Trust Fund and \$3.1 for other projects (See also <http://www.fsmgov.org/press/pr031108.htm>) and [this article in Kaselehlie Press](#)).

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<sup>3</sup> This *could* be interpreted as *allowing*—and thus *encouraging*—incompetence and corruption. (HN)

**May 2008 (Kaselehlle Press)**: Biogas pilot projects for Pohnpei and Chuuk; experts visit proposed sites.

**June 2008 (Kaselehlle Press)**: FSM government report names China as second largest aid donor in 2007.

**June 2008 (Kaselehlle Press)**: \$80 million; planned fish processing facility in Pohnpei; follows Governor's visit to China.

**July 2008 (Wikileaks)**: China extended a concession loan offer to rebuild oil storage tanks throughout the FSM; Ambassador **Liu** said she believed the offer remained on the table for approximately \$15 million.

**July 2008 (Wikileaks)**: Ambassador **Liu** confirmed that China has offered a concession loan in the amount of \$9 million for the purchase of two Harbin Y-12 airplanes, which would enable the FSM to start a new intra-island air company, through preferential loan; existing **Caroline Islands Air shuts down**.

**August 2008 (fsmgov.org)**: \$36,000; expenses for support and survey engineering team for stranded ***M/S Chief Mailo*** in Chuuk.

**September 2008 (Wikileaks)**: FSM President floating plans for "foreign" loan for nationwide submarine internet cables, shut down of local airline to be replaced with new government carrier flying Chinese planes; hiring of a foreign company to manage FSM airspace (replacing the US FAA).

**December 2008 (fsmgov.org)**: \$2 million; team of medical doctors for two-year stay on Chuuk (**See also this Wikileaks cable!**).

**December 2008 (Wikileaks)**: \$1.1 million; follows high tide disaster declaration.

**December 2008 (Wikileaks)**: China announced it will bid major U.S. Compact funded infrastructure projects in the FSM; in many cases China may be the sole or the most competitive bidder; By drawing upon Chinese workers who are already based in country, Ambassador Liu opined that China was likely to be the most competitive bidder, particularly on a USD \$30 million Chuuk road repair project.

**December 2008 (Wikileaks)**: China wins a U.S. Federal Aviation Administration (FAA) Airport Improvement Project (AIP) USD \$5 million contract to construct buildings to shelter two airport rescue and fire fighting vehicles that the FAA had donated. (**Note:** The FAA advised the Embassy that China was the sole bidder on this project in a formidable environment that is not attractive to competitors).

**December 2008 (Wikileaks)**: Chief Police of Pohnpei State in the Federated States of Micronesia (FSM) described to Ambassador a ten-day trip that China recently sponsored for the national police chief and corresponding police chiefs from the four FSM states, along with their wives. Each couple received an envelope with USD \$1,000 cash upon arrival in Nanjing, he said.

**January 2009 (Wikileaks)**: Proposed fish processing plants in Yap, Chuuk, Pohnpei and Kosrae; soft loans offered to state governments for plants and other shore-based infrastructure; consolidate contract sent to FSM National President.

**January 2009 (Wikileaks)**: training of eight sailors manning FSM National Patrol Vessels in China.

**March 2009 (fsmgov.org)**: Scholarship program for college students from FSM to attend universities in China; 14 scholarships awarded for 2009, additional 38 students already studying in China.

**March 2009 (Wikileaks)**: Biogas project in Pohnpei; technicians sent from, and trip for Pohnpeians to, China; Amb Liu is arranging visit of the Governor and state legislators to tour a hydroelectric facility in south China on the Yangtze River, with a view to initiating a hydroelectric power project in Kitti, Pohnpei.

**April 2009 (Wikileaks)**: Chinese funds political trips and offers far-ranging concession loans to buy former Mobil Petroleum facilities and sites from FSM Government during Mobile's divestiture; proposed "entangling" terms in exchange for low interest loans.

**May 2009 (fsmgov.org)**: FSM Diplomats meet with Mr. **Lin Zuoping**, Deputy Secretary General of the China Education Association for International Exchange.

**June 2009 (fsmgov.org)**: 46 trainings of FSM National officials at Chinese Academy of International Trade and Economic Cooperation in Beijing; additional FSM officials trained in Food Safety Inspection Technology for Developing Countries, Marine Organism Culture Technology and Trade & Investment.

**July 2009 (fsmgov.org)**: FSM Vice President **Alik Alik** visit China, China's top political advisor, Mr. **Jia Qinglin**, Chairman of the National Committee of the Chinese People's Political Consultative Conference (CPPCC), China's top political advisory body.

**September 2009 (Wikileaks)**: **Luen Thai**, a quasi-state company of China within Tan Holdings, is currently negotiating for fishing rights and fish processing facilities in all four FSM states. The potential deal would in effect lock in a Tan vertical monopoly to include fishing, fish processing, transshipment, marketing and sales; deal depends upon FSMNG acceptance of a loan from China's Export-Import Bank that reportedly now exceeds \$25 million. The FSMNG would use these funds to refurbish processing plants and purchase 11 ships, three of which could be super long liners for frozen fish transshipment. The sale of airplanes from China is also allegedly part of the proposal; Luen Thai has offered to guarantee repayment of the loan from China based upon its profits from this commercial venture.

