Republic of the Philippines

HOUSE OF REPRESENTATIVES
Quezon City

EIGHTEENTH CONGRESS
First Regular Session

HOUSE RESOLUTION No. 254

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 Chiiquita 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 Fujian 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 Chiiquita Island. Meanwhile, a coral reef on the west side of Chiiquita
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.phistar.com/headlines/2019/08/06/1941024/dnd-concerned-over-chinese-plan-develop-
philippine-islands
plan-to-develop-3-strategic-phil-islands/story/
WHEREAS, Sanya CEDF Sino-Philippine Investment Corp. recently gained the 80% of the shares in the GFTG Property Holdings Corp. In April 2019, GFTG Property Holdings and Sanya CEDF Sino-Philippine Investment Corp. signed a $298-million deal to develop Grande and Chiquita Islands;

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

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

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

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

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

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

Adopted

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