

THE **RP-CHINA** ECONOMIC PARTNERSHIP AGREEMENT



Seven Projects Outlined

On January 16, 2007, the Philippine government represented by Socioeconomic Planning Secretary and NEDA Director General Romulo L. Neri signed an economic partnership agreement with the People's Republic of China.

Some of the framework agreements signed include the Framework Agreement on Expanding and Deepening Bilateral Economic and Trade Cooperation which formalizes the two countries' pact to engage in economic and trade cooperation, particularly in agriculture, fishery, public works and infrastructure, housing, mineral resource development, and energy among others.

There are seven projects covered by the agreements but only three of these were included in the signed agreements. These three are the Northrail Project, Phase 1, Section 2 (Malolos-Clark), Main Line South Railway Project Phase I [Calamba-Lucena] and the Non-Intrusive Container Inspection System Project Phase 2 (BOC). The remaining four projects in the pipeline are the Laiban Dam Project, Metro Manila Skyway Stages 2 (Bicutan-Alabang) and 3 (Makati-Balintawak) Project, Angat Water Utilization and Aqueduct Improvement Project (AWUAIP), Phase II and the Laoag International Airport Expansion Project.

Here are the brief descriptions of the seven projects including their investment requirements:

1. **Laiban Dam Project (MWSS)**. *Total Cost - **US\$1 billion***. This involves the construction and installation of a concrete dam, intake structures, hydropower plant as well as other structures that will supply an estimated volume of 1900 million liters per day (MLD) of raw water and 30 MegaWatts of power supply.
2. **Northrail Project, Phase 1, Section 2 (NLRC)**. *Total Cost - **US\$673.67 million***. The project aims to provide efficient transport service between Metro Manila and Central Luzon through the extension of the Northrail from Malolos to Clark covering 48km.
3. **Metro Manila Skyway Stages 2 (Bicutan-Alabang) and 3 (Makati-Balintawak) Project (NDC)**. *Total Cost - **US\$633.54 million***. This involves the construction of an elevated expressway that will link South Luzon Expressway and the North Luzon

Expressway from Bicutan to Alabang (6.88 km), and Buendia to Balintawak (17.5 km).

4. **Main Line South Railway Project Phase I [Calamba-Lucena] (PNR).** *Total Cost - US\$314.8 million.* This involves the rehabilitation and upgrading of the 77.4-km section of railroad line from Calamba to Lucena City.

5. **Non-Intrusive Container inspection System Project Phase 2 (BOC).** *Total Cost - US\$115 million.* This involves the purchase, installation and operation of 20 mobile X-ray machines to cover all major international container ports and airports targeted for container inspection modernization.

6. **Angat Water Utilization and Aqueduct Improvement Project (AWUAIP), Phase II (MWSS).** *Total Cost - US\$63.85 million.* This involves the construction of an 11.5 km new aqueduct which is intended to secure the existing raw water supply for Metro Manila.

7. **Laoag International Airport Expansion Project (DOTC).** *Total Cost - TBD.* The project involves the upgrading and modernization of the existing airport's passenger terminal building, extension of runway, taxiways and apron, and safety provisions, in accordance with the international safety and capability standards set by the ICAO.

THE NORTHRAIL PROJECT, PHASE I, SECTION 2 (MALOLOS-CLARK)

The Northrail Project, Phase I, Section 2 involves the completion of Phase I connecting Caloocan and Clark. This will cover 48 kms of double narrow-gauged rail track plying the towns of Malolos and Calumpit in Bulacan, Apalit, Minalin, Sto. Tomas, San Fernando, Angeles and Clarkfield in Pampanga.

The major components of the project includes civil and track works, signaling, communications and ticketing systems, procurement of rolling stock and right of way acquisition. The estimated cost of the project amounts to USD673.67 million, excluding taxes.

THE MAIN LINE SOUTH RAILWAY PROJECT PHASE I (CALAMBA-LUCENA)

The Southrail is envisioned to be integrated to Northrail. The Mainline South Railway Project Phase I is part of the existing 500-km Philippine National Railways (PNR) Mainline South Railway from Caloocan in Manila to Legazpi City in Bicol and the proposed 112-km new line extension to Sorsogon.

The project aims to provide additional public transport capacity along the Manila to the Bicol

Component	Cost (in million USD)
Civil and Track Works	309.49
Right-of-Way	16.29
Signaling/Communications/Ticketing Systems	29.72
Rolling Stock (41 train sets)	231.40
Project Management Support Team (PMST)	11.73
Financing Charges (Interest During Construction)	51.08
Others (Price Contingency)	23.95
TOTAL	673.66

corridor. This involves the rehabilitation and upgrading of the 77.4-km section of railroad line from Calamba to Lucena City.

THE NON-INTRUSIVE CONTAINER INSPECTION SYSTEM (CIS) PROJECT

Chapter 7 of the Medium-Term Philippine Development Plan (MTPDP) 2004-2010 stated that for the Bureau of Customs (BOC), "measures will be geared towards controlling smuggling."

Hence, the CIS units are being acquired by the BOC to adopt a non-intrusive detection technology to allow the speedy examination and more reliable examination and inspection of sealed cargo and shipments, especially for detecting antisocial goods such as guns and prohibited substances.

In line with this, 20 mobile X-ray units will be purchased and installed to ensure that there is at least one CIS unit in each of the identified location. Three units each will be deployed in the South Harbor and the Manila International Container Ports. Two units will be deployed in the NAIA Airport while one mobile unit each will be deployed in Cebu City, Subic, Batangas, San Fernando, Legaspi, Iloilo, Tacloban, Surigao, Cagayan de Oro, Zamboanga, Davao, and Subic and Clark Ports.

Total investment requirement is PhP5.98 billion or USD115 million at USD1:PhP52 exchange rate assumption.

Cost Item	Forex	Local	Taxes	Total
Civil Works	5,058,546	4,055,952	1,245,496	10,359,994
Rolling Stock	1,302,117	0	195,318	1,497,434
Signaling and Communications	300,049	70,382	53,453	423,884
Detailed Design	328,122	218,748	65,624	612,494
Supervision	364,580	546,870	109,374	1,020,824
Physical Contingencies	542,313	460,282	120,311	1,122,906
ROW Acquisition	0	136,242	0	136,242
Project Administration	0	132,102	0	132,102
Financing Charges	748,841	0	0	748,841
TOTAL (PhP '000)	8,644,568	5,620,577	1,789,577	16,054,722
TOTAL (USD '000)	169,501	110,207	35,090	314,798