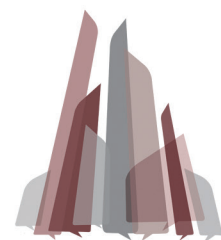


PBG-JFC meets House Leaders

In the fifth meeting with House Speaker Sonny Belmonte on November 26, the Philippine Business Groups and Joint Foreign Chambers (PBG-JFC) renewed their call for the passage of key reform measures, halfway into the 16th Congress. The group last met in February, and again together with the key leaders of the relevant House committees, were updated on the progress of their respective concerns and policy recommendations.

ISSUES	RELATED MEASURES/REMARKS
<p>1. Amending the restrictive economic provisions of the Constitution</p> <ul style="list-style-type: none"> It proposes to amend the Constitution through an Act of Congress or acting as a Constituent Assembly by appending the phrase, "except when otherwise provided by law" to the following economic provisions: <ul style="list-style-type: none"> a. Ownership of Lands: Article XII Section 2, 3 and 7 b. Ownership of Corporations: Article XII Section 10 c. Operation of Public Utilities: Article XII Section 11 d. Ownership of Schools and foreign enrolment: Article XIV Section 4 e. Ownership of Mass Media: Article XVI Section 11 	<p>Resolution of Both Houses No. 01 (RBH 1) (F. Belmonte Jr.) – <i>Pending Second Reading (Period of Interpellations)</i></p> <p>Resolution of Both Houses No. 01 (RBH 1) (R. Recto) – <i>Pending in Committee</i></p>



<p>2. Customs Modernization and Tariff Act (CMTA) and Anti-smuggling</p> <ul style="list-style-type: none"> • An improved CMTA realizes the country’s obligation to comply with the provisions of the Revised Kyoto Convention. • The measure aims to facilitate trade through a fully automated and competitive border clearance terms and procedures. 	<p><u>Customs Modernization and Tariff Act (CMTA)</u> HBs 5 (R. Biazon), 10 (R. Umali), 3339 (R. Abu), 3504 (R. Rodriguez) – <i>Pending in Committee (Committee Report for filing)</i> SB 168 (S. Osmeña III) – <i>Pending in Committee</i></p> <p><u>Anti-Smuggling</u> HBs 166 (E. Singson), 1348 (R. Rodriguez), 1461 (X. Romualdo), 1583 (E. Escudero), 3107 (A. Yap), and 4767 (C. Estrella III) – <i>Pending in Committee</i> SBs 442 (F. Escudero), 456 (R. Recto), 741 (J. Estrada), and 882 (J. Estrada) – <i>Pending in Committee</i></p>
<p>3. Fair competition policy and law (CPL)</p> <ul style="list-style-type: none"> • CPL should focus on behaviour of firms, prohibiting anti-competitive agreements and abuses of dominant positions that distort, manipulate or constrict the operations of markets. • Passage of a comprehensive national CPL is part of the country’s commitment under the ASEAN Economic Community Blueprint that calls for the implementation of national competition laws in all ASEAN member states by 2015. 	<p>HB 5286 – <i>Pending Second Reading</i> SB 2282 – <i>Approved on Third Reading</i></p>
<p>4. Infrastructure development and addressing port congestion and accessibility</p> <p>a. Build-Operate-Transfer Law amendments</p> <ul style="list-style-type: none"> • Sets standards for classifying projects as projects of national significance, thereby facilitating approval and exempting from real property taxes. • Includes joint venture arrangements between the private sector and government • Sets standards for the treatment of unsolicited bids, including extending the Swiss Challenge period from 60 days to 6 months • Provides that only the Supreme Court can issue TROs, and which are only valid for up to 6 months • Institutionalizes the PPP Center and the PPP Governing Board, as well as the Contingent Liability Fund and the Project Development Monitoring Facility 	<p><u>BOT Law Amendments</u> HBs 2022 (R. Acop), 2906 (J. Sacdalan), and 3951 (F. Belmonte Jr.) – <i>Pending in Committee</i> SB 459 (R. Recto) – <i>Pending in Committee</i></p>

