



21 July 2014



**His Excellency Benigno S. Aquino III**  
President of the Republic of the Philippines  
Manila, Philippines



Your Excellency:

The Philippine Business Groups and the Joint Foreign Chambers (PBG-JFC) recognize the vigorous efforts of your administration to introduce lasting social, political, and economic reforms that will pave the way for a progressive Philippines. We reiterate our common position that we stand with your administration in institutionalizing these much-needed and long-overdue reforms.

In 2013, the PBG-JFC conducted a series of dialogues to craft a list of key issues and proposed measures which we strongly believe will help achieve our shared vision of inclusive growth through job generation, poverty reduction, and global competitiveness. The product of these consultations was a letter that we sent to your office and was subsequently acknowledged by the Economic Development Cluster of your Cabinet.

Entering the latter half of your term, the PBG-JFC would like to take this opportunity to revisit some of our recommendations. With the Philippines hosting various international fora in the next three years, there is a golden opportunity for the country to cement its reform agenda and showcase its success story to the global community, as was done recently during the World Economic Forum on East Asia.

**Institutionalizing Integrity and Good Governance**

The PBG-JFC is cognizant that your administration's drive to stamp out corruption has indeed borne fruit and contributed to the country's better-than-expected economic performance and competitiveness rankings. We must continue to push the campaign for good governance. It is imperative that public officials, both past and present, who are proven to have been involved in the misuse of public funds be **held accountable to the fullest extent of the law at the soonest time and without fear or favor.**

Despite your administration's best efforts to safeguard the allocation and use of public funds, recent developments demonstrate that corruption still rears its ugly head in the hidden nooks and crannies of the bureaucracy and government transactions. We believe that this greatly highlights the need and value of an engaged citizenry serving as government's partner in guarding against corruption. Thus, we take note of your commitment during the Daylight Dialogues to **pass the Freedom of Information Act before the end of your term** and are looking forward to its enactment.

Connected to this, we also welcome your pronouncement during the same Dialogue regarding the **issuance of an Executive Order seeking to institutionalize a mechanism for public-private cooper-**

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**ation in instilling integrity in governance.** On this note, as what was done by the Department of Public Works and Highways, we would like to encourage other government agencies to insist that companies wishing to bid for government contracts **should sign the Integrity Pledge and submit themselves to doing clean and ethical business.** Finally, we encourage the Executive to closely coordinate with the Judiciary and the Legislative branch to **address issues of competence, efficiency, and integrity in the justice system.**

### **Achieving Inclusive Growth**

While the economy has rapidly expanded during your term—bringing the Philippines into the ranks of Asia’s best economic performers—we note that a commensurate impact on reducing unemployment and underemployment has yet to be felt by our people. We believe that greater focus on sustainable agriculture and responsible mining will substantially assist in our shared aim of inclusive growth.

Despite our stellar economic growth, we note that the agriculture sector continues to underperform. Given that this sector employs close to a third of our population, particularly in the provinces, we urge your administration to **immediately formulate and implement roadmaps for specific subsectors in agriculture,** similar to what has been done for certain industries by the Department of Trade and Industry. Furthermore, these roadmaps must be supported by adequate investments to **increase agricultural productivity and to improve the welfare of our farmers and fisherfolk.**

We also reiterate our position that responsible mining holds the potential not only to bring in more foreign investments, but also to increase incomes in rural communities as well. Therefore, we call for **the retention of the existing Philippine Mining Act,** as we hold that this is an effective piece of legislation if properly implemented. As a complement, we should ensure that we have an **internationally competitive fiscal regime for mining,** which gives the government a fair share of net mining revenues, as well as ensures an equitable and reasonable return for investors. Furthermore, in deciding on the mapping of “no-go” zones, we reemphasize our position that **the value of potential mineral projects should be balanced and weighed against agricultural, tourism, and other considerations.**

### **Accelerating Infrastructure Development**

Since 2010, we have seen the Public-Private Partnership initiative steadily gain steam, with close to 50 projects in the pipeline for implementation. We fully support government’s efforts to raise infrastructure spending to 5% of GDP by 2016. Nevertheless, the infrastructure gap continues to remain wide and must be bridged as soon as possible to support the economy.

