

Joint Foreign Chambers of the Philippines

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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.

June 1, 2020

Statement in support of the Philippine Economic Stimulus Act (PESA)

The seven members of the Joint Foreign Chambers (JFC) of the Philippines applaud the House of Representatives for its hard work over the last two months in drafting and deliberating on the ambitious Philippine Economic Stimulus Act (PESA). HB 6815 represents extensive public hearings on separate bills authored by Ways and Means Committee Chairman Joey Salceda and Deputy Minority Leader Stella Quimbo with special Defeat COVID-19 subcommittee Co-Chair Sharon Garin (and Economics Committee chair), three legislators who combine a deep knowledge of the economy, finance, and business. The bill, which consolidates the separate bills, is very comprehensive and seeks to provide total funding of PhP 1.28 trillion to a broad spectrum of sectors of the Philippine economy most during the quarantine period. Priorities in the bill include additional funding to expand the Build, Build, Build program, wage subsidies, support for critically impacted farmers and fisherfolk, small businesses, tourism, transportation, and others.

PESA enjoys broad support in the House with over 80% of the members sponsoring the measure, led by Speaker Alan Peter Cayetano and Majority Leader Martin Romualdez. PESA follows the Bayanihan to Heal as One Act RA 11469 enacted during the special session of Congress on March 24, which focused on relief and enabling an all-of-government response to the immediate COVID-19 pandemic. PESA focuses on directly supporting financially the most severely damaged sectors of the economy to assist them during their road to recovery. Unless "stimulated" with financial assistance from government, many firms will cease to operate and will lay off workers.

We encourage the House plenary to approve the historical measure on 2nd Reading on June 1 and 3rd Reading on June 4 before its scheduled recess. The Senate is considering six stimulus bills. Given the very large amounts being considered and the forthcoming recess we ask the Congress to approve the final legislation soon after resuming session in late July to provide very needed funds for economic recovery.

Another form of stimulus to restart the Philippine economy will result from enactment of the CREATE bill, which proposes reduction in the 30% Corporate Income Tax rate to 25% commencing in July 2020 and thereafter down to 20% by 2027. We support such reduction to 25% but recommend continuing annual 1% reductions to reach 20% in 2025 to be closer to the ASEAN average. We also strongly recommend a five-year delay in the rationalization of fiscal incentives for existing incentivized exporters who are harmed by the severe local and global impact of the pandemic. For these existing investors, who employ over two million Filipinos, we seek a five-year pause to recover their viability. The JFC submitted a comprehensive position paper to the Senate along with several industry associations on May 27, 2020.



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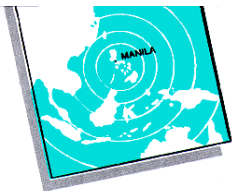
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