<p>b. Right-of-Way Acquisition amendments</p> <ul style="list-style-type: none"> • Defines “national government projects” as all national government infrastructure projects, engineering works, and service contracts, including GOCC projects, covered by the BOT Law. This classification also includes all related and necessary activities such as site acquisition, installation of equipment, operations and maintenance, etc. • Identifies donation, negotiated sale, expropriation, or any other mode as provided by law as the modes for acquiring real property. • Lays down the procedures to follow in the case of negotiated sale and expropriation proceedings <p>c. Lowering maritime transportation costs and allowing code sharing</p> <ul style="list-style-type: none"> • There was a general consensus among PBG-JFC that the focus is not on cabotage but on lowering of domestic marine transport and logistics. • Eases restrictions on the domestic legs of international traffic, and lifts the ban on the use of foreign shipyards for maintenance. • Removes the restriction on sulfur content in marine fuel in line with international standards. • Removes the minimum number of crew members imposed by MARINA. • Rationalizes port charges, and removes the taxes on fuel and shipping. <p>d. National Internal Revenue Code of 1997 amendments</p> <ul style="list-style-type: none"> • Includes international air and sea cargoes in the rationalization of common carriers tax and gross Philippine billings tax. 	<p><u>Right-of-way acquisition</u> HB 2994 (R. Cosalan) – <i>Pending in Committee (Committee Report being prepared)</i> SB 2145 (F. Marcos Jr.) – <i>Pending in Committee</i></p> <p><u>Cabotage Amendments</u> HBs 1789 (R. Rodriguez), 2146 (J. Chipeco), 2563 (F. Fuentesbella), 2623 (C. Paez), and 2863 (M. Teodoro) – <i>Pending in Committee</i> SB 2486 (A. Trillanes IV) – <i>Pending Second Reading</i></p> <p><u>Common Carriers Tax (CCT) / Gross Philippine Billings Tax (GPBT)</u> SB 2123 (S. Osmeña III) – <i>Pending in Committee</i></p>
<p>5. Liberalizing Foreign equity and trade</p> <p>a. Foreign Investment Act amendments</p> <ul style="list-style-type: none"> • Lowers the minimum paid-in capital for foreign equity. • Reduces foreign investment employment requirement. • Removes divestiture requirement for foreign investors. 	<p><u>Amendment to the Foreign Investment Act</u> HB 2818 (Rep. M. Villar) – <i>Pending in Committee (Under TWG)</i> SB 1424 (Sen. J. Ejercito) – <i>Pending in Committee</i></p>

