

THE PANDACAN OIL DEPOT AND THE NEED FOR POLICY STABILITY

We, the undersigned business groups, express our deepest concern regarding Ordinance 8283 of the Manila City Council, which reclassifies the land where the Pandacan oil depot currently stands from heavy industrial to high intensity commercial/mixed use, effectively removing the said facility from the area.

We note that apprehensions over the security of the facility and the safety of the surrounding residential community are at the forefront of the decade-long debate over the Pandacan oil depot. With regard to this, we would like to categorically state that it is both an interest and a duty of the business sector to ensure and promote the people's right to a safe environment, good health, and a balanced ecology. While our primary role is to create economic wealth, we also give the highest regard to the responsible and sustainable conduct of our businesses.

In this light, the companies affected by the said Manila ordinance implemented measures to adequately address such safety concerns, from reconfiguration in the layout of the depot's facilities to increased security safeguards jointly undertaken with local law enforcement and emergency response units.

However, we foresee the emergence of a new set of concerns should the relocation of the Pandacan oil depot outside Metro Manila push through. We will have to contend with increased risk of road accidents, product spills, and threats to security for the tankers and the public. It will also mean higher logistical costs, which must, in fairness, be passed on to consumers.

Beyond these issues, there is growing anxiety over what the Pandacan oil depot case has come to illustrate, and that is the seeming lack of stability and consistency in government policies and regulations. The area where the Pandacan depot is located is an industrial zone and has been so for the past 90 years, but Ordinances 8027 in 2001 and 8119 in 2006 sought to remove the oil depot by rezoning the area and designating it for commercial use. These were overturned by Ordinance 8187 in 2009, which led to the reclassification of the area as a heavy industrial zone and thus allowing the facility to remain in Manila. This was then reversed by Ordinance 8283, enacted by the Manila City Council in August 2012, which again sought to reclassify the oil depot area as a high intensity commercial/mixed use zone. On September 11, Manila Mayor Alfredo Lim vetoed Ordinance 8283, but was subsequently overruled by the City Council, prompting the Mayor to issue a second veto on October 12.

The Pandacan oil depot's case is but one of various instances where unclear policies and the midway changing of rules by government agencies and local government units have led to reduced or even lost opportunities that would have benefitted the economy, host communities, and the public. Though the Philippines continues to improve its competitiveness rankings, the World Economic Forum's Global Competitiveness Report 2012–2013 still lists policy instability as the 4th most problematic factor for doing business in the country. The lack of stability and predictability in policies and regulations can only serve to erode the renewed confidence and trust in our governance institutions that President Aquino has painstakingly built under his administration.

It is our fervent hope that government find a way to bridge gaps in policy, secure investor confidence, protect projects of strategic national interest from capricious changes in regulations, and, ultimately, ensure prolonged inclusive growth for the country.



Philippine Chamber of Commerce and Industry