

# Joint Foreign Chambers of the Philippines



AMERICAN



AUSTRALIAN-NEW ZEALAND



CANADIAN



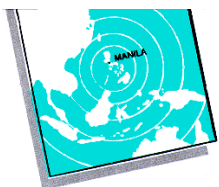
EUROPEAN



JAPANESE



KOREAN



PAMURI

American Chamber of Commerce of the Phils., Inc. ♦ Australian-New Zealand Chamber of Commerce (Phils.), Inc.  
Canadian Chamber of Commerce of the Phils., Inc. ♦ European Chamber of Commerce of the Phils., Inc.  
Japanese Chamber of Commerce & Industry of the Phils., Inc. ♦ Korean Chamber of Commerce of the Phils., Inc.  
Philippine Association of Multinational Companies Regional Headquarters, Inc.

May 5, 2011

Mr. Ivan E. Uy  
Chairman  
Commission on Information  
and Communications Technology  
CICT-NCC Building  
C.P. Garcia Avenue  
Diliman, Quezon City

Dear Chairman Uy:

On March 30 the Joint Foreign Chambers hosted the Seven Big Winner Sectors Workshop at the Asian Institute Management Conference Center in Makati to revalidate 283 Seven Big Winner Sectors recommendations in the *Arangkada Philippines 2010* report. Sponsored by the Joint Foreign Chambers, *Arangkada Philippines 2010* presents a path for the Philippines to become a middle-income economy with robust investment levels, high levels of job creation, modern infrastructure, and rising government revenues to pay for enhanced social services.

At the Workshop expert moderators from the private and public sectors led Breakout Sessions with industry and government participants that prioritized near and medium term recommendations for Investment Climate reforms. We would like to share the status of the recommendations identified in the Breakout Session on **Business Process Outsourcing**, in which Commissioner Monchito B. Ibrahim and Director Patricia May P. Abejo generously participated.

**Highest Priority Recommendations.** The Breakout Session affirmed the following *Arangkada Philippines* reform recommendations to be of the highest priority:

- 1) Strengthen the BPO industry with a robust legal framework, passing the key bills below, and opposing legislation that harms the IT-BPO investment climate:
  - Department of Information and Communication Technology Act;
  - Cybercrime Prevention Act;
  - Data Privacy Act;
  - Holiday Rationalization;<sup>1</sup>
  - Labor Code amendments (night work for women); and
  - in the Rationalization of Fiscal Incentives bill, there should be double deduction for training within the industry.
- 2) Adopt the National Competency Test at a regional (if not national) level.

<sup>1</sup> An act to rationalize holidays is needed. Malacañang should release no later than mid-year the schedule for the following calendar year of all national holidays, both working and non-working. The “banking” of holidays rule should be continued.

- 3) Accelerate development of local managers. Introduce Service Science Management Engineering as a program/degree. Schools should develop and train new service industry leaders.
- 4) Internal and external marketing:
  - reposition the IT-BPO career opportunity as world class;
  - develop a highly positive and supportive public environment for the industry, informing the media, public, and Congress of its contribution to the Philippine economy and correcting misperceptions; and
  - promote the Philippine IT-BPO industry with a well-funded and aggressive international campaign.
- 5) LGUs should become more uniformly supportive of IT-BPO firms in their jurisdictions. The national government and the BPO industry should increase liaison communication with leading LGUs to involve them in understanding the benefits of BPOs locating in their communities and encouraging their early involvement in investor recruitment.
- 6) The sector needs both wireless Internet and a higher-speed national broadband network; the telecommunications industry should be “encouraged” to execute the necessary investments.
- 7) Take actions to reduce operating costs:
  - find a way for IT-BPO locators in IT zones to access electric power discounts granted to PEZA locators at horizontal zones;
  - review current PEZA policy requiring density of 70 square feet per seat and consider 50 feet; and
  - do more to reduce IT-BPO firm attrition rates as a cost-saving measure.

**Completed Recommendation.** The Breakout Session singled out as a completed *Arangkada Philippines* reform recommendation:

- 1) Identify champions in both House and Senate who will sponsor key bills and work for their passage.

**Ongoing Recommendations.** The Breakout Session identified the following *Arangkada Philippines* reform recommendations as ongoing:

- 1) Continue to locate operations in second and third-tier cities and provinces (i.e. New Wave Cities program).
- 2) Industry and government should identify manpower requirement goals by sub-sector, function, and specialty.
- 3) Materials for the information campaign should show how the Philippines is lagging behind competitors in terms of its IT-BPO sector business legal framework.

**Recommendations Not Under Way.** The Breakout Session categorized the following *Arangkada Philippines* reform recommendations as not yet under way:

- 1) Adopt an industry-wide technical and leadership management certification.
- 2) Develop a nationwide program to provide used computers to schools and install English software.<sup>2</sup>
- 3) Develop a repatriation program for qualified Filipino talent overseas.
- 4) Increase the use of English on local television.

**Low Priority Recommendations.** The Breakout Session categorized the following *Arangkada Philippines* reform recommendations as low priority:


- 1) Build a university specifically for careers in the IT-BPO industry.
- 2) Develop an affordable Internet cafe English training program.


The Workshop affirmed that a strong start has been made on the reforms needed to accelerate investment and job creation. A number of recommended reforms have been implemented and a considerable number are under way. Results of the improved Investment Climate should begin manifesting themselves in 2011, and even more in 2012.


But major challenges remain - including unanticipated ones – and the implementation of other important reform recommendations is not yet under way. Be assured that we remain committed to a partnership with the Aquino Administration to achieve the goal of an accelerating economy for the benefit of the Filipino people.


We look forward to another opportunity to discuss these issues with you in the months ahead.

Best Regards,

  
**AUSTEN CHAMBERLAIN**  
 President  
 American Chamber of Commerce  
 of the Philippines, Inc.

  
**JOHN CASEY**  
 President  
 Australian-New Zealand Chamber  
 of Commerce of the Philippines, Inc.

  
**JULIAN PAYNE**  
 President  
 Canadian Chamber of Commerce  
 of the Philippines, Inc.

  
**HUBERT D'ABOVILLE**  
 President  
 European Chamber of Commerce  
 of the Philippines, Inc.

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<sup>2</sup> Some companies are pursuing this as a CSR effort.



**N OBUYA ICHIKI**

President

Japanese Chamber of Commerce  
& Industry of the Philippines, Inc.



**EUN GAP CHANG**

President

Korean Chamber of Commerce  
of the Philippines, Inc.



**SHAMEEM QURASHI**

President

Philippine Association of Multinational Companies  
Regional Headquarters, Inc.

Cc:

Executive Secretary Paquito N. Ochoa, Jr., Office of the President

Secretary Rosalinda D. Baldoz, DOLE

Secretary Gregory L. Domingo, DTI

Secretary Antonio P. Roman, PLLO

Chairperson Patricia B. Licuanan, CHED

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Undersecretary Cristino L. Panlilio, BOI

Senator Edgardo J. Angara, Chairman, Committee on Science and Technology

Representative Sigfrido R. Tinga, Chairman, Committee on Information and  
Communications Technology

National President Alfonso V. Umali, Jr., League of Provinces of the Philippines

National Chair Enrico R. Echiverri, League of Cities of the Philippines

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