First, we reiterate our position for a **multi-airport system, particularly NAIA, Clark, and a future third airport,** to serve the country’s current and prospective aviation requirements. On this note, we strongly believe that we should continue to enhance the advantages given by an international gateway in close proximity to the National Capital Region, while complementing this with further improvements in the capacity of Clark International Airport.

We also ask the government to **expedite the construction of the NLEX-SLEX Connector, as well as to construct a feeder road that will connect it to the Port of Manila,** which we believe will facilitate the movement of goods to and from production sites and our major ports. On a related matter, we once again emphasize our call to **shift cargo traffic from the Port of Manila to the Ports of Subic and Batangas** and support these with **parallel initiatives to stimulate economic activities in these areas, and to reduce the cost of logistics.**

### **Ensuring Energy Security and Price Competitiveness**

The business community is united in the belief that **opening up the Electric Power Industry Reform Act (EPIRA) to amendments will result in an unstable regulatory framework** and thus may cause the deferment or cancellation of pending and much-needed investments in the power sector. It is our common position that **what is needed is the full and proper implementation of EPIRA.**

Also, we call on the government to ensure that growth targets will be supported by the needed energy investments. As such, a roadmap **towards energy security and electricity price competitiveness**, which takes into account all the elements of the energy sector from generation to distribution, must be **formulated at the soonest time and likewise made available to the public.** Furthermore, moving forward, we call on the government **to augment the Department of Energy and Energy Regulatory Commission with capable, proactive, and visionary staff**, shifting the pertinent agencies away from a reactionary stance regarding energy issues.

### **Increasing Foreign Investments**

We recognize that the amount of Foreign Direct Investments entering the Philippines has been steadily increasing under your administration. However, relative to our neighbors in Southeast Asia, and taking into account our need for as much job-generating investments as possible, the Philippines continues to lag behind comparable regional economies.

In this light, we strongly encourage the government to consider proposals to **open certain areas of the economy to greater foreign participation.** Today is an opportune time to pursue economic liberalization as a multitude of positive factors are converging towards making the country a preferred investment destination, among which include a young and dynamic citizenry, a robust economy, and great interest from the overseas investing community to participate in the Philippine market.

Pending any amendments to the Constitution, we suggest an initial and immediate course of action: **to revise the Foreign Investment Negative List by reducing the list of industries where foreign participation is limited. Relevant legislation should be introduced in the near future for this purpose.**

### **Addressing Smuggling**

In a forum with business organizations, the Customs Commissioner stated that the value of smuggled merchandise in 2011 alone was estimated to be between P350 billion to P1.4 trillion. This hole must be plugged.

We are aware that the proposed **Customs Modernization and Tariff Act and various measures on Anti-Smuggling** are moving in both chambers of Congress. It is our fervent hope that, consistent with our goal to eliminate illicit trade and our commitment to the Revised Kyoto Convention on the Simplification and Harmonization of Customs Procedures, **these necessary measures be immediately enacted and enforced.**

Moreover, we reiterate our proposal to have **high-level representatives from government to continuously engage with the private sector** in a joint effort to address smuggling, similar to a **Cabinet-level Oversight Committee with private sector participation as was done in previous administrations.**

Mr. President, through these measures, the PBG-JFC is firmly convinced that the Philippines will continue to be among Asia's trailblazers and, at the same time, ensure that the gains from good governance and a flourishing economy will benefit the majority of our people with the greatest of needs.

In relation to this and most significantly, the business community reiterates the appeal aired by some of our leaders in the Daylight Dialogues that the Supreme Court ruling on certain actions under the Disbursement Acceleration Program **must not be allowed to weaken the determination of your administration** to aggressively pursue its key reform programs in the next two years.

We thank you for this opportunity to be heard, and we look forward to working with your government towards these common goals.

Yours sincerely,



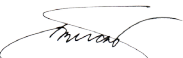
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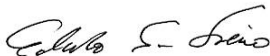
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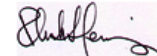
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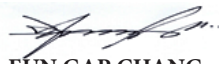
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