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

SENATE

P. S. RES. NO. 377

Introduced by **SENATOR LEILA M. DE LIMA**

RESOLUTION
DIRECTING THE PROPER SENATE COMMITTEE TO CONDUCT AN
INQUIRY, IN AID OF LEGISLATION, ON THE POSSIBLE ONEROUS
TERMS AND LONG-TERM FINANCIAL AND ECONOMIC
REPERCUSSIONS OF THE MULTI-BILLION DOLLAR LOAN AND
INVESTMENT PACKAGE OFFERED BY CHINA TO THE PHILIPPINES
UNDER ITS BELT AND ROAD INITIATIVE

WHEREAS, the Constitution, Article 2, Section 7 provides: "The State shall pursue an independent foreign policy. In its relations with other states the paramount consideration shall be national sovereignty, territorial integrity, national interest, and the right to self-determination";

WHEREAS, the Constitution, Article 2, Section 28 provides: "Subject to reasonable conditions prescribed by law, the State adopts and implements a policy of full public disclosure of all its transactions involving public interest";

WHEREAS, the Constitution, Article 7, Section 20 provides: "The President may contract or guarantee foreign loans on behalf of the Republic of the Philippines with the prior concurrence of the Monetary Board, and subject to such limitations as may be provided by law. The Monetary Board shall, within thirty days from the end of every quarter of the calendar year, submit to the Congress a complete report of its decisions on applications for loans to be contracted or guaranteed by the Government or government-owned and controlled corporations which would have the effect of increasing the foreign debt, and containing other matters as may be provided by law";

WHEREAS, China, on 14 and 15 May 2017, hosted the "Belt and Road Forum for International Cooperation" (Belt and Road Forum);

WHEREAS, China, in the said Belt and Road Forum, through its Belt and Road Initiative (BRI), aims to connect countries of Asia, Europe, and Africa with each other, primarily through infrastructure projects that are to be funded, in part or in whole, by China, such as ports, roads, railways, and bridges that will supposedly connect all countries that opted to be part of the "belt" and "road";

WHEREAS, the BRI is composed of the Silk Road Economic Belt and the 21st Century Maritime Road, hence, “belt” and “road”, wherein the “belt” refers mainly to a land-based trade route, while the “road” involves a sea route connecting archipelagic countries;¹

WHEREAS, India warns about the danger of long-term onerous indebtedness under the BRI, with a *Reuters* report citing the host countries’ struggle to pay back loans for huge infrastructure projects being carried out and funded by Chinese companies and banks as one of the criticisms of the BRI;²

WHEREAS, *Forbes* predicts that China would likely set the interest rates higher than the World Bank rate if China ends up funding most of the \$167 billion infrastructure project of this administration;³

WHEREAS, in the same report, *Forbes* notes that, at any likely interest rate, the Philippines will have trouble repaying \$167 billion in debt, plus interest, to China; that the Philippines will have to make concessions in favor of China in order to repay annual interest, or renegotiate such a large quantity of debt, which concessions could include political concessions (e.g., giving up territory or resource exploitation rights, such as oil, gas, and fisheries, in the South China Sea or Benham Rise), and economic concessions (e.g., selling China its national companies, or agreeing to below-market rates on exports to China);⁴

WHEREAS, various countries, such as Mongolia, Venezuela, and Sri Lanka, all had to resort to desperate measures to renegotiate their loans with China, i.e., Mongolia had to sell coal to China for only 11% of the international market price, Venezuela had to ask for more onerous loans from Russia, and Sri Lanka had to offer debt-for-equity swaps to China over their infrastructure projects;⁵

WHEREAS, while there is a need to stimulate the economy, there is an even greater need for our economic managers to exercise extreme caution before advising our President to enter into any loan agreement of this magnitude, lest we end up with a debt that our children, our children’s children, and even several generations thereafter will not be able to repay, and with commitments that would violate the Constitution or undermine our sovereignty;

WHEREAS, the principles of transparency and accountability dictate that the terms of any loan agreement that have the potential of undermining our sovereignty and of mortgaging our children’s future be subjected to extreme scrutiny;

¹ FAST FACTS: China’s Belt and Road Forum. *Rappler*. (14 May 2017) Retrieved from: <http://www.rappler.com/newsbreak/ig/169725-quick-facts-china-belt-road-forum>.

² India skips China’s Silk Road summit, warns of ‘unsustainable’ debt. *Reuters* (14 May 2017). Retrieved from: <http://mobile.reuters.com/article/idUSKBN18A07L>.

³ New Philippine Debt of \$167 Billion Could Balloon To \$452 Billion: China Will Benefit. *Forbes* (13 May 2017). Retrieved from: <https://www.forbes.com/sites/anderscorr/2017/05/13/new-philippine-debt-of-167-billion-could-balloon-to-452-billion-china-will-benefit/#1c72b8102fb6>.

⁴ *Ibid.*

⁵ China Tells Sri Lanka: We Want Our Money, Not Your Empty Airport. *Forbes* (31 July 2016). Retrieved from: <https://www.forbes.com/sites/wadeshepard/2016/07/31/china-to-sri-lanka-we-want-our-money-not-your-empty-airport/>.

WHEREAS, it is the duty of Congress to keep the executive department in check, through the investigation of, and meaningful legislation on financial and economic policies that could affect our country well beyond the current administration.

NOW THEREFORE, BE IT RESOLVED, as it is hereby resolved, to direct the proper Senate Committee to conduct an inquiry, in aid of legislation, on the possible onerous terms and long-term financial and economic repercussions of the multi-billion dollar loan and investment package offered by China to the Philippines under its Belt and Road Initiative.

Adopted,


LEILA M. DE LIMA