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SENATE

P. S. Res. No. 756

REC'D: _____ *J*

Introduced by **SENATOR LEILA M. DE LIMA**

RESOLUTION
DIRECTING THE APPROPRIATE SENATE COMMITTEE TO CONDUCT
AN INQUIRY, IN AID OF LEGISLATION, ON THE GOVERNMENT
TRANSACTIONS INVOLVING CHINESE BLACKLISTED FIRMS IN THE
BANGON MARAWI PROGRAM

1 WHEREAS, Article II, Section 7 of the Constitution states that, “[t]he State shall
2 pursue an independent foreign policy. In its relations with other states the paramount
3 consideration shall be national sovereignty, territorial integrity, national interest, and
4 the right to self-determination”;

5 WHEREAS, Section 19 of the same Article likewise emphasizes that, “[t]he State
6 shall develop a self-reliant and independent national economy effectively controlled
7 by Filipinos”;

8 WHEREAS, Section 27 thereof also provides that, “[t]he State shall maintain
9 honesty and integrity in the public service and take positive and effective measures
10 against graft and corruption”;

11 WHEREAS, *Rappler* recently reported that Bangon Marawi Consortium
12 (BMC), composed of five (5) Chinese and four (4) Filipino companies, were chosen by
13 Task Force Bangon Marawi to rehabilitate the 250- hectare main battle area in Marawi
14 City;¹

15 WHEREAS, the report enumerated the five (5) Chinese companies, as follows:
16 (1) China State Construction Engineering Corporation Limited (CSCEC); (2) Anhui
17 Huali Construction Group Company Limited; (3) China Geo Engineering Corporation

¹ Ranada, Pia. *LIST: 9 Companies Behind China-Led Consortium Picked For Marawi Rehab*. *Rappler* (02 April 2018). Retrieved from <https://www.rappler.com/nation/199388-companies-bangon-marawi-consortium-china-philippines>

1 (CGEC); (4) TBEA Company Limited; and (5) Shandong Jinyuan Homes Industry
2 Development Company Limited;²

3 WHEREAS, a Philippine Center for Investigative Journalism (PCIJ) report
4 reveals that two of the five Chinese companies in the BMC, CSCEC and CGEC, actually
5 have “frail” track records;³

6 WHEREAS, in 2005, the Department of Public Works and Highways previously
7 blacklisted CSCEC initially for a duration of one year but later reduced to six (6)
8 months,⁴ for violating the implementing rules and regulations (IRR) of Republic Act
9 No. 9184 (or the Government Procurement Reform Act);

10 WHEREAS, four years later, the World Bank blacklisted CSCEC for six (6) years
11 and CGEC for five (5) years for “engaging in collusive practices” during the public
12 bidding conducted in relation to the Philippine National Roads Improvement and
13 Management Program, known as NRIMP 1,⁵ which is financed by the World Bank;⁶

14 WHEREAS, as a result of the World Bank debarment, “the sanctioned entities
15 [had] their names listed on the World Bank’s website for the full extent of the
16 sanctioned period and [were] ineligible to bid on World Bank Group contracts during
17 [said] period”;⁷

18 WHEREAS, Presidential Spokesperson Harry Roque, in response to the
19 controversy, was reported as saying in an interview that Philippine laws do not, *per se*,
20 disqualify them because “[u]nder either the law that provides for Swiss Challenge or
21 the BOT (Build-Operate-Transfer) law, or government procurement act, the one which

² *Ibid.*

³ Mangahas, Malou et al. *PROJECT BANGON MARAWI, YEAR 1: A Patchwork Of Sketchy Plans, Loose Rules, Uncertain Funding*. (22 May 2018). Retrieved from <http://pcij.org/stories/a-patchwork-of-sketchy-plans-loose-rules-uncertain-funding/>

⁴ Department of Public Works and Highways Department Order No. 72 (2005).

⁵ Arcibal, C. *WB Bars RP, Chinese Firms Over Road Project Corruption*. GMA Network (15 January 2009). Retrieved <http://www.gmanetwork.com/news/money/content/144307/wb-bars-rp-chinese-firms-over-road-project-corruption/story/>

⁶ Wroughton, Lesley. *World Bank bars seven firms including four from China*. Reuters. (15 January 2009). Retrieved from <https://af.reuters.com/article/worldNews/idAFTRE50E0GX20090115>.

⁷ *Supra*, footnote #5.

