

Written by Senator Pimentel's Press Office

Friday, 04 July 2008 04:28 - Last Updated Friday, 04 July 2008 04:32

---

Minority Leader Aquilino Pimentel Jr. (PDP-Laban) today said the revelation of lawyer Harry Roque that a \$150 million bribe was given to certain government officials to secure approval of the North Rail Project (NRP) is very disturbing and should provide a strong basis to continue the Senate inquiry into the foreign-funded railways project.

Senator Pimentel said the alleged bribe and the fact the NRP's construction is already delayed by more than three years should prod the Senate to investigate the railway project and to review the terms and conditions of the country's agreement with the Chinese government which is financing the project.

"We need evidence of Atty. Roque's claims. It's a serious charge. \$150 million is not peanuts. It may mean implicating important persons. Of course, the Senate should investigate this deal," Mr. Pimentel said.

The first phase of the NRP – a 32-kilometer stretch from Caloocan City to Malolos City – has a funding of \$500 million, of which \$400 million was borrowed from China's Export-Import Bank and \$100 million is the counterpart of the Philippine government.

But since the loan agreement was signed on Feb. 26, 2004, the construction of the project has not yet started. The construction of the railways should have been started in 2005 after the clearing and relocation of tens of thousands of squatter families living along the rail routes. The contractor of the project, the China National Machinery and Equipment Corp. has pulled out of

the project this year reportedly due to disagreement with Philippine transportation officials over the design of the railway system.

But Atty. Roque, a professor of the University of the Philippines College of Law, claimed that the CNMEC withdrew from the project after Malacañang reportedly turned down its request for a supplemental funding of \$200 million for the project.

Mr. Pimentel recalled that he and other senators had questioned the loan agreement after it was signed on account of its terms and conditions that were grossly disadvantageous to the Philippine government.

He said one of the provisions in the agreement that was unfair and inimical to the Philippines was the awarding of the project to a Chinese contractor chosen by China's Export-Import Bank without the benefit of public bidding.

"Officials of Malacañang and members of the Cabinet ignored our objections and the demand for a renegotiation of the agreement by insisting that it was 'above-board' and beneficial to the Philippines. It turned out that they were in effect not interested in uncovering some its fraudulent and onerous terms and conditions," the minority leader said.

Written by Senator Pimentel's Press Office

Friday, 04 July 2008 04:28 - Last Updated Friday, 04 July 2008 04:32

---

Senator Pimentel said the Arroyo government committed another blunder when it contracted a second loan in 2006 – this time amounting to \$500 million – from the China Eximbank to finance the second phase of the NRP, covering the railway line from Malolos to Clark Special Economic Zone, despite the undue delay in the implementation of the first phase of the project.

He said that the fate of the NRP is now in limbo in the absence of an engineering contractor to build the railways system and to supply the trains and passenger coaches.

Despite the continued suspension of the railway project, Senator Pimentel said the government is required to pay P1 million a day in loan interest to China's Eximbank, the cost of which is ultimately passed on to the Filipino taxpayers. # # #

[Joomla SEO powered by JoomSEF](#)