

JOINT FOREIGN CHAMBERS AND PHILIPPINE BUSINESS GROUPS MEET WITH HOUSE LEADERS ON BUSINESS AND ECONOMIC REFORM LEGISLATION

The Joint Foreign Chambers of the Philippines (JFC) and the Philippine Business Groups (PBG) met with House leaders on November 14, 2012 to discuss reforms to bolster growth and competitiveness.

The House of Representatives, led by Speaker Feliciano R. Belmonte Jr., has passed 30 business and economic reform measures in the 15th Congress. In recognition of this record, JFC-PBG representatives presented a Letter of Appreciation to the Speaker in praise of their work during the last two and a half years.

“We commend the efforts of lawmakers to resolve complex issues which have a deep impact on business and government interests, as well as the public welfare, once they become law,” said Michael Raeuber, President of the European Chamber of Commerce of the Philippines.

The executives noted, however, that while nine of the 30 measures had been enacted into law, 16 still remained with the Senate.

“Legislation is usually a multi year and even multi Congress process, but elections work like a reset button,” said John D. Forbes, American Chamber of Commerce of the Philippines senior adviser and main author of the Arangkada Philippines report, a JFC-backed business advocacy launched in December 2010.

“If there are difficulties maintaining momentum across legislative terms, this administration is at risk of not completing key reforms before the Aquino presidency ends in 2016. The country should continue to strive to move at least twice as fast to realize its full economic potential,” he explained.

JFC-PBG members discussed business and economic reform bills yet to be enacted by Congress including:

- *Bangko Sentral ng Pilipinas* Charter Amendments
- Common Carriers and Gross Philippine Billings Taxes on airlines
- Creation of a Department of Information and Communications Technology
- Design Council Act
- Direct Remittance to Local Government Units of Their 40% Share from National Wealth Taxes
- Excise Taxes on Alcohol, Tobacco, and Cigarettes
- Excise Taxes on Minerals
- Fair Competition (Anti-Trust)
- Freedom of Access to Information
- Land Administration Reform Act
- Reproductive Health

“We trust government’s commitment in undertaking legislative reform to ensure that our strong growth is sustainable and inclusive,” noted Miguel B. Varela, President of PCCI. “Good laws attract investors and encourage businesses by creating a secure, predictable, and level playing field where firms

can thrive and provide employment for the long term,” Varela opined.

The joint meeting came as the country’s economic expansion — considered one of the fastest in Asia at nearly six percent in the first half — and solid fiscal position led to a ratings upgrade to just below investment grade by Moody’s Investors Service and other rating agencies. While financial inflows into Philippine stocks, bonds, and similar investments have been strong, net foreign direct investment this year has been weak and, according to a recent UNCTAD report, close to Cambodia and far behind other large regional economies.

This meeting also marked the third gathering of the JFC-PBGs and House officials to discuss legislative recommendations in *Arangkada Philippines*.

Earlier dialogues were held in February and November last year, where both parties discussed reforms such as the Data Privacy Act (Republic Act 10173, which passed in August 2012), Rationalization of Fiscal Incentives, Customs Modernization and Tariffs, and amendments to the Build Operate Transfer Law, Clean Air Act, and Retail Trade Act.

The original *Arangkada Philippines* report enumerated 471 recommendations, targeted to create \$75 billion in new foreign investment, 10 million jobs, and over a trillion pesos in revenue for the national economy within the decade. The full list of suggested reforms included 105 legislative measures to be undertaken by the Aquino administration, building on the 22 economic and business laws already passed in the 14th Congress.

Accomplishment of these recommendations is tracked annually in the *Arangkada Philippines* Assessment, which will be released at the Second *Arangkada Philippines* Forum in late February 2013.

Notes:

1. The JFC is composed of the American Chamber of Commerce of the Philippines, Australian-New Zealand Chamber of Commerce of the Philippines, Canadian Chamber of Commerce, European Chamber of Commerce of the Philippines, Japanese Chamber of Commerce and Industry of the Philippines, Korean Chamber of Commerce of the Philippines, and Philippine Association of Multinational Regional Headquarters.
2. The PBGs included in the joint meeting are the Banking Association of the Philippines, Business Process Association of the Philippines, Employment Confederation of the Philippines, Federation of Philippine Industries, Financial Executives of the Philippines, Philippine Chamber of Commerce and Industry, Management Association of the Philippines, and Makati Business Club.