

Written by Gov. Ben Sanchez

Saturday, 01 March 2008 00:42 - Last Updated Monday, 12 January 2009 23:22

This columnist passed this article on to the editor of MabuhayRadio as a "Must Read" hoping that it will be posted here. I received the article by e-mail from a trusted friend. This could serve as a backgrounder to the ZTE-NBN scandal currently raging; of why some rascals may be able to get away with an alleged \$41-million in supposed advance "commissions" since witnesses may be unable to provide a paper trail.

Although neither my friend nor I can verify that the author is really Ricky Carandang, we personally know that an agreement was signed between the Philippine National Oil Company and the Chinese company CNOOC to conduct joint oil exploration in the Spratly Islands.

I am not aware that the Spratly agreement was a precondition for the \$2-billion in ODA pledged by China yearly until GMA's term ends in 2010. News of this must have been published but I may have overlooked it. The signing of the North Rail and South Rail contract is proof that the pledge was made.

The fact is that since President Ramos' term, it was government policy to give priority to BOT (Build Operate Transfer) transactions rather than loan arrangements. Under a BOT contract, infrastructure is built that will entail no funding by government. Quite suddenly, President Arroyo shifted preference to foreign loans.

Basically, the story stands on its own and is credible. I underscore the dire consequences to the tax-paying public of a bulging long-term loan agreement. A new witness declared that the original price of the ZTE-NBN deal was \$120-million. The project loan eventually signed ballooned to \$327-million. If the witness is telling the truth, the over-price is a whooping 172% or \$207-million. President Arroyo was forced to cancel the ZTE contract. What about the North and South Rail contracts which preceded ZTE-NBN? Abangan ang susunod na kabanatan. (Don't know yet.)

A keen observer noted that during the time of the Marcos dictatorship, the "institutional entitlements" (pseudonym for graft or "take") was no more than 30%.

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Ricky Carandang is a popular staff member of the only-English-spoken news Channel ANC of the ABS-CBN network. He hosts the channel's top news and talk shows. In addition, he is the host of the program "Correspondents" which airs once a week. "Correspondents" follows the format of "Sixty Minutes," a popular program in the U.S.

Here is what Mr. Carandang supposedly wrote: "Treason

"Allow me to expound a little on a story I did for The Correspondents on February 19th.

"Seven countries claim ownership of the disputed Spratly Islands, just off of Palawan. China, Vietnam, Taiwan, Malaysia, Indonesia, Brunei, and the Philippines all claim to own part or all of the Spratlys. These overlapping claims have been a source of tension over the years since the Spratlys (we Filipinos call them the Kalayaan Islands) are believed to contain significant reserves of oil and natural gas. China was the most aggressive in pursuing its claim. In 1999, the Philippines – under President Joseph Estrada – led an effort to prevent tensions by getting all the claimants to agree not to take actions to provoke other claimants.

"But in 2003, the Philippines-now under Gloria Macapagal-Arroyo- rocked the boat that it previously steadied when it signed an agreement with China to jointly undertake seismic studies of the Spratlys and explore for oil and natural gas. Naturally, the other claimants were angry.

"After getting them to agree not to rock the boat, the Philippines sucker-punched them with the China deal. China's traditional ally, Vietnam was so angry they had to be let in to the deal to appease them.

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“Aside from angering our neighbors and potentially undermining regional stability, Arroyo's action may also be illegal. Ombudsman Merceditas Gutierrez – who was then acting justice secretary – told former Senator Frank Drilon, who was then allied with the administration, that she believed that the deal violated the Constitution, because while it was a deal between the state owned oil firms (PNOC of the Philippines and CNOOC of China) of the two countries, it implicitly gave China access to our oil reserves. Officers of the Foreign Affairs Department were also upset because the deal effectively strengthened China and Vietnam's claim to the Spratlys.

“What would compel Gloria Macapagal-Arroyo to sign a deal that potentially undermines regional stability, possibly grants China parity rights to oil reserves in the Spratlys that we claim to be ours, and likely violates our Constitution?

“How about \$2-billion a year? After the Spratly deal was signed, the Chinese government committed \$2-billion in official development assistance a year to the Philippines until 2010, when Arroyo is supposed to step down from office. My sources tell me that the Spratly deal was an explicit precondition to the loans.

“A sizable amount to be sure, but for the Arroyo administration the China loans are particularly appealing. Not so much because the interest rates are so low and the repayment terms so lenient, but because Chinese loans do not have the cumbersome requirements that loans from the US, Japan, the EU, and big multilateral lenders have.

“Requirements for documentation, bidding, transparency and other details that make it very difficult for corrupt public officials to commit graft. In fact, in November of last year, those cumbersome requirements made it impossible for some government officials and private individuals with sticky fingers to avail themselves of the World Bank's generosity.

“It had gotten to the point where a corrupt government could no longer make a dishonest buck. That is until China's generous offer came along. Given China's laxity with certain conditions, it is no wonder why almost every big ticket government project funded by Chinese ODA has been the subject of allegations of graft and corruption. There's Northrail, Cyber Education, the Fuhua agricultural projects, Southrail, and of course the ZTE National Broadband project.

“Until the ZTE National Broadband scandal, the Chinese government has had little official reaction to any of these allegations. Why should they? The \$8 billion is a loan, not a grant. It enhances their influence in the region, strengthens their claim to the Spratlys, and expands their

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influence in the Philippines. The best part is, regardless of what Philippine officials do with the money – whether they put it to good use or steal it – it still has to be paid back. It is no wonder that anytime some mid-level Chinese official comes to the country, congressmen and administration officials literally trip over themselves to roll out the red carpet.

“For corrupt Administration officials and their cronies, \$8-billion represent unprecedented opportunities for graft on a scale that would shock ordinary Filipinos.

“And at the end of the day, that \$8-billion is going to be paid back. Not by the grafters in and out of government; not by the Chinese citizens; but by the millions of ordinary middle-class Filipinos who go to work every day, pay their taxes, struggle and to keep their small and medium businesses afloat. The price will also be paid indirectly by tens of millions of poor Filipinos who will not have access to health care, quality education, and a functioning court system because those resources are not going where they should be going.

“There's a word for that. It is called Treason.” # # #

Editor's Notes: Governor Sanchez can be reached at altez91@gmail.com . He welcomes readers' feedbacks as hearing from readers interest him a lot.

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