<p>b. Retail Trade Act amendments</p> <ul style="list-style-type: none"> Reduces the threshold for foreign investment in the retail sector to the level stipulated in the Foreign Investment Act. <p>c. Removing the restrictions on the practice of professions (Forestry, Criminology, Pharmacy, Radio and X-ray Technology, and others)</p> <p>d. Public Services Act amendments</p> <ul style="list-style-type: none"> Amend the law to narrowly define 'public utility' and distinguish between 'ownership' and 'operation'. <p>e. Government Procurement Law amendments</p> <ul style="list-style-type: none"> Repeal Commonwealth Act No. 138 or the Flag Law of 1936 to provide a level playing field to qualified domestic and foreign bidders to participate in government procurement contracts. <p>f. Repeal Republic Act No. 3018 which restricts foreign participation in the country's rice and corn trade</p>	<p><u>Retail Trade Liberalization</u> HB 4403 (G. Aggabao) – <i>Pending in Committee</i> SB 2121 (S. Osmeña III) – <i>Pending in Committee</i></p> <p><u>Practice of several professions filed in both Houses</u></p> <p><u>No bill filed on Public Services</u></p> <p><u>Government Procurement</u> HB 3986 (R. Rodriguez) – <i>Pending in Committee</i> SB 2120 (S. Osmeña III) – <i>Pending in Committee</i></p> <p><u>No bill filed on rice and corn trade</u></p>
<p>6. Energy supply security at low or competitive cost</p> <ul style="list-style-type: none"> The Joint Resolution allows government to establish additional power for 2015 through the encouraging ILP commitments, fast-tracking interconnection and other projects in the pipeline. It also promotes the adoption of energy conservation measures. The PBG-JFC however, believes that what the sector needs are investments for long-term energy security, which amending EPIRA at this time would only undermine. Creates a national energy roadmap including a sustainable power policy mix. Creates a National Green Building Code to ensure sustainable building regulations to introduce electricity and cost savings for new infrastructures. 	<p>HJR 21 (R. Umali) – <i>Pending on Second Reading</i> HBs 256^a (F. Hicap), 351^b (N. Colmenares), 709^c (T. Tiangco), 3633^d (T. Ridon), 3676^e (B. Evardone), 3958 (E. Masongsong), 4479 (R. Umali), 4763 (H. Oaminal), and 4822 (R. Mendoza) – <i>Pending in Committee</i> SBs 207^b (G. Honasan II), 2167^b (F. Escudero), and 2059^e (J. Ejercito) – <i>Pending in Committee</i></p> <p>^a – repeal of EPIRA ^b – non-privatization of remaining assets ^c – reduction of system loss recovery charge ^d – power generation as a public utility ^e – cross ownership or interest in power generation and distribution</p>
<p>7. Freedom of Information (FOI) and Integrity Initiative</p> <ul style="list-style-type: none"> The passage of the Freedom of Information 	<p><u>Freedom of Information</u> HBs 19 (L. Robredo), 26 (R. Del Mar), 34 (M. Teodoro), 94 (T. Baguilat), 149 (L. Paquiz),</p>

<p>Act is necessary to institutionalize and capitalize on the gains of the Administration with its campaign for good governance.</p> <ul style="list-style-type: none"> • FOI will help address corruption in the bureaucracy by making government transactions transparent to the public and holding public officials accountable for their actions. • The private sector, through the Integrity Initiative, advocates for good corporate governance and genuine corporate social responsibility. To date, there are 1,896 integrity pledge signatories from the private sector and 43 signatories from government, all of whom commit to promote ethical practices within their own organizations and among their partners. • Requires entities such as project bidders or companies applying for government incentives to sign an integrity pledge to be allowed to transact with the government. 	<p>347 (N. Colmenares), 485 (R. Biazon), 843 (S. Tugna), 1082 (W. Castelo), 1450 (D. Ramos Jr.), 1646 (S. Fortuno), 1940 (M. Antonino-Nadres), 2003 (I. Gutierrez III), 2067 (K. Nograls), 2946 (C. Paez), 3004 (G. Tambunting), 3131 (X. Romualdo), 3147 (E. Aglipay), 3183 (J. Belmonte), 3237 (L. Robredo), 3385 (M. Villar), 3643 (C. Cruz-Gonzales), and 3746 (S. Aragonese) and Petition No. 1 – <i>Approved by the mother Committee (for approval of Appropriations Committee)</i> SB 1733 – <i>Approved on Third Reading</i></p> <p><u>Integrity Initiative</u> SR 54 – <i>Adopted by the Senate</i></p>
<p>8. Judicial reforms</p> <p>a. Reforming the Judiciary</p> <ul style="list-style-type: none"> • Removes the Department of Justice, Office of the Ombudsman, Court of Appeals, Sandiganbayan and Supreme Court from the coverage of the Government Salary Standardization to make the salaries of prosecutors and members of the judiciary more competitive. • Amends requisites of judicial procedures in order to fast track the rendering of judgement and the speedy of administration of justice. • Provides capacity-building and skills development training to personnel and staff of the Ombudsman, as well as other members of the judiciary. <p>b. Whistleblowers and Witness Protection Act</p> <ul style="list-style-type: none"> • A Whistleblowers Protection Act will provide effective legal protection and rewards system to whistleblowers and state witnesses to embolden them to come forward and support the prosecution of corrupt public officials. 	<p><u>Ombudsman</u> HBs 1691^a (K. Nograls), 2205^b (E. Escudero), 3246^b (B. Angara-Castillo), and 3809^b (R. Rodriguez) – <i>Pending in Committee</i> SBs 396^c (M. Santiago), 605^b (F. Escudero), 1148^d (A. Trillanes IV), 1606^b (J. Estrada), 1725^b (S. Angara), 2141^b (T. Guingona III), and 2425^f (G. Poe) – <i>Pending in Committee</i></p> <p><u>Sandiganbayan</u> HB 139 (F. Abaya) – <i>Pending in Committee</i> SB 2138^e – <i>Approved on Third Reading</i></p> <p>^a – exemption from the Salary Standardization Law ^b – forfeiture from corruption cases ^c – on cases referred by Congress ^d – allowing the hiring of private lawyers ^e – allow a single justice to hear evidence, cases involving P1 million or less will be heard by the RTC ^f – professionalization and skills development</p>

