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Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

EIGHTEENTH CONGRESS
First Regular Session

254

HOUSE RESOLUTION No. _____



Introduced by
**BAYAN MUNA Party-List Representatives CARLOS ISAGANI T. ZARATE,
FERDINAND R. GAITE and EUFEMIA C. CULLAMAT**

RESOLUTION

**DIRECTING THE COMMITTEE ON NATIONAL DEFENSE AND SECURITY TO
CONDUCT AN INVESTIGATION, IN AID OF LEGISLATION, ON THE
IMPLICATIONS OF ISLAND DEVELOPMENT PLANS ON FUGA, GRANDE AND
CHIQUITA ISLANDS BY FOREIGN ENTITIES AND ITS POSSIBLE
THREATS TO NATIONAL SECURITY**

WHEREAS, on August 5, 2019, the Department of Defense and the Philippine Navy raised alarm over the reported government plans to allow Chinese firms to develop three (3) strategic islands – Fuga Island, Grande Island and Chiquita Island;

WHEREAS, Fuga Island, located at the Philippine’s northwestern border, was designated as part of the Cagayan Special Economic Zone under Republic Act No. 7992 of 1995. The waters surrounding Fuga Island are home to the telecommunications cables connecting the Philippines with mainland Asia. Historically, it also served as a jump-off point for troops during World War II. The island is currently owned by Fuga Island Holdings, Inc., whose majority owner is a certain Roger Serafica.¹

WHEREAS, in May 2019, Isla Fuga Pacific Resorts, Inc., the beneficial leaseholder of Fuga Island that possess the landholding island rights, signed a separate strategic cooperation agreement with Xiamen-based Fong Zhi Enterprise Corp. Under the memorandum of understanding, a \$2-billion Smart City is supposed to be established in the area, patterned after the firm’s ongoing mega infrastructure project in Fujan province in China;²

WHEREAS, Grande Island, located at the mouth of Subic Bay, was the site of Fort Wint, an American reservation during World War II. Even after Grande Island Resort closed down in 2015, the historic fort remained a tourist destination. San Quentin, the oldest known shipwreck, lies between Grande and Chiquita Island. Meanwhile, a coral reef on the west side of Chiquita Island is one of the popular diving spots in Subic. Also, the islands are just around 260 nautical miles from the Panatag Shoal in the West Philippine Sea.³

¹ <https://newsinfo.inquirer.net/1151100/in-the-know-fuga-grande-chiquita-islands>

² <https://www.philstar.com/headlines/2019/08/06/1941024/dnd-concerned-over-chinese-plan-develop-philippine-islands>

³ <https://www.gmanetwork.com/news/news/nation/703875/senate-urged-to-probe-chinese-investors-squo-plan-to-develop-3-strategic-phl-islands/story/>

47 **WHEREAS**, Sanya CEDF Sino-Philippine Investment Corp. recently gained the 80% of the
48 shares in the GFTG Property Holdings Corp. In April 2019, GFTG Property Holdings and
49 Sanya CEDF Sino-Philippine Investment Corp. signed a \$298-million deal to develop Grande
50 and Chiquita Islands;

51
52 **WHEREAS**, the Subic Bay Metropolitan Authority (SBMA), however, withdrew its consent to
53 the change in corporate control or ownership of GFTG Property Holdings Corp., which is the
54 current holder of the lease and development rights over the two islands. In effect, the proposal
55 did not progress, and the project is not yet operational;

56
57 **WHEREAS**, on August 7, 2019, Cagayan Economic Zone Authority (CEZA) and SBMA
58 claimed that the deals with China had not yet materialized. CEZA administrator and CEO Raul
59 Lambino said that Fong Zhi Enterprise Corp. had yet to submit a “concrete” proposal of the \$2-
60 billion Smart City.⁴

61
62 **WHEREAS**, SBMA Chair Wilma Eisma said that the investment promoting agency deferred the
63 proposal by Sanya CEDF Sino-Philippine Investment Corp. to put up hotels and recreational
64 facilities worth \$298 million.

65
66 **WHEREAS**, more than two months ago, the Cagayan Economic Zone Authority (CEZA)
67 revealed having secured \$3.9 billion worth of investment commitments from Chinese firms for
68 various projects. They made the commitment on the sidelines of the Belt and Road Initiative
69 Forum held in Beijing, China.

70
71 **WHEREAS**, the Philippine Navy raised security concerns over the alleged China-backed
72 development of the three (3) strategic islands. In response, on August 8, 2019, Malacañang
73 assured the public to reject the China-backed island development projects if it will threaten
74 national security. These concerns are even more pressing now with the recent aggressive naval
75 and military maneuvers of China in the South China Sea, including the country’s West Philippine
76 Sea territory without the Philippine government’s consent;

77
78 **NOW, THEREFORE BE IT RESOLVED**, that the House of Representatives, through the
79 Committee on National Defense and Security, to conduct an investigation, in aid of legislation,
80 on the implications of the development plans on Fuga, Grande and Chiquita Islands by foreign
81 entities and its threats to national security.

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83 *Adopted*

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Rep. CARLOS ISAGANI T. ZARATE
BAYAN MUNA Party-list

Rep. FERDINAND R. GAITE
BAYAN MUNA Party-list

Rep. EUFEMIA C. CULLAMAT
BAYAN MUNA Party-list

⁴ <https://globalnation.inquirer.net/178700/ceza-sbma-still-no-deal-to-let-china-develop-ph-islands>