

## China-backed Philippine railway project connecting Manila to Bicol is set to benefit regional agriculture, tourism and productivity

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**A**mong agreements expected to be signed between the Philippines and China soon is the construction of a 639-kilometer railway connecting Manila to Bicol in southern Luzon island.

At an estimated cost of 175 billion pesos (\$3.3 billion), the railway is part of the Philippine National Railways (PNR) South Railways project and one of the major plans to be funded under an Official Development Assistance agreement.

Congressman Joey Salceda, who has been a strong advocate for the project, told *China Daily Asia Weekly* that the railway will be a major economic boost to the region, helping to open up agriculture and tourism.

Upon completion, it will connect the major airports and seaports in the Southern Tagalog and Bicol regions as well as serve untapped areas along the route, he said.

The PNR South Railway segment is expected to cut Manila-Legazpi travel to less than five hours. It runs from Manila to Matnog in Sorsogon, stopping at nine major stations — Manila, Los Banos, Batangas City, Lucena, Gumaca, Naga City, Legazpi City, Sorsogon City and Matnog.

Construction is set to start in the second quarter of 2019 and the project is due to be partially operational by the second quarter of 2022.

It is a key project in Philippine President Rodrigo Duterte's ambitious Build, Build, Build infrastructure program.

A report in *Forbes* magazine on Feb 28 said the country is experiencing an "infrastructure boom unseen since the time of strongman Ferdinand Marcos", referring to the late Philippine president.

Under the program, the Philippines will spend more than \$180 billion on infrastructure to transform the Southeast Asian archipelago's economy.

The government is looking at 75 flagship projects, including six airports, nine railways, three bus rapid transits, 32 roads and bridges, and four seaports that will help lower the costs of production, improve rural incomes, encourage countryside investments, make the movement of goods and people more efficient, and create more jobs.

The Philippines is looking to China for the financing of some of the bigger projects, such as the railway to Bicol.

According to *Forbes*, the govern-



**Workers** are seen on scaffolding at a construction site for an expressway in Manila on March 8, 2017. The Philippines is experiencing an infrastructure boom and China is helping with the financing of some of the bigger projects. AFP

# Rail infrastructure on right track

ment also plans to construct four energy facilities to ensure stable power supply at lower prices; 10 water resource projects as well as irrigation systems to raise agricultural output; five flood control facilities to help protect vulnerable communities as well as boost their resilience against the impact of climate change; and three redevelopment programs to deliver sustainable solutions to best meet the urban population's needs.

The Philippines has surprised many analysts in recent years. It has been one of the fastest growing economies in Southeast Asia since 2011.

The Asian Development Bank (ADB), however, revised its economic growth outlook for the Philippines to 6.4 percent for 2018 and 6.7 percent for 2019 — from 6.8 percent and 6.9 percent, respectively — as the country's GDP growth softened unexpectedly in the first half of this year.

On Sept 26, the ADB released its *Asian Development Outlook 2018*, an update of its flagship annual economic publication. Its revised outlook for the Philippines reflected moderation in agricultural output

and exports, as well as higher inflation and continued global monetary tightening.

Inflationary pressures are expected to taper off in 2019 as tighter domestic monetary policy begins to take effect, the report said.

"The Philippines' growth outlook remains stable despite moderating slightly in the first half of the year, as the country's economic fundamentals are strong," Kelly Bird, the ADB's country director for the Philippines, told *China Daily Asia Weekly*.

"We're expecting growth to slowly pick up as public investment in infrastructure and social sectors accelerate and key economic sectors continue to perform solidly," he said.

Bird said the economy will benefit from the government's Build, Build, Build infrastructure program, with spending rising 47 percent year-on-year in the first seven months of 2018. As of August, 44 of 75 projects had been implemented.

The major stumbling block in all infrastructure projects is the right-of-way acquisition along the route. In many cases, local landowners

refuse to sell their properties or want more than is being offered by the construction company.

Construction of the 85-billion-peso Mindanao Railway Project, which covers the Tagum-Davao-Digos segment, is expected to get underway in January 2019 to be in operation by 2021.

With a budget of 36 billion pesos to be sourced from the government's General Appropriations Act, the first phase will cover 103 km.

Peter Lavina, a former Philippine deputy cabinet secretary, said the railway will be two tracks rather than one, adding that the project has been "talked about since the 1950s".

"We have waited long enough and the time has come, with the first stage looking set to start next year," he said.

Lavina said the railway will bring enormous benefits to the island and the economy of Mindanao.

His words were echoed by Congressman Salceda, who said the railway to Bicol will benefit the region enormously.

When completed, it will vastly improve connectivity and efficiency among southern Luzon's urban centers and regional growth hubs, and enhance productivity in the industry, services and agriculture sectors.

It is expected to further boost Bicol's tourism industry by as much as 30 percent, which forms part of the predicted 24 percent economic returns it will bring to the countryside when fully operational, Salceda said.

The fourth poorest region in the Philippines, Bicol has the highest inflation rate in the country, currently running at 9 percent compared to the national average of 6.4 percent in August.

Salceda has described the inflation rate in Bicol as an "existential threat to development since it would increase the number of poor people and worsen hunger, causing higher rates of malnutrition, which in turn results in a higher stunting rate and deprives our youth of their physical and mental potential".

That is why the railway is so important to the region, he said.