



September 20, 2021

FOREIGN BUSINESS GROUPS WELCOME SENATE PSA SUBSTITUTE BILL TO BOOST FOREIGN INVESTMENT, CREATE JOBS, AND SPEED UP POST-PANDEMIC RECOVERY

We, the undersigned members of the Joint Foreign Chambers, strongly support liberalization of the Philippine economy through passage of amendments to the Public Service Act.

By opening up key economic sectors and limiting the definition of public utilities to natural monopolies, we believe this reform will be one of the most important reforms of President Rodrigo Duterte and the 18th Congress. It will maximize opportunities to attract foreign investments that create jobs, build infrastructure, and support economic recovery and growth as the country struggles against effects of the pandemic.

We caution the Senate against including numerous favored subsectors under the public utility definition to protect them from competition. Any moves to retain 60-40 foreign equity restrictions, specifically for the major transportation and telecommunications sectors, and add legislative franchise requirements where none existed, will thwart the intention of the bill and the positive impact it can bring to the business community and consumers.

Both transportation and telecommunications are not natural monopolies. There are numerous transportation companies and three telecommunications companies that operate viably in the country. It is crucial to apply the proposed definition consistently in identifying the sectors that should be considered public utilities to maintain the internal integrity of the bill.

Instead of keeping service sectors closed to foreign investment in the guise of national security, it is important to carefully balance the need to attract foreign investments while protecting national security. The proposed Senate bill incorporates safeguards that address the nature of the risk, instead of using an ownership ban as a blanket solution.

To catch up, the economy must open up. The status quo has proven insufficient to address the needs of the country. Retaining the 60-40 foreign equity restriction will prevent accomplishment of the intentions of the proposed reform to liberalize the Philippine economy to attract greater foreign investment, facilitate competition, fund infrastructure, create jobs, and improve the quality of public services in the country.

There is strong interest among foreign investors from various countries to invest in the Philippines. We must maximize this opportunity by sending a strong signal to the global community that the Philippines is open for business, to facilitate the entry of a wider range of investors and new technologies to help the country transition to a digital economy.

We urge the Senate to stay true to the intentions of the proposed reform by opening the transportation and telecommunications sectors to greater foreign investment, for the benefit of the Philippine economy, the business community, and the Filipino consumer.

Approved by the following:

American Chamber of Commerce of the Philippines
Australian-New Zealand Commerce of the Philippines
Canadian Chamber of Commerce of the Philippines
European Chamber of Commerce of the Philippines
Japanese Chamber of Commerce & Industry of the Philippines
Korean Chamber of Commerce of the Philippines
Philippine Association of Multinational Companies Regional Headquarters, Inc.