



Republic of the Philippines
DEPARTMENT OF TRANSPORTATION AND COMMUNICATIONS
OFFICE OF THE SECRETARY

INTER-OFFICE MEMORANDUM

OSCN 03-4360

To : **MR. ALFONSO G. CUSI**
General Manager, Philippine Ports Authority

Date : June 18, 2003

We are referring to you for appropriate action, the attached indorsement dated 03 June 2003 from Mr. Richard N. Ferrer, Deputy Executive Secretary, Office of the President, referring the letter of Mr. Vicente F. Gambito, President of Consumer Complaints Center, Inc., requesting assistance to investigate the construction of Eva Macapagal Super Terminal, South Harbor, Manila which is allegedly not properly designed and executed.

Please advise Mr. Gambito of the action you have taken, copy furnished the Office of the President and this Office.


DOMINGO A. REYES, JR.
Head Executive Assistant

Encl. a/s

cc: Mr. Richard N. Ferrer
Deputy Executive Secretary
Office of the President
Malacañang, Manila

Mr. Vicente F. Gambito
President
Consumer Complaints Center
1782 Dian St., Palanan, Makati City

:dpva

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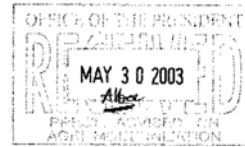
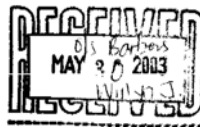


Consumer Complaints Center, Inc.

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Telephones 5501323, 8133459, 8133518, Fax 8127997

29 May 2003

Her Excellency President Gloria Macapagal-Arroyo
President
Republic of the Philippines
Malacañang, Manila



Dear Madame President,

During the inauguration of the Doña Eva Macapagal Super Terminal at the South Harbor last 16 January; you announced that guidelines had already been issued limiting the Philippine Port Authority's (PPA) share in cargo handling revenues to 10% in all government domestic ports. You failed to mention that there was also a cap of 20% in all government ports servicing international cargo, which you announced earlier in Surigao City on 30 August 2002.

Mr. Meneleo Carlos, Jr. had a chance to remind you about this directive and added that the PPA MC 41-2002 implementing the caps on PPA share in cargo handling revenues exempted two of the largest cargo handlers servicing foreign cargo at the South Harbor and the Manila International Container Terminal. The PPA GM was present during this conversation and you reminded him to implement the directive accordingly. You further reminded the PPA GM that by reducing government share, PPA would be able to pass on to the port users some cost reductions without necessarily reducing the income of the operators.

The PPA GM has had more than enough time to make the necessary corrections to PPA MC 41-2002, but we think he is unable to follow your directive without complicating the arrangements made in connection with the construction of the Super Terminal. We believe that PPA can no longer reduce the government share from the revenues of Asian Terminals, Inc. (ATI) and pass the reduction on to the port users. Even before you made the announcement in Surigao, the PPA Board had already approved the reduction of PPA's share from ATI to 20% of revenues for a period of one year, starting 1 June 2002. Apparently, this concession was to enable ATI to build the terminal.