


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

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SENATE  
P.S. Res. No. 144

RECEIVED BY: 

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INTRODUCED BY THE HONORABLE MAR ROXAS

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A RESOLUTION  
URGING PRESIDENT GLORIA MACAPAGAL ARROYO TO DIRECT THE  
CANCELLATION OF THE ZTE CONTRACT.

*Whereas*, the Philippine government signed an agreement with ZTE Corporation on 21 April 2007 at Boao, China with no less than the head of state of the Republic of the Philippines as primary witness;

*Whereas*, the ZTE contract remains unconsummated in view of the non-fulfillment of the preconditions stated in the said contract. Further, the \$329-M (P16-B) loan agreement, payable in 20 years at 3% per annum, that is attached to the supply contract has yet to be fully obtained;

*Whereas*, based on recent news reports, President Gloria Macapagal-Arroyo, through Trade Secretary Peter Favila, has ordered the indefinite suspension of the ZTE contract;

*Whereas*, the signed agreement, already cloaked in secrecy, was thereafter stolen even before it made its way to Manila, causing great embarrassment to the government and resulted in conflicting statements from various Cabinet secretaries on the nature of agreement that was forged in China;

*Whereas*, Jose de Venecia III, a majority stockholder of Amsterdam Holdings, Inc., has stepped forward to expose the unseemly involvement of Comelec Chairman Benjamin Abalos and other personages including First Gentleman Miguel Arroyo in pressing for the ZTE broadband deal;

*Whereas*, based on the position paper written by UP Professors Raul Fabella and Emmanuel de Dios, "no sound basis exists for the loan-enhanced NBN deal" and hence, does not serve a clear national imperative and places an inordinate and unreasonable burden on the Filipino people;

*Whereas*, the country would be saddled with a 20-year loan for a nebulous project that has a technological and economic life of less than 12 years;

*Whereas*, there is clear conflict of priorities prejudicial to the people in the plan to build a national broadband network ranged against more compelling needs such as building more schools, feeding more schoolchildren, improving our public hospitals, and investing in more farm-to-road markets that will connect farmers and fishermen to retail and wholesale outlets at lesser costs;

*Whereas*, the ZTE contract is presently surrounded by controversies and apparent anomalies including, but not limited to, theft of the said contract, collusion, and political pressures.

*Whereas*, alleged savings of P3-B in communications cost once government puts up its own broadband network is fictitious, because the various departments and agencies will continue to demand public funds for stamps, postal services, face-to-face meetings, and other expenditures in relation to internal and external communications;

*Whereas*, creating and maintaining a national broadband network is not the core competence of government and is best left to the private sector in line with the national policy of privatization and boosting the telecommunications sector;

*Whereas*, there are serious security implications involved in having a foreign entity, in this case a company owned by a foreign country, to design, engineer, and install the government's national broadband network through which vital information related to economic, social, political and defense aspects of governance shall flow, and be contained;

*Whereas*, the vague provisions of the RP-ZTE supply contract on the design and engineering aspects of the national broadband network show this \$329-M (P16-B) to be a deal driven by supply not demand, for short-term personal gain rather than the people's long-term benefit;

*Whereas*, the cancellation of the contract will not result in any serious impairment of our diplomatic relations with China and will actually demonstrate the shared desire of both countries to serve the paramount interest of the Filipino people;

*Whereas*, the ZTE contract did not follow the usual procurement process including bidding as set forth in Republic Act No. 9184, otherwise known as the "Government Procurement Reform Act;"

*Whereas*, there is nothing that prevents the Office of the President from directing the cancellation of the ZTE broadband deal in response to the overwhelming clamor of the people and to uphold the national interest;

*Resolved*, as it is hereby resolved, that the Senate formally calls on President Gloria Macapagal-Arroyo to direct the cancellation of the ZTE broadband deal in response to public clamor and to uphold the national interest.

Adopted,

  
MAR ROXAS  
Senator