

FIFTEENTH CONGRESS OF THE )  
REPUBLIC OF THE PHILIPPINES )  
First Regular Session )

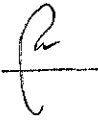


Senate  
Office of the Secretary

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SENATE

P. S. Res. No. **349**

RECEIVED BY: 

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Introduced by Senator FRANCIS G. ESCUDERO

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RESOLUTION

DIRECTING THE APPROPRIATE SENATE COMMITTEE/S  
TO CONDUCT AN INQUIRY IN AID OF LEGISLATION INTO  
THE OWNERSHIP, CONTROL AND OPERATION OF THE  
METRO RAIL TRANSIT III PROJECT (MRT3) WITH THE END  
IN VIEW OF ENACTING LEGISLATIVE MEASURES TO  
ADDRESS THE SAME

*WHEREAS*, in 1989, the Department of Transportation and Communications (DOTC) planned to construct a Light Railway in EDSA (EDSA Rail Transit III or MRT 3); and for which a letter of intent was submitted to the DOTC by Mr. Eli Levin of ELI LEVIN Enterprises the following year.

*WHEREAS*, Mr. Levin, for the purpose of participating in the project, incorporated EDSA LRT Corporation Ltd. (ELCL), a Hong Kong company, a consortium consisting of ten (10) foreign companies.

*WHEREAS*, in 1991, through public bidding pursuant to Republic Act (RA) No. 6957, MRT 3 was awarded to ELCL and a Build-Lease-Transfer agreement (BLT Agreement) was consequently drafted between the DOTC and ELCL.

*WHEREAS*, however, in 1992, the BLT Agreement for MRT 3 was disapproved for being procedurally flawed; but was subsequently reviewed, revived and approved in 1993.

*WHEREAS*, in 1995, or four (4) years prior to the operation of MRT 3, EDSA LRT Holdings, Inc. (ELHI), a Philippine registered company, bought a majority stake or eighty-five percent (85%) of ELCL and at the same time created and organized Metro Rail Development Corporation (MRDC); ELCL was likewise renamed Metro Rail Transit Corp., Ltd. (Metrorail) which also formed a subsidiary, Metro Rail Transit Corporation (MRTC).

*WHEREAS*, MRDC had been designed to acquire development and commercial rights, develop the 16 hectare depot, or in sum, undertake activities referring to non-rail revenues of MRT 3.

*WHEREAS*, MRTC, on the other hand, had been tasked to handle design, construction, testing, commission and maintenance of MRT 3.

*WHEREAS*, a year after MRT 3 commenced operations in 1999, ELHI was renamed to Metro Rail Transit Holdings I (MRTH I) and assigned 84.9% of its shares to Metro Rail Transit Holdings II (MRTH II), to which ELCL, now Metrorail and MRTC, also transferred 100% of its share.

*WHEREAS*, it now appears that MRTH II is made up of ELCL, now Metrorail and MRTC (100%), and ELHI, now MRTH I (84.9%), plus, Fil-Estate (12.65%) and other shareholders (2.45%).

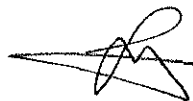
*WHEREAS*, the above corporate complexity, if not circuitous maneuvering, can never be denied especially in the light of determining with certainty ownership, control and operation of MRT 3; the entry of the Development Bank of the Philippines and the Land Bank of the Philippines in MRT 3 under a controlling interest complicates this even further.

*WHEREAS*, moreover, any transfer of ownership of MRT 3 should be limited to economic interest alone given that in a Build-Lease-Transfer scheme MRT 3 should automatically transfer to the government upon full recovery of investment.

*WHEREAS*, finally, the MRT 3 had been undertaken under RA No. 6957 which does not prescribe a Build-Lease-Transfer scheme, which is only had in RA No. 7718, the former's amendatory law.

*NOW, THEREFORE, BE IT RESOLVED, AS IT IS HEREBY RESOLVED* that the appropriate Committee/s of the Senate look into the true nature of ownership, operation and control of MRT 3 with the end in view of enacting legislative measures to address the same.

Adopted.



**FRANCIS G. ESCUDERO**