

SEVENTEENTH CONGRESS OF THE )  
REPUBLIC OF THE PHILIPPINES )  
*Second Regular Session* )

**SENATE**

P. S. RES. NO. 628



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Introduced by **SENATOR LEILA M. DE LIMA** FEB 14 11:53

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**RESOLUTION**

RECEIVED BY: \_\_\_\_\_

**DIRECTING THE APPROPRIATE SENATE COMMITTEE TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, INTO THE COMPLETE TERMS AND CONDITIONS OF THE LOANS ENTERED INTO BY THE GOVERNMENT TO FUND THE "BUILD! BUILD! BUILD" PROGRAM, THEREBY ASSESSING THE POSSIBLE IMPACT OF SUCH LOANS ON OUR ECONOMY AND NATIONAL SECURITY**

*WHEREAS*, the Constitution, Article II, Section 7 provides: "The State shall pursue an independent foreign policy. In its relations with other states, the paramount consideration shall be national sovereignty, territorial integrity, national interest, and the right to self-determination";

*WHEREAS*, the Constitution, Article II, Section 9 provides: "The State shall promote a just and dynamic social order that will ensure the prosperity and independence of the nation and free the people from poverty through policies that provide adequate social services, promote full employment, a rising standard of living, and an improved quality of life for all";

*WHEREAS*, the Constitution, Article II, Section 19 provides: "The State shall develop a self-reliant and independent national economy effectively controlled by Filipinos";

*WHEREAS*, the Constitution, Article II, Section 28 states that, "[s]ubject to reasonable conditions prescribed by law, the State adopts and implements a policy of full public disclosure of all its transactions involving public interest";

*WHEREAS*, the Constitution, Article VI, Section 24 provides: "All appropriation, revenue or tariff bills, bills authorizing increase of the public debt, bills of local application, and private bills, shall originate exclusively in the House of Representatives, but the Senate may propose or concur with amendments";

*WHEREAS*, the Constitution, Article VII, Section 20 provides: “The President may contract or guarantee foreign loans on behalf of the Republic of the Philippines with the prior concurrence of the Monetary Board, and subject to such limitations as may be provided by law. The Monetary Board shall, within thirty days from the end of every quarter of the calendar year, submit to the Congress a complete report of its decision on applications for loans to be contracted or guaranteed by the Government or government-owned and controlled corporations which would have the effect of increasing the foreign debt, and containing other matters as may be provided by law”;

*WHEREAS*, the Constitution, Article XII, Section 21 provides: “Foreign loans may only be incurred in accordance with law and the regulation of the monetary authority. Information on foreign loans obtained or guaranteed by the Government shall be made available to the public”;

*WHEREAS*, the Constitution, Article XII, Section 22 provides that “acts which circumvent or negate any of the provisions of Article XII of the Constitution”, including Section 21, “shall be considered inimical to the national interest and subject to criminal and civil sanctions, as may be provided by law”;

*WHEREAS*, Department of Budget and Management (DBM) Secretary Benjamin Diokno said that the Duterte administration has allocated ₱8.2 trillion solely to fund the “golden age of infrastructure” over the next six years<sup>1</sup>;

*WHEREAS*, according to the National Economic Development Authority (NEDA), foreign borrowing will account for only 15% of the funds, but upon closer review of the 75 flagships they approved, it shows the government is going to borrow almost half (48%) of its funds from foreign lenders<sup>2</sup>;

*WHEREAS*, the first tranche of implementation of the Build! Build! Build! Program, coupled with the implementation of the Tax Reform Acceleration and Inclusion Act (TRAIN Law) have changed the economic conditions which would require our government to exercise greater prudence prior to entering into new loan agreements;

*WHEREAS*, President Duterte’s lack of transparency over the terms of the Chinese loans is a growing concern. ASEAN Today states that, “[w]hile the Duterte administration has been transparent about courting Chinese loans and investment, it

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<sup>1</sup> Cabuenas, Jon Viktor. Duterte admin to spend P8.2T on infra over next six years. GMA News Online. (27 September 2016). Retrieved from: <http://www.gmanetwork.com/news/money/economy/582939/duterte-admin-to-spend-p8-2t-on-infra-over-next-six-years/story/>

<sup>2</sup> Cruz, Cherryl Anne. President Duterte’s ‘Build, Build, Build Plan’: Who Really Stands to Gain (and Lose) from It? Carmudi Insider. (20 August 2017). Retrieved from: <https://www.carmudi.com.ph/journal/president-dutertes-build-build-build-plan-who-really-stands-to-gain-or-lose-from-it/>



has been less forthcoming about the conditions and potential implications of these loans”;

*WHEREAS*, the same article adds, “[w]ithout releasing all the details of the loans to the Philippine Congress and the general public, it becomes impossible for Congress to conduct a full cost-benefit investigation and vote for the loan to proceed. Without greater transparency and careful cost-benefit analysis, the Duterte administration may condemn the Philippines to unsustainable levels of national debt, put the Philippines in a situation where they are tied to China in a bondage of debt and open the country up to all the pitfalls that come with it”<sup>3</sup>;

*WHEREAS*, it is also a cause of concern that lenders, such as China, pay around 2-7% percent finders’ fee for each agreement.<sup>4</sup> Such incentives could shape public policy and encourage more loan agreements than necessary, especially if such fee is paid as kickbacks to government officials who pushed for and brokered said deals, at the expense of the Filipinos who will be paying for the loans in the following years, if not decades;

*WHEREAS*, tying the Philippines to huge monetary indebtedness to China will also have an undeniable impact on the conduct of our foreign relations, and most certainly will be used by China as a leverage against us in its continuing effort to undermine our claims over our Exclusive Economic Zone in the West Philippine Sea, thereby posing a threat to our national defense and security, aside from mortgaging our country’s and our children’s future to a foreign power;

*WHEREAS*, Congress, as representatives of our people, must be involved in the negotiation of the loan agreements to ensure that the terms provided in the said agreements are fair and in keeping with our country’s ability to utilize the proceeds and pay said loans;

*WHEREAS*, it is also incumbent upon Congress to scrutinize all loan agreements of this magnitude entered into by the government to protect our country from onerous and odious provisions that could jeopardize our country’s future, both in terms of financial as well as territorial security;

***NOW, THEREFORE, BE IT RESOLVED, AS IT IS HEREBY RESOLVED***, for the proper Senate Committee, to conduct an inquiry, in aid of legislation, into the complete terms and conditions of the loans entered into by the

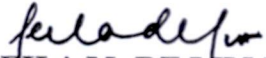
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<sup>3</sup> Ward, Oliver. Is the Philippines heading into a debt crisis? ASEAN Today. (9 February 2018). Retrieved from: <https://www.aseantoday.com/2017/08/is-the-philippines-heading-into-a-debt-crisis/>

<sup>4</sup> Corr, Anders. New Philippine Debt of \$167 Billion Could Balloon To \$452 Billion: China Will Benefit. Forbes.com (13 May 2017). Retrieved from: <https://www.forbes.com/sites/anderscorr/2017/05/13/new-philippine-debt-of-167-billion-could-balloon-to-452-billion-china-will-benefit>

government to fund the "Build! Build! Build" Program, thereby assessing the possible impact of such loans on our economy as well as national security.

*Adopted,*

  
LEILA M. DE LIMA