1 should blacklist is the Philippine government for them to be disqualified in
2 participating in any public tender”;⁸

3 WHEREAS, in the same news report, Task Force Bangon Marawi defended the
4 two firms saying that their respective periods of blacklisting have already lapsed;⁹

5 WHEREAS, Task Force Bangon Marawi Chair Eduardo del Rosario even argued
6 that, through the Swiss challenge, “any developer can challenge the Chinese if their bid
7 price can be outbid by other developers. It's open, it's transparent”;¹⁰

8 WHEREAS, another issue alleged against the BMC is that local sectors in
9 Marawi claim they are not being included in the consultations, which was denied by
10 the Task Force, claiming that there have been consultations conducted with the local
11 government unit and other stakeholders on the rehabilitation process¹¹;

12 WHEREAS, there is great concern over the independence of the Marawi project
13 from Chinese government influence;

14 WHEREAS, Philippine Star, on 25 May 2018, quoted Representative Gary
15 Alejano as saying that, CSCEC and CGEC are “state-owned enterprises, which means
16 that state funds of China would be used. Worries on the degree of control that China
17 would have on the projects could not be dismissed, especially since the Filipino
18 companies included have no history of contracting big government projects”¹²;

19 WHEREAS, this is not the first time a firm blacklisted by the World Bank
20 bagged an infrastructure project in the Philippines under the Duterte administration;

21 WHEREAS, in fact, the Philippine Daily Inquirer, on 26 October 2016, reported
22 that President Duterte signed a contract between the China Road and Bridge
23 Corporation (CRBC) and the Bases Conversion and Development Authority (BCDA),

⁸ Placido, Dharel. *World Bank-blacklisted Chinese firms still tapped for Marawi rehab – Palace*. ABS-CBN News (23 May 2018). Retrieved from <http://news.abs-cbn.com/news/05/23/18/world-bank-blacklisted-chinese-firms-still-tapped-for-marawi-rehab-palace>

⁹ *Ibid.*

¹⁰ Ranada, Pia. *Malacañang: Blacklisted Chinese firms deserve second chance*. Rappler (24 May 2018). Retrieved from <https://www.rappler.com/nation/203263-blacklisted-chinese-firms-second-chance-marawi-rehabilitation>

¹¹ *N.A. Gov't pegs Marawi rehab cost at P72B-P75B*. GMA Network News (06 April 2018). Retrieved from <http://www.gmanetwork.com/news/news/nation/649114/gov-t-pegs-marawi-rehab-cost-at-p70b-p75b/story/>

¹² Mendez, Christina. *'2 blacklisted China firms deserve second chance'*. Philstar.com (25 May 2018). Retrieved from <https://www.philstar.com/headlines/2018/05/25/1818458/2-blacklisted-china-firms-deserve-second-chance>

1 which involves the construction of the Bonifacio Global City-Ninoy Aquino
2 International Airport segment of the Metro Manila Bus Rapid Transit-EDSA project¹³;

3 WHEREAS, while it is true that it is the World Bank and not the Philippine
4 government that blacklisted the aforementioned Chinese companies, it would be
5 detrimental to the interests of our country not to give credence to the findings of the
6 World Bank, especially due to the fact that these firms were blacklisted due to corrupt
7 practices;

8 WHEREAS, the Philippines should not be forced to provide business
9 opportunities to companies previously found as having engaged in corrupt practices,
10 even if the periods of blacklisting have already lapsed, especially because this is a
11 critical, publicly funded project involving the lives of many Filipinos, who were
12 displaced by military action in Marawi;

13 WHEREAS, the Philippine government should prioritize the interests of our
14 countrymen in Marawi and should operate free from any questions on our
15 independence and integrity;

16 WHEREAS, now is the opportune time to conduct an investigation especially
17 since ground-breaking of the rehabilitation of the so-called "Marawi ground zero" is
18 expected to take place on June 21 this year, and construction is estimated to last until
19 2021¹⁴;

20 NOW, THEREFORE, BE IT RESOLVED BY THE SENATE, to direct the
21 appropriate Senate Committee to conduct an inquiry, in aid of legislation, on the
22 government transactions involving Chinese blacklisted firms in the Bangon Marawi
23 Program.

Adopted,


LEILA M. DE LIMA

¹³ Dizon, Nikko. *Chinese Company Banned By World Bank Bags PH Infrastructure Project*. Inquirer.net (26 October 2016). Retrieved from <http://business.inquirer.net/217467/chinese-company-banned-by-world-bank-bags-ph-infrastructure-project>

¹⁴ Salaverria, Leila B. *Marawi rehab cost: P75B*. Inquirer.net (08 April 2018). Retrieved from <http://newsinfo.inquirer.net/980842/marawi-rehab-cost-p75b>