<ul style="list-style-type: none"> • Strengthens the current Witness Protection Program to allow the grant of government protection to qualified witnesses complicit to the commission of improper conduct on which their disclosure is to be made and provide protection to witnesses against discriminatory actions or reprisals in the workplace. • Government protection and support should likewise be expanded to include the families of witnesses and whistleblowers. 	<p><u>Witness Protection</u> HBs 145 (F. Abaya), 224 (C. Cruz-Gonzales), 796 (H. Abayon), 1628 and 3692 (R. Rodriguez), 1689 and 2069 (K. Nograls), 1924 (D. Arroyo), and 2119 (M. Teodoro) – <i>Pending in Committee (Committee Report for filing)</i> SBs 1136 and 2433 (M. Santiago) – <i>Pending in Committee</i></p> <p><u>Whistleblower Protection</u> HBs 135 (M. Villar), 145 (F. Abaya), 150 (L. Paquiz), 348 (N. Colmenares), 1587 (E. Escudero), 1632 (R. Rodriguez), 2069 (K. Nograls), 2493 (G. Quisumbing), 2831 (R. Arenas), 4379 (A. Tan), and 4818 (M. Teodoro) – <i>Pending in Committee (Committee Report for filing)</i> SBs 165 (A. Trillanes IV), 189 (M. Santiago), 425 (F. Escudero), 1286 (J. Estrada), 1614 (S. Angara), and 1932 (J. Ejercito) - <i>Pending in Committee</i></p>
<p>9. Apprenticeship Program</p> <ul style="list-style-type: none"> • Reforms the National Apprenticeship Program to allow longer internship periods to make students more competitive in the job market in view of addressing high un- and underemployment levels among Filipino youth. • Provides for employers and national and local governments to share in compensation for trainees' wages. 	<p>HBs 221 (C. Cruz-Gonzales), 1594 (R. Abellano-sa), and 2227 (E. Aglipay) – <i>Pending in Committee (for approval of Appropriations)</i> SB 136 (J. Estrada) – <i>Pending Second Reading (Period of Sponsorship)</i></p>
<p>10. Rationalizing of fiscal incentives</p> <ul style="list-style-type: none"> • Retains the provision of income tax holiday to qualified enterprises as the absence thereof will hamper the country's competitive ability to attract investors. • Allows exporters and registered domestic enterprises to import capital equipment and raw materials sans VAT instead of going through a tax refund mechanism. 	<p><u>Investments and Incentives Code</u> HBs 130 (M. Villar), 302 (S. Yap), 1788 (R. Rodriguez), and 2765 (G. Quisumbing) – <i>Pending in Committee</i> SBs 35 (C. Villar), 987 (R. Recto), and 2048 (L. Legarda) – <i>Pending in Committee</i></p> <p><u>Tax Incentives Management and Transparency Act (TIMTA)</u> HB 2492 (L. Robredo) – <i>Pending in Committee</i> SBs 469 (F. Drilon) and 1187 (R. Recto) – <i>Pending in Committee</i></p>
<p>11. Mining Policy</p> <ul style="list-style-type: none"> • Retains the Philippine Mining Act of 1995 and ensures conformity of local issuances with national policies and laws. 	<p><u>Mineral Resources / Mining Act</u> HBs 171 (N. Colmenares), 984 (T. Baguilat), 2486 (M. Teodoro), 3586^a (S. Bello III), and 4327 (R. Cosalan) – <i>Pending in Committee</i> SBs 43 (S. Osmeña III), 457^b and 2362^a – <i>Pending in Committee</i></p>

