



**May 24, 2021**

**FOREIGN CHAMBERS SUPPORT PASSAGE OF SB 2094,  
AMENDMENTS TO THE PUBLIC SERVICE ACT (PSA)**

We, the undersigned foreign chambers of commerce in the Philippines commend the Philippine Senate for beginning the plenary debate on SB 2094 and encourage the Congress to complete passage of this important legislation at the earliest possible time. The House approved its version of the bill on March 10, 2020.

We also express appreciation to the joint Congress-Executive branch LEDAC for including this measure among a list of 12 reforms which it prioritized for Congress to approve before its mid-June recess.

We strongly support the passage of this vital legislation and pledge our efforts to bring the reform to the attention of appropriate firms in our member countries in Australia-New Zealand, East Asia, Europe, and North America. We will encourage them to invest in the Philippines and support better public services for the Filipino people. With its large, growing economy, the Philippines will enjoy many benefits when local and foreign firms compete side-by-side and together to provide the Filipino with better services that this game-changing reform will bring.

The bill proposes to define public utilities and differentiate them from public services. Only “natural monopolies” involving distribution and transmission of electricity, water, and sewerage will be considered to be public utilities. As prescribed in the Philippine Constitution, public utilities must be 60% Filipino-owned, but the Constitution provides no definition of public utilities.

For 85 years Commonwealth Act 146 has regulated public services and includes a long list of 25 services which are not natural monopolies and would not usually be considered public utilities under best international practice.

These restrictions have been the basis of the reputation of the country as more closed to foreign investment than most Asian economies. It also created a business environment for the services sector that nurtured oligopolies and weakened competition to the detriment of consumers. Tens of billions of dollars in foreign investment did not come to the Philippines but instead went to our neighbors.

When enacted, the amendments to CA 146 will allow and encourage new investments from foreign firms in telecommunications, transportation, and other services. This is expected to increase competition, improve technology, modernize and lower the prices of services to the benefit of Filipino consumers.



Philippine infrastructure consistently ranks 6th behind Indonesia, Malaysia, Singapore, Thailand, and Vietnam in international indices. While the Build, Build, Build program is helping the Philippines to catch up, the PSA amendments bill will allow even more capital to be invested in the country and improve infrastructure services at no cost to the government and taxpayer.

This reform will also improve the international ranking of the Philippines by the Organization of Economic Cooperation and Development from its current unattractive placement as one of the most restrictive economies in the world for foreign investment in public services.

The PSA amendments will match policies that Singapore, Thailand, and Vietnam already allow and that Indonesia last year opened to foreign investment. It also complies with commitments the Philippines made in the ASEAN Comprehensive Investment Agreement to open investment in services to other ASEAN members, effective in 2012, as part of the ASEAN Economic Community. And it will allow the Philippines to better qualify to be a member of advanced plurilateral trade and investment agreements such as the Comprehensive and Progressive Transpacific Partnership.

The bill contains provisions to protect against foreign government-owned and influenced firms controlling Philippine public services by adopting national security review practices followed by major governments, including Australia, Japan, and the United States, in reviewing and approving major new foreign investments.

As part of the COVID-19 recovery package, we urge Congress to pass this reform.

Approved by the following:

- American Chamber of Commerce of the Philippines
- Australian-New Zealand Commerce of the Philippines
- British Chamber of Commerce of the Philippines
- Canadian Chamber of Commerce of the Philippines
- Dutch Chamber of Commerce in the Philippines
- European Chamber of Commerce of the Philippines
- French Chamber of Commerce and Industry in the Philippines
- German-Philippine Chamber of Commerce and Industry
- Japanese Chamber of Commerce & Industry of the Philippines
- Korean Chamber of Commerce of the Philippines
- Nordic Chamber of Commerce of the Philippines
- Philippine Association of Multinational Companies Regional Headquarters, Inc.
- Philippines-Swiss Business Council
- Spanish Chamber of Commerce in the Philippines