



PHILIPPINE ECONOMIC ZONE AUTHORITY

April 27, 2020

The Economic Stimulus-Response Package (ESRP) Cluster
Defeat COVID-19 Special Committee
Committee on Economic Affairs
HOUSE OF REPRESENTATIVES

The Co-Chairperson/s ESRP Cluster

Greetings!

Allow us to commend your great works to institute an economic stimulus response program on the effects of COVID-19 to our economy stipulated in the following bills: (1) National Stimulus Strategy authored by Rep. Joey Sartre Salceda, (2) Economy Moving Forwards as One Act authored by Rep. Stella Luz Quimbo, and (3) Proposed Consolidated bill of the above-mentioned bills.

This is also to further acknowledge the ESRP Cluster for reiterating the concern of this office with reference to the challenges faced by our exporters and importers and the role played by the Philippine Economic Zone Authority. *As stated:*

(1) Among manufacturers, exporters and importers are the most vulnerable to economic displacement owing to COVID-19. A 2020 study by Jandoc, Adriano, and Quimbo found that exporters and importers will likely reduce their trade transactions by one-half. About 494,679 workers employed in these firms are at risk. The estimated amount of economic displacement (i.e., foregone profits) for these firms is 33 billion pesos per month (page 5, Explanatory Note, Economy Moving Forwards as One Act);

In addition, please note that given the projected decline this year in global trade by 13% to 32% and global economic growth from 3% to 2.4%, this will have serious impact particularly on the ecozone locators as they compete in the global market and on the country's investment promotions for new FDI.

*(2) Industrial policies that impede the responses of businesses in coping with the economic effects of COVID-19 shall be revised accordingly, including, but not limited to, the immediate adoption of zero tariff rates on essential imported raw materials and the temporary suspension of the export percentage requirements for export enterprises to allow domestic sales of select manufactured goods while export markets are in the process of recovery, which shall be facilitated by the DTI, NEDA, the Tariff Commission, and the **Philippine Economic Zone Authority** (page 19, SECTION 6. Industrial Policy Measures - Economy Moving Forward as One Act).*

- (3) *Creation of The Inter-Agency Task Force for the Economy Moving Forward as One fiscal stimulus package (IATF-EMF1) with the addition of the Philippine Economic Zone Authority as Member/Representative to particularly oversee export enterprises and the bulk of vulnerable measures mentioned in No. 1 faced by our public and private economic zones.ⁱ (page 20. SECTION 8. Establishment of an Inter-Agency Task Force. Economy Moving Forward as One Act).*
- (4) *Assistance to Export and Import Industries. The Board of Investments (BOI) shall offer assistance to Business Entities engaged in exporting or importing, including grants on any activity with the purpose of market retention, identification, and expansion. xxx (Section 14. Assistance to Export and Import Industries, page 8, PHILIPPINE ECONOMIC STIMULUS ACT consolidated as of April 23, 2020). In this respect, PEZA in support of the ecozone industries proposed among others:ⁱⁱ*
- (i) *Investment attraction strategies to capture the Japanese, American and European companies moving out of China and other Strategic Big Ticket Industries or Projects in anticipation of the Next Normal;*
 - (ii) *Encourage PPP, Joint Ventures (JV) and other modes of partnership in building a Mega Ecozone integrated with Transportation and Logistics Hubs (i.e. Hub-and-Spoke Model) in every region to spread and accelerate generation of investments and jobs in the countryside;*
 - (iii) *Temporary reduction of export threshold for other ecozone export manufacturing companies including IT and Tourism service enterprises (apart from those listed in DTI-DOF JMC 2020-02) from 70% to 50% for 2020- 2021;*
 - (iv) *IPAs' continuous grant of current fiscal incentives to existing and new ecozone developers and locator investors to ensure status quo in the incentives regime up to end of 2021 including the eligible IPA's registration of domestic market enterprises into Manufacturing and IT Services; and*
 - (v) *Relaxation of the rules to jump start the utilization of idle public lands and other unproductive agricultural lands/assets for large-scale and commercial plantation and agro-processing of basic food crops, including livestock and fish farming processing.*

