

Joint Foreign Chambers of the Philippines



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CANADIAN



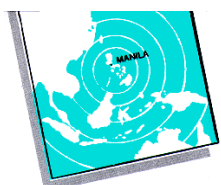
EUROPEAN



JAPANESE



KOREAN



PAMURI

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Canadian Chamber of Commerce of the Phils., Inc. ♦ European Chamber of Commerce of the Phils., Inc.
Japanese Chamber of Commerce & Industry of the Phils., Inc. ♦ Korean Chamber of Commerce of the Phils., Inc.
Philippine Association of Multinational Companies Regional Headquarters, Inc.

May 25, 2011

Mr. Rogelio L. Singson
Secretary
Department of Public Works
and Highways
Room 202, DPWH Building
Bonifacio Drive, Port Area
Manila

Mr. Jose P. De Jesus
Secretary
Department of Transportation
and Communications
16th Floor, Columbia Tower
Ortigas Avenue, Mandaluyong City

Dear Secretaries Singson and De Jesus:

On March 30 the Joint Foreign Chambers hosted the Seven Big Winner Sectors Workshop at the Asian Institute Management Conference Center in Makati to revalidate 283 Seven Big Winner Sectors recommendations in the *Arangkada Philippines 2010* report. Sponsored by the Joint Foreign Chambers, *Arangkada Philippines 2010* presents a path for the Philippines to become a middle-income economy with robust investment levels, high levels of job creation, modern infrastructure, and rising government revenues to pay for enhanced social services.

At the Workshop expert moderators from the private and public sectors led Breakout Sessions with industry and government participants that prioritized near and medium term recommendations for Investment Climate reforms. We would like to share the status of the recommendations identified in the Breakout Session on **Infrastructure (Roads and Rail)**. We are writing to you jointly although we realize your departmental portfolios are different in these two transportation subsectors.

Highest Priority Recommendations. The Breakout Session affirmed the following *Arangkada Philippines* reform recommendations to be of the highest priority:

- 1) Start to build expressways and national roads twice as fast, using Public Private Partnerships (PPP) as well as DPWH funds. Bid out several ready-to-go road PPP projects, including:
 - Cavite-Laguna (CALA);
 - NAIA Expressway (Phase II);
 - NLEX-SLEX Link Expressway; and
 - Daang Hari – SLEX Link.

- 2) Build urban light rail and intercity rail, especially in the NCR and on Luzon, twice as fast. Accelerate rail construction on Luzon, using PPPs as well as DOTC funds. Bid out several ready-to-go rail PPP projects, including:
 - LRT1 South Extension; and
 - LRT 2 East Extension.

Highest Priority, Ongoing Recommendations. The Breakout Session identified the following *Arangkada Philippines* reform recommendations as highest priority, ongoing:

- 1) Start to build expressways and national roads twice as fast, using PPPs as well as DPWH funds.
- 2) Major road and rail projects which government decides to be funded as PPPs should be bid out competitively and evaluated and awarded transparently. Unsolicited projects should be minimized.
- 3) The national government budget should focus on the core road network. By 2016, the national road network of the country should have a greatly improved International Roughness Index.
- 4) Strictly use the modern planning tool known as HDM-4 in the identification and prioritization of road infrastructure projects for funding (using objective technical and economic criteria).

Completed Recommendations. The Breakout Session singled out as a completed *Arangkada Philippines* reform recommendation:

- 1) Posting on websites the list of road, bridge, and rail and other DPWH and DOTC projects programmed for funding. For example, the DPWH has a pipeline of 15 PPP projects totaling around US\$ 5 billion posted on its website.

Recommendations Not Under Way. The Breakout Session categorized the following *Arangkada Philippines* reform recommendations as not yet under way:

- 1) Build large intermodal provincial bus terminals north and south of Manila, preferably as solicited PPP projects.
- 2) Enact an EO to create a single government agency to manage operations, maintenance, and planning of all light rail projects within Metro Manila in order to ensure a seamless rail system.
- 3) Correct the different gauges of the Northrail-Southernlinkage.

The Workshop affirmed that a strong start has been made on the reforms needed to accelerate investment and job creation. A number of recommended reforms have been implemented and a considerable number are under way. Results of the improved Investment Climate should begin manifesting themselves in 2011, and even more in 2012.

But major challenges remain - including unanticipated ones – and the implementation of other important reform recommendations is not yet under way. Be assured that we remain committed to a partnership with the Aquino Administration to achieve the goal of an accelerating economy for the benefit of the Filipino people.

We look forward to another opportunity to discuss these issues with you in the months ahead.

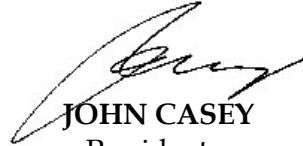
Best Regards,



AUSTEN CHAMBERLAIN

President

American Chamber of Commerce
of the Philippines, Inc.



JOHN CASEY

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Cc:

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