<ul style="list-style-type: none"> • Fiscal regime for mining should be competitive and comparable with other similarly-positioned countries. • On the proposal to ban exportation of mineral ores, downstream and value-added industries must be in place and issues such as the high cost of power and other impediments to related investments must first be addressed. 	<p>^a – revenue sharing ^b – increase in excise tax</p> <p><u>Ban on Mineral Ores</u> HBs 4728 (E. Amante) and 5058 (F. Matugas) – <i>Pending in Committee</i> SB 2374 (B. Aquino IV) – <i>Pending in Committee</i></p> <p><u>Mining Free Zone</u> HBs 45 (Cagayan de Oro City), 670 (Catan- duanes), 3667 (Nueva Vizcaya) , and 3780 (Eastern Samar), 4363 (Sorsogon, 2nd district), HBs 5260 (Nueva Ecija), 5261 (Biliran), and 5262 (Davao City) – <i>Approved on Third Reading</i></p>
<p>12. Bangsamoro Basic Law (BBL)</p> <ul style="list-style-type: none"> • Early passage of the Bangsamoro Basic Law is essential to bringing about lasting peace and prosperity in the region, as well as to the country as a whole. • The BBL is based on the Comprehensive Agreement on the Bangsamoro which has already been agreed upon. Should there be amendments with the ongoing deliberations in Congress, such should not unnecessarily destroy the original essence of the law and ensure that it remains consistent with the aspirations of our Bangsamoro brothers and sisters 	<p>HB 4994 (F. Belmonte Jr.) – <i>Pending in Committee (Under Ad Hoc Committee)</i> SB 2408 (F. Drilon) – <i>Pending in Committee</i></p>
<p>13. Comprehensive Agrarian Reform Program</p> <ul style="list-style-type: none"> • Agriculture sector needs investments to improve rural infrastructure, and agricultural research and development, and to provide technical and financial support system for farmers. 	<p>HB 4592 (C. Paez) – <i>Pending on Second Reading</i> SB2278 (G. Honasan II) – <i>Approved on Third Reading</i></p>
<p>14. Office for Investor Facilitation and Protection (OIFP) and VAT refund issues</p> <ul style="list-style-type: none"> • Recognizing the need for investments to realize inclusive growth, investor concerns should be addressed and that they should be able to get what was promised of them subject to existing rules and procedures – consistent application of laws, tax refunds and other entitlements. 	<p>HB 4838^a (R. Rodriguez) – <i>Pending in Committee</i> SB 2449^b (F. Escudero) – <i>Pending in Committee</i></p> <p>^a – OIFP ^b – VAT refund</p>

<p>15. Lowering Corporate Income tax (CIT)</p> <ul style="list-style-type: none"> • The Philippines has the highest CIT among ASEAN, and this is a serious constraint to the country's competitiveness. • Based on the OECD study: (1) corporate taxes are found to be most harmful for growth, followed by personal income taxes, and then consumption taxes; and (2) the lowering of corporate taxes raises the Total Factor Productivity (TFP) growth and investment. • Recognizing the potential loss of government revenues in the short-term, the PBG-JFC supports the staggered reduction of CIT over the period of three to five years. 	<p>HBs 4829 (M. Quimbo), 4941 (A. Yap), and 4996 (G. Aggabao) – <i>Pending in Committee</i> SB 2163 (S. Angara) – <i>Pending in Committee</i></p>
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Sources: Compiled by author from the submission of PBG-JFC (through ECCP), House of Representatives, Senate

<p>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.</p> <p><u>Project Coordinator</u> Patrick D.P. Chua</p> <p><u>Editor</u> Paolo B. Monteiro</p> <p><u>Design & Layout</u> Robi F. Del Rosario</p>	
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