


7 NOV 13 2007

**SENATE**

RECEIVED BY 

**P. S. Res. No. 203**

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**Introduced by Senator Arroyo**

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**RESOLUTION**

**URGING THE PRESIDENT OF THE PHILIPPINES THAT IT WOULD BE TO THE INTEREST OF THE COUNTRY TO HOLD IN ABEYANCE THE FORTHCOMING BIDDING OF THE PHILIPPINE NATIONAL OIL COMPANY (PNOC) - ENERGY DEVELOPMENT CORPORATION (EDC) ON NOVEMBER 21, 2007 TO ENABLE THE SENATE TO CONSIDER CLOSELY THE IMPLICATION OF THE SALE TO THE GOVERNMENT'S ENERGY PROGRAM IN RELATION TO ITS FISCAL POSITION**

**WHEREAS**, the Energy Development Corporation (EDC) is owned by the government thru the Philippine National Oil Company (PNOC). It was established during martial law, a foresighted program to "explore and harness indigenous sources of energy." Now, it has achieved global recognition as number one (1) in the world in steam technology and the world's second largest geothermal producer;

**WHEREAS**, President Ramos authorized the privatization of 60% of EDC in 1994 but it did not take off. President Estrada did not pursue it. In 2005, the Joint Congressional Power Commission (JCPC) when sought, refused to give its assent to the proposed divestiture of EDC as a corporation but limited its approval only to the divestment of EDC's geothermal plants, with certain reservations, including the retention of the very vital pipelines;

**WHEREAS**, having failed by the JCPC, the EDC repaired to the Privatization Council which gave its approval;

**WHEREAS**, the government intends to dispose of 60% of PNOC-EDC and with that intend to raise P35 billion, an amount that is more than double what is involved in the ZTE-NBN embroglio;

**WHEREAS**, what is overlooked is that the EDC, from January 2007 to October 2007 or for the first three quarters, posted a net profit of P 5.4 billion. It could thus have a projected net income of P 7.2 billion for 2007;

**WHEREAS**, the government, if the sale goes thru, will have only a 40% equity and thereby lose control of EDC, just like when the government lost control of PETRON when it sold 60% of its holdings thereby losing the government's leverage in the pricing of oil;

**WHEREAS**, with the sale, we throw out of the window the original mandate "of exploring and harnessing indigenous sources of energy" which continues to be funded adequately by the income of the very profitable and money-making EDC;

**WHEREAS**, the Privatization Council intends to bid out the PNOC-EDC on November 21, 2007;

**WHEREAS**, the executive branch cannot just sell profitable assets of the government when in so doing it conflicts with long established policy of the state, in this case the continuous search for indigenous sources of energy which is funded by EDC. With the sale of EDC, such search will end because the government does not include such program in the annual budget;

**WHEREAS**, fiscal managers must cure this incorrigible habit of selling good companies which are money making and not trying its best to dispose of the money-losing companies which are burdens to the government;

**WHEREAS**, the government will sell PNOC-EDC, a crown jewel among government corporations, to bridge the budgetary shortfall caused by low tax collections which surfaced only during the budgetary hearings;

**WHEREAS**, the Department of Finance (DOF), keeps on claiming that its revenue agencies are doing well;

**WHEREAS**, this impending sale blasts the myth that all is well and fine with our fiscal position;

**WHEREAS**, that is not all. The government intends to sell other people's best assets. But that is another story

**WHEREAS**, the sale of EDC is not just a sale of a government corporation, it is more than these, on the line is the policy question, how can we harness our indigenous energy, if we sell the very corporation that funds is exploration;

**WHEREAS**, Congress is the policy-making branch of government, therefore, it must have the last say on this matter: Now, therefore be it

**RESOLVED BY THE SENATE, AS IT HEREBY RESOLVES**, to convey to and urge the President of the Philippines, in the light of the position of the Senate as expressed in the Resolution, that it would be to the interest of the country to hold in abeyance the forthcoming bidding of the Philippine National Oil Company (PNOC) - Energy Development Corporation (EDC) on November 21, 2007, to enable the Senate to consider closely the implication of the sale to the government's energy program in relation to its fiscal position.

Adopted,

  
**JOKER P. ARROYO**  
Senator