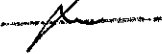


FOURTEENTH CONGRESS OF THE )  
REPUBLIC OF THE PHILIPPINES )  
First Regular Session )

7 10 19 04

SENATE

P.S. RESOLUTION NO. 210

RECEIVED BY: 

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Introduced by **SENATOR AQUILINO Q. PIMENTEL, JR.**

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**RESOLUTION DIRECTING THE APPROPRIATE SENATE COMMITTEE TO  
CONDUCT AN INQUIRY, IN AID OF LEGISLATION, INTO THE ALLEGED  
ONEROUS NORTH LUZON RAILWAY CORPORATION (NORTH RAIL)  
PROJECT, AND TO INSTITUTE MEASURES TO PROTECT GOVERNMENT  
PROCUREMENT PROCESS**

Whereas, on Feb. 26, 2004, a Buyer Credit Loan agreement was executed between the Export-Import Bank of China and the Philippine Government where China EXIM Bank, as the lender, will extend US\$400 million in loans called preferential buyer's credit, to the government aimed to modernize the 32-kilometer double-track railway system from Caloocan City to Bulacan through the construction of the US\$503 Million North Luzon Railways Corporations project;

Whereas, of the US\$503 million project cost, the government will shoulder the US\$107 million as a counterpart fund;

Whereas, official records show that former finance Secretary Juanita Amatong signed the loan agreement in Manila on Feb. 26, 2004, after it had been cleared by Assistant Government Corporate Counsel Efren Gonzales on Nov. 13, 2003, and approved by former National Economic and Development Authority Secretary-General Romulo Neri on Dec. 18, 2003;

Whereas, exactly \$125.75 million (P6.5 billion) has already been advanced out of the \$503-million loan, yet the project, scheduled to be completed next May, appears to be heading nowhere;

Whereas, the said loan was allegedly without the approval of the Monetary Board, as required under Section 20, Article VII of the 1987 Constitution;

Whereas, the contract for the project is not only overpriced, but is also ridden with onerous conditions in case of default in the payment of loan to finance the project;

Whereas, in the Northrail loan agreement with China's Eximbank, Philippine officials allegedly waived the country's immunity over its sovereign and patrimonial assets, placing under China's laws and jurisdiction any suit or judgment that might arise from the contract and granted Eximbank unilateral authority to determine payment schedules and the right to impose penalties for any delay in the project;

Whereas, the contract between North Luzon Railway Corp. and its prime contractor, the China National Machinery and Equipment Corp., was specified in the loan agreement and allegedly did not go through a competitive public bidding as required by Republic Act 9184, otherwise known as the Government Procurement Reform Act;

Whereas, there is an imperative need to determine whether competitive biddings were held before the contract was awarded to the China National Machinery and Equipment Corporation (CNMEC), and whether there was prior appropriation of public funds and certification of its availability by proper accounting officials;

**NOW THEREFORE, BE IT RESOLVED**, as it is hereby resolved to direct the appropriate Senate Committee to conduct an inquiry, in aid of legislation, into the alleged onerous North Luzon Railway Corporation (North Rail) project, and to institute measures to protect government procurement process.

Adopted,

A handwritten signature in black ink, appearing to read 'Aquilino Q. Pimentel, Jr.', with a horizontal line extending to the right.

**AQUILINO Q. PIMENTEL, JR.**