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A RESOLUTION

Directing the President, Attorney General, Secretary of Finance, and Public Auditor to conduct investigations into the activities of Ting Hong Oceanic Enterprises and further requesting the Micronesian Maritime Authority to cease issuing further fishing permits to vessels operated by Ting Hong until the investigations are completed.

1 WHEREAS, on March 9, 1993, the Micronesian Maritime Authority
2 entered into a foreign fishing agreement with Ting Hong Oceanic Enterprises
3 authorizing vessels managed by Ting Hong to obtain permits to fish within
4 the Exclusive Economic Zone of the Federated States of Micronesia, which
5 agreement was approved by the Resources and Development Committee of
6 the Congress of the Federated States of Micronesia and went into effect on
7 April 4, 1993, and has been in effect since; and

8 WHEREAS, the described fishing agreement contains terms and
9 conditions highly advantageous to Ting Hong and granted unprecedented
10 privileges and opportunities to the company, including:

11 (1) an agreement of unlimited duration, that does not expire and
12 that is not subject to annual review by the Congress or Committee on
13 Resources and Development;

14 (2) the right to obtain permits for an unlimited number of vessels,
15 without restriction as to the size, national origin, or condition of the
16 vessel; and

17 (3) a reduced fee, substantially below 5% of the landed value of
18 the fish harvested by the company; and

19 WHEREAS, the Congress, National Government, and people of the
20 Federated States of Micronesia were assured by Ting Hong and MMA that the
21 Nation would be generously compensated for extending such benefits to the
22 company, through significant collateral economic benefits, including:

23 (1) employment by the company of Micronesian citizens;

24 (2) substantial investment in shore-side facilities;

25 (3) increased tax revenues;

1 (4) patronage by the company of local merchants and suppliers;

2 and

3 (5) access to air freight for other locally-based fishing vessels;

4 and

5 WHEREAS, since the foreign fishing agreement went into effect,
6 questions have arisen regarding whether the promised benefits have
7 materialized, and allegations have surfaced suggesting that Ting Hong
8 Oceanic Enterprises may be violating the laws of the FSM and engaging in
9 activity which could be harmful to the development of the Nation. Among the
10 questions and allegations raised are the following:

11 (1) whether Ting Hong has been fulfilling its promise to employ
12 local citizens in its fishing and transshipment operations;

13 (2) whether the company has obtained permits for an excessive
14 number of fishing vessels causing congestion at the Nation's ports, placing a
15 burden on its infrastructure, and creating unfavorable competitive
16 conditions for locally-owned vessels;

17 (3) whether the company has intentionally been monopolizing port
18 facilities in order to discourage investment by other longline companies
19 both foreign and domestic;

20 (4) whether the company has been importing cigarettes and other
21 goods into the FSM and reselling the same, without paying required import
22 taxes and in violation of the company's foreign investment permit;

23 (5) whether the company has been attempting to bribe public
24 officials of the Nation;

25 (6) whether the company has been selling the permits that it

1 obtains from MMA to vessels from other nations at a substantial profit; and
2 (7) whether the company has been paying all gross receipts and
3 employment taxes required of it; and

4 WHEREAS, the Nation's fisheries are its most valuable resource and
5 sound management of the resources is critical to its economic development,
6 such that the leaders of this Nation must constantly remain circumspect to
7 assure that no foreign interest exploits this resource to the detriment of
8 the people of Micronesia; now, therefore,

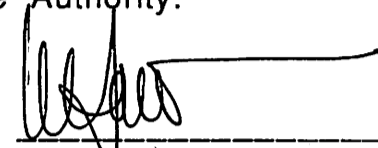
9 BE IT RESOLVED by the Eighth Congress of the Federated States of
10 Micronesia, Third Regular Session, 1994, that the President, Attorney
11 General, Secretary of Finance and Public Auditor are directed to
12 conduct investigations into all activities and operations of Ting Hong
13 Oceanic Enterprises within the Federated States of Micronesia, to
14 obtain all information necessary to fully apprise the Nation as to all
15 of the questions and allegations concerning the company, to initiate
16 such criminal proceedings as may be appropriate, and to report fully to
17 the Congress on the findings of the investigations; and

18 BE IT FURTHER RESOLVED that the Executive Director of the
19 Micronesian Maritime Authority is requested to cease issuing any
20 further permits to any vessels controlled by or associated with Ting
21 Hong Oceanic Enterprises until such time as the investigations called
22 for in this resolution are complete and the Nation has determined that
23 further association with the company is in the best interests of the
24 country; and

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1 BE IT FURTHER RESOLVED that certified copies of this resolution
 2 be transmitted to the President of the Federated States of Micronesia,
 3 Attorney General, Secretary of Finance, Public Auditor, Governor of
 4 each State within the Federated States of Micronesia, and the
 5 Executive Director of the Micronesian Maritime Authority.

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 7 Date: 5/12/94

Introduced by: 
 Wagner Lawrence .

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