

PBG-JFC recommends priority measures

The PBG-JFC¹, a coalition of Philippine business groups that includes the Joint Foreign Chambers, held a series of consultations to put together a list of key issues and propose recommendations for consideration by President Benigno Aquino III entering the second half of his administration. A letter outlining eight priority measures common to all participating organizations was submitted to the President last 19 June 2013.

The same recommendations were then presented before the Economic Development Cluster at a meeting last 12 July 2013. Since then, the PBG-JFC has formed a technical working group to facilitate better communications and coordination among the participating organizations, as a deeper collaboration with government and other stakeholders is expected in the coming months to cover specific action points that would help address the outlined issues.

It is the position of the PBG-JFC that the resolution of the listed issues will address the challenge of inclusive growth through job generation, poverty reduction, and global competitiveness. Detailed discussions of each issue, as well as the recommended steps in addressing such challenges, were included in Annex A of the letter submitted to the President. The following is the summary of the said Annex. (A copy of the 19 June letter and the other attachments may be requested from the MBC Secretariat.)

PRIORITY MEASURES AND RECOMMENDATIONS
1a. Accelerating transport infrastructure
<ul style="list-style-type: none">• Identify priority transport public-private partnership projects• Enact Build-Operate-Transfer Law amendments
1b. Addressing high cost of logistics
<ul style="list-style-type: none">• Adopt a National Transport Plan• Amend the Cabotage Law• Address cost, quality, and competitiveness issues in logistics

¹Philippine business organizations participating in the series of consultations are: Alyansa Agrikultura, Employers Confederation of the Philippines (ECOP), Federation of Philippine Industries (FPI), Financial Executives Institute of the Philippines (FINEX), IT and Business Process Association of the Philippines (IBPAP), Makati Business Club (MBC), Management Association of the Philippines (MAP), Philippine Chamber of Commerce of the Philippines (PCCI), Philippine Exporters Confederation (PHILEXPORT), and the Semiconductors and Electronics Industries in the Philippines Inc. (SEIPI). The Joint Foreign Chambers of the Philippines is comprised of the American Chamber, Australian-New Zealand Chamber, Canadian Chamber, European Chamber, Japanese Chamber, Korean Chamber, and the Philippine Association of Multinational Companies Regional Headquarters Inc. (PAMURI).

2. Promoting anti-trust and competition policy
<ul style="list-style-type: none"> • Enact an Anti-trust Law • Strengthen the Office for Competition
3. Addressing smuggling and improving trade facilitation
<ul style="list-style-type: none"> • Enact the Customs Modernization and Tariff Act • Ensure compliance with the Revised Kyoto Convention on Simplification and Harmonization of Customs Procedures • Create an oversight committee on anti-smuggling • Streamline customs procedures and computerize the system • Allow the participation of private lawyers in the prosecution of smuggling cases • Strictly enforce and ensure consistency in the interpretation of customs and tax laws and issuances
4. Rationalizing fiscal incentives
<ul style="list-style-type: none"> • Review and consolidate the different incentive-giving laws and assess the need for continued grant of incentives or study the possibility of putting a timeline to such fiscal perks • Define a clear standard to be used in determining which sectors and industries the country has a competitive advantage and are thus qualified for incentives • Support the passage of the Tax Incentives Management and Transparency Act • Support the creation of Special Economic Zones by the Department of Trade and Industry and the Philippine Economic Zone Authority where strategic projects may locate in and be exempt from certain local government regulations
5a. Retaining the mining act
<ul style="list-style-type: none"> • Rationalize the implementation of proposed "no-go" zones for mining projects • Ensure consistency of local ordinances with regulations, decisions, and policies of the National Government • Implement and enforce the provisions of the existing Mining especially of its environmental protection measures and provisions on post-mine rehabilitation • Strictly enforce the provisions of RA No. 7076, or the People's Small-Scale Mining Act of 1991 to improve and address issues on small-scale mining, such as compliance with the National Internal Revenue Code (NIRC), the Environmental Impact Statement System requirements under Presidential Decree No. 1586; creation of People's Small-Scale Mining Areas or Minahang Bayan; and the prohibition on the use of mercury in small-scale mining
5b. Implementing a competitive fiscal regime
<ul style="list-style-type: none"> • Introduce an internationally competitive fiscal regime for mining that achieves a progressive and equitable sharing of proceeds between the government and investors • Ensure an efficient and transparent system for revenue payment and collection