**September 2009 (Wikileaks)**: US Amb reports "*China has blanketed the FSM at every level with **all-expense paid trips that include daily emoluments**. National leaders clearly enjoy lavish multiple-city tours. Municipal leaders, clan chieftains, students, and local police have in many cases accepted repeated trips. A traditional leader of Netts municipality in Pohnpei, where the new U.S. Embassy is located, told the Ambassador during a farewell call that he and his wife each received \$1,500 when they arrived in Beijing, with supplemental cash for when they arrived in Beijing, with supplemental cash*

for shopping every day. **At a certain point, he said the Chinese hosts asked to separate the men from their wives."**

**September 2009 (Wikileaks)**: In Kosrae, US Ambassador found that employees of Luen Thai company were living in a house owned by Vice President **Alik Alik**, who has publicly supported China's repression of the Uighurs. Kosrae's Director of Education, an American who has resided in the FSM for 17 years, commented, "*For the first time, I am truly concerned about Chinese intentions..*"

**November 2009 (fsmgov.org)**: FSM VP visits China; celebration of 20 years of Sino-FSM relations; tours Great Wall at Badaling of China and the Forbidden City; addresses Chinese Government Officials, the Diplomatic Corp, Foreign Investors, Friends of the FSM in China.

**December 2009 (fsmgov.org)**: Secretary of the FSM Dept. of Transportation, Communications & Infrastructure, visits the Province of Jiangsu in Nanjing, People's Republic of China; meets with company that was awarded the construction of the Chuuk airport's Aircraft Rescue & Fire Fighting (ARFF) Facility; additional US \$2 million provide to speed up project.

**January 2010 (fsmgov.org)**: \$2.1 million for repair of cargo passenger vessel **M/S Chief Mailo** in Chuuk.

**January 2010 (pireport.org)**: rehabilitation of generators at the Nan Pil Hydro Electric Plant in Pohnpei; unique contract with the Universal Power Alliance Company (UPAC), Limited (Beijing).

**April 2010 (fsmgov.org)**: Chinese Special Envoy for the China-Pacific Islands Forum Dialogue, **H.E. Du Qiwen** visits FSM President **Mori** in Palikir.

**April 2010 (fsmgov.org)**: FSM Diplomats attend Environmental Tech conference in Beijing.

**May 2010 (fsmgov.org)**: FSM President Mori's meets with President **Hu Jintao**, at the opening ceremony of the Shanghai World Expo.

**June 2010 (fsmgov.org)**: \$3.1 million for Technical and Economic Cooperation.

**June 2010 (fsmgov.org)**: final \$260,000 for 2008 Kosrae High School project.

**June 2010 (fsmgov.org)**: Commitment to pay for ongoing maintenance of Yap Vessel (**M/V Hapilmohol 1**); donated by the People's Republic of China; committed to training crew members.

**July 2010 (fsmgov.org)**: \$1 million; FSM trust Fund.

**July 2010 (fsmgov.org)**: Delegation from Guangdong Province visits Chuuk and Pohnpei; Memorandum of Understanding had been signed between Chuuk and Guangdong Province.

**July 2010 (fsmgov.org)**: FSM Diplomats meet with China Education Association for International Exchange (CEAIE) to discuss plans for the College of Micronesia.

**August 2010 (fsmgov.org)**: FSM President Mori discusses need for connection of all States to the submarine fiber-optic cable for internet accessibility, to upgrade the country's sports facilities for the upcoming Micronesian Games being held in Pohnpei in 2014. Kai confirmed China's willingness to provide additional assistance in these areas and welcomed FSM's submission of concrete project requests.

**September 2010 (pireport.org)**: FSM Congress urged the President of the FSM to restrict access to the Exclusive Economic Zone of the FSM, and to bid out fishing rights on an exclusive basis to one foreign country (China).

**November 2010 (fsmgov.org)**: FSM Tourism Officials to attend China Travel Mart in Shanghai.

**November 2010 (Wikileaks)**: Secretary Christian advocates for Chinese flights to the FSM to bypass U.S. border controls by flying through the Philippines. In June, Christian signed a memorandum of understanding with China that establishes the FSM as an official tourist destination for Chinese citizens.

**November 2010 (Wikileaks)**: Negotiations in progress for Luen Thai to open a large 'super frozen' fish processing plant in Kosrae; contract is contingent upon a package deal in which Kosrae would have to accept a \$3 million loan from China in order to upgrade an existing fish plant.

**January 2011 (fsmgov.org)**: Micronesia-China Friendship Association (MCFA) established in Pohnpei.

**February 2011 (fsmgov.org)**: FSM Speaker met with Director General **Xie Fen** of the North America and Oceania Affairs in China's Ministry of Foreign Affairs in Beijing; expressed his appreciation for the two passenger cargo vessels along with the many infrastructure projects and technical assistance; registered his deep satisfaction towards the Chinese scholarship program extended to FSM students; Fisheries is among the areas of cooperation suggested by Speaker **Figir**.

**Feb 2011 (Kaselehlie Press)**: \$1.5 million; unspecified (later agreed to purchase a Y-12 airplane and for upgrading and maintenance of the airfields in the outer islands).

**July 2011 (Kaselehlie Press)**: \$3.1 million; economic and technical cooperation.

**August 2011 (fsmgov.org)**: \$3.1 million; unspecified.

**August 2011 (Kaselehlie Press)**: Alternative energy systems in Pohnpei; trainees from Pohnpei travel to China to train on the installation, use, and maintenance of biogas systems.

**October 2011 (Kaselehlie Press)**: Huge tourism development plan for Yap; 8-10 hotels; concurrent infrastructure projects for road, airport and port facilities.