

New Case	Why is it Illegitimate?										
<h2 style="margin: 0;">The North Luzon Railways Project (North-Rail)</h2>											
<b>Loan Information (using US1=P41)</b>											
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 20%;">Creditor</td> <td><b>Chinese Export-Import (EXIM) Bank</b></td> </tr> <tr> <td>Loan Amount</td> <td><b>US\$ 503,000,000.00 PhP 20,600,000,000.00</b></td> </tr> <tr> <td>Interest Rate</td> <td><b>3% per annum</b></td> </tr> <tr> <td>Years of Repayment</td> <td><b>20 years (inclusive of 5 years grace period)</b></td> </tr> <tr> <td>Specified Contractor</td> <td><b>China National Machinery and Equipment Corporation (CNMEC)</b></td> </tr> </table>	Creditor	<b>Chinese Export-Import (EXIM) Bank</b>	Loan Amount	<b>US\$ 503,000,000.00 PhP 20,600,000,000.00</b>	Interest Rate	<b>3% per annum</b>	Years of Repayment	<b>20 years (inclusive of 5 years grace period)</b>	Specified Contractor	<b>China National Machinery and Equipment Corporation (CNMEC)</b>	<p><u>Illegal, Bypassed Processes</u> – The contract failed to comply with the mandatory requirement of competitive bidding under RA 9184, with the Government Auditing Code of the Philippines and the Administrative Code of 1987. The Buyer Credit Loan Agreement between EXIM Bank and the Government is questionable because there was no prior concurrence by our own monetary board required by Sec. 20, Art. VII of the Constitution.</p> <p><u>Project Unviable</u> – CNMEC is not technically qualified to be a Prime Contractor. CNMEC has not done any railway projects of similar magnitude in China or elsewhere in the world. Neither is it engaged in the manufacture of the railroad equipment contemplated in the contract.</p> <p><u>Onerous Burden</u> – Total project cost of \$ 503 million as approved by NEDA, \$ 82-107 million has been earmarked as counterpart fund to be provided by the RP government through the North Luzon Railways Corporation (NLRC). It is unclear whether the RP counterpart fund is intended to cover other cost items not revealed in the project cost breakdown, taxes and contingencies. Also, a large portion of the relocation and resettlement cost is hidden in the budget of the National Housing Authority (NHA).</p> <p><u>More Expensive</u> – The comparative cost of the CNMEC contract as against the original 1998 NLRC project cost is higher than the 1998 version. They refer to the same track section and length, same number and location of stations, same number of bridges, same alignment, and nearly identical railway curves. The only and major difference is on track gauge: the CNMEC version is on narrow gauge while the 1998 version is on standard gauge.</p>
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<b>Description</b>											
<p>The North-rail project was originally conceived to connect Clark with Bonifacio-two baselands under the jurisdiction of - Bases Development Conversion Authority (BCDA) to provide a highspeed link to theproposed new international airport. However, the RP government's plan changed and instead opted for the revival of the old commuter train service of the Philippine National Railways (PNR).</p> <p>Part of loan agreement requires all contractors and suppliers for the project will be Chinese nationals.</p>											



## FREEDOM FROM DEBT COALITION

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