6. Resolving the high cost and inadequacy of supply of power
<ul style="list-style-type: none"> Integrate power development roadmap into the Philippine Energy Plan and ensure its timely implementation
<ul style="list-style-type: none"> Fully implement the Electric Power Industry Reform Act (EPIRA), including open access, which should lead to more competition
<ul style="list-style-type: none"> Encourage electric cooperatives to: (1) aggregate their power demands; (2) contract a significant portion of their forecast load; and (3) enter into long-term (minimum of ten years) power supply agreement for baseload plant
7. Reforming the judicial system
<ul style="list-style-type: none"> Fill all judicial vacancies expeditiously
<ul style="list-style-type: none"> Make the salaries of prosecutors and members of the judiciary more competitive
<ul style="list-style-type: none"> Improve competency of the public lawyers and judges through continuous trainings, re-trainings and capacity-building
<ul style="list-style-type: none"> Establish "fast-track" arbitration courts/procedures for business disputes
<ul style="list-style-type: none"> Review the rules and regulations related to the Writ of Kalikasan
8a. Revisiting the restrictive provisions in the Constitution
<ul style="list-style-type: none"> Review the economic provisions of the Constitution to enable (1) private participation in certain industries and (2) entry of more foreign direct investments
<ul style="list-style-type: none"> Consider the possibility of amending the Constitution through an Act of Congress or acting as a Constituent Assembly by appending the phrase, "except when otherwise provided by law" to all the economic provisions but with clear stipulation of the safe guard against indiscriminately owning land for speculation
8b. Revisiting the restrictive provision in other laws
<ul style="list-style-type: none"> Review the Foreign Investment Negative List (FINL) and make it 'less negative' through reducing restrictions where possible by administrative and legislative action without Constitutional amendments
<ul style="list-style-type: none"> Coordinate with other regulatory agencies to avoid imposing further and new restrictions to foreign and private sector participation

Congress Updates

After opening last July 22, the 16th Congress had their first adjournment of session last September 25. The session will resume on October 14 and legislators are expected to continue the discussion, on the 2014 national budget. The House began plenary discussions on the budget last September 16, while the Senate has been conducting simultaneous budget hearings. Despite the controversy brought forth by the "pork barrel" scam, Congress is still targeting an on-time approval of the 2014 budget.

CALENDAR OF SESSION	
First Regular Session	
Commencement of Session	22 July - 27 September 2013
Adjournment of Session	28 September - 13 October
Resumption of Session	14 October - 25 October
Adjournment of Session	26 October - 17 November
Resumption of Session	18 November - 20 December
Adjournment of Session	21 December - 19 January 2014
Resumption of Session	20 January - 14 March
Adjournment of Session	15 March - 4 May
Resumption of Session	5 May - 13 June
	(sine die adjournment)
Adjournment of Session	14 June - 27 July

Meanwhile, the first bill to be approved by both Chambers and expected to be the first law enacted by the 16th Congress once approved by the President is the measure seeking to postpone the Sangguniang Kabataan (SK) elections, originally scheduled together with the barangay elections on 28 October 2013. As an effort to reform the SK system, the bicameral panel agreed to move the elections to a date between 28 October 2014 and 23 February 2015 as fixed by the Commission on Elections. Until a new set of officials are elected, SK posts shall not have any holdovers and shall, thus, be considered vacant. However, the 10% fund allocation from the budget of every barangay shall continue to be set aside for youth development programs.

On the same day the SK measure was ratified by both the House and the Senate on 24 September, the People's Freedom of Information (FOI) bill was reported out by the Senate Committee on Public Information and sponsored on the floor by its chairperson, Sen. Grace Poe. In her sponsorship speech, she stressed that the FOI bill was already bypassed by two Congresses and is long overdue. She noted that the bill was first filed in 1992, when social media was non-existent and the Internet was still in its infancy. Now that the Philippines has become the "Social Media Capital of the World" with 35 million Internet users, most of whom belong to the younger generation that prefers instant access to information, it is imperative that government transactions become transparent and open to public scrutiny.

With the upcoming ASEAN Economic Community, other regional economic integration initiatives, and, ultimately, the national desire to achieve and sustain inclusive growth, crucial reform measures must successfully hurdle the legislative mill in the 16th Congress. Failure to do so means legislation will have to be re-filed and again undergo the legislative process, resulting in a missed opportunity to further capitalize on the governance and economic gains that the Philippines has achieved so far.

The **CongressWatch Report** is a regular publication of the Makati Business Club. Its main mission is to promote accountability and transparency of elected government officials. For inquiries, suggestions, and additional information, please call CongressWatch at telephone nos. 751-1143 to 45 or email patrick.chua@mbc.com.ph.

Project Coordinator
Patrick D.P. Chua

Editors
Isabel A. Lopa
Paolo B. Monteiro

Design & Layout
Robi F. Del Rosario