Again, we thank you for reiterating the abovementioned issues and provisions in the proposed bills and in the discussion of the Economic Stimulus Response Package (ESRP) Cluster of the Defeat COVID-19 Special Committee. **This recommendation to have the abovementioned provisions included in the consolidated Economic Stimulus Bill titled the Philippine Economic Stimulus Act of 2020 (PESA Act of 2020).**

In addition, we also have appended in this letter on a separate page proposed PEZA POST-COVID 19 Economic Stimulus Package and Business and Investment Continuity Plans upon due consultation with our Incident Command System (ICS) in response to COVID-19, members of the Foreign Chamber of Commerce in the Philippines and

industry partners such as the German-Philippine Chamber of Commerce and Industry and the IT & Business Process Association of the Philippines (IBPAP).


Among the other initiative that this office had launched to jumpstart with our support to PEZA registered companies, industries and locators including our support to immediate economic recovery post COVID-19 are as follows:

1. Remittance of 2 Billion Php to the Department of Finance
2. 24/7 PEZA Incident Command System in response to COVID-19 to assist the operation of the 1,042 (60%) operating companies with 966,333 workers (Work from Home and Skeletal Force)ⁱⁱⁱ
3. Launch of the (PEZA) post-COVID pandemic business continuity plans under the PEZA Assistance and Reprieves Planning Group (ARPG) to better assist its existing locator companies and possibly attract those industries transferring from other countries including China.
4. PEZA alongside with our industry partners and ecozones seeks to redress all measures in order to revitalize our economy. As learned from our ASEAN neighbors, we believe that the economy is as important as epidemic prevention, strict health management rather than prevention and provision of relief measures (rents and subsidies) are relevant *whole of government approach*.^{iv} Itemized details in the attached PEZA POST-COVID 19 Economic Stimulus Package.^v

We Heal as One and we are with you in your efforts to institute an efficient economic stimulus response program on the effects of COVID-19 to our economy. We sincerely thank you in consulting us in consolidating the two (2) bills authored by Rep. Joey Salceda and Rep. Stella Luz Quimbo. We look forward for the kind consideration of herein recommendations vis-à-vis the guidance of attached PEZA proposed Post-Covid- 19 Economic Stimulus Package and Business and Investment Continuity Plans.

Maraming Salamat po!

Very truly yours,



BGen CHARITO B. PLAZA MNSA, PhD
Director General

ⁱ IBPAP recommended areas for potential stimulus funding coverage to help cushion the impact of Covid-19. For Incurred Costs during the Current ECQ and its Extension (PHP 11.6 Billion) and for Anticipated Costs upon Gradual Exit to ECQ (PHP 2.25 Billion).

ⁱⁱ General Industrial Policy: PEZA Inputs on Post-COVID -19 stimulus package, April 20, 2020.

ⁱⁱⁱ STATUS REPORT OF PEZA (Week 3-4 under ECQ) dated April 18, 2020. On a survey report out of the 1,749 companies. Security and Health measures were required and provided to protect the Workers and Comply with the ECQ directives and IATF Resolutions.

^{iv} The Fight Against COVID-19: Lessons from Taiwan

^v PEZA INPUTS ON POST-COVID 19 Economic Stimulus Package dated April 20, 2020. Major items in the General Industrial Policy: (1) Identify in every region among the public lands a PUBLIC ECONOMIC ZONE under PEZA. PEZA's

Public Ecozones established earlier under EPZA, triggered the economic growth of host LGUs & regions such as those in Cavite, Mactan, Baguio, Pampanga and Bataan. Hence, a timely economic package stimulus that will aid economic activities and job generation in the countryside. The growth of private economic zones which increased the income of both the national government and LGUs triggered the following: a) Massive jobs created, b) development of the idle lands, c) transfer of technology, d) achieve social progress, e) Lowered the poverty and crime incidence thus, attaining total development, peace and prosperity, f.) the aforesaid successful regions are good bench-markings in replicating their economic models, g) creation of more public ecozones in the countryside. Presidential Proclamations can be issued in declaring public lands into different types of environmental friendly economic zones, utilizing the millions of hectares of idle lands, maximizing the capability to complete the supply chain and increase the country's production, manufacturing and export capability; 2) Encourage PPP, Joint Ventures (JV) and other modes of partnership in building Transportation and Logistics Hubs in every region to spread investments in the countryside.