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Technical Report

INVESTMENT CLIMATE IMPROVEMENT PROJECT (ICIP) Phase II Final Report for March-June 2007

Appendices 24-42: Other Documents

by John D. Forbes and Richard Umali

Prepared for

**The American Chamber of Commerce
of the Philippines**

Submitted for review to

USAID/Philippines OEDG

August 8, 2007



**Economic Modernization through Efficient Reforms and Governance Enhancement (EMERGE)
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Preface

This report is the result of technical assistance provided by the Economic Modernization through Efficient Reforms and Governance Enhancement (EMERGE) Activity, under contract with the CARANA Corporation, Nathan Associates Inc. and The Peoples Group (TRG) to the United States Agency for International Development, Manila, Philippines (USAID/Philippines) (Contract No. AFP-I-00-03-00020-00, Delivery Order 800). The EMERGE Activity is intended to contribute towards the Government of the Republic of the Philippines (GRP) Medium Term Philippine Development Plan (MTPDP) and USAID/Philippines' Strategic Objective 2, "Investment Climate Less Constrained by Corruption and Poor Governance." The purpose of the activity is to provide technical assistance to support economic policy reforms that will cause sustainable economic growth and enhance the competitiveness of the Philippine economy by augmenting the efforts of Philippine pro-reform partners and stakeholders.

The American Chamber of Commerce in the Philippines (AmCham) submitted a second unsolicited proposal to EMERGE on February 14, 2007, for a follow-on grant to continue identifying and communicating to the Philippine Government activities that will generate additional investments and jobs in the country. It was approved by USAID on February 28, 2007. This was the Investment Climate Improvement Project (ICIP), Phase II, and the key actors were Mr. Robert M. Sears, AmCham Executive Director, Mr. John D. Forbes, AmCham Legislative Committee Chairman, Mr. Robert W. Blume, AmCham Desk Officer at the Philippine Board of Investments (BOI), and Mr. Richard Umali as Project Assistant. This is the final report of that activity.

Because of their cumulative size, most of the appendices to this report are published in separate volumes:

Appendices 8-23: Letters & Statements on Economic Legislation and Policy;

Appendices 24-42: Other Documents; and

Selected Press Clippings

The views expressed and opinions contained in this publication are those of the authors and are not necessarily those of USAID, the GRP, EMERGE or the latter's parent organizations.

INVESTMENT CLIMATE IMPROVEMENT PROJECT (ICIP) Phase II Final Report for March-June 2007

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From: richard@amchamphilippines.com
To: MTSSantiago@boi.gov.ph
Cc: forbes@skynet.net
Sent: Friday, April 20, 2007 04:06 PM
Subject: JETRO Release: 17th Survey of Investment-Related Cost Comparison in Major Cities and Regions in Asia

Director Santiago,

Here is the latest JETRO survey of Investment-Related Cost Comparison in Major Cities and Regions in Asia, which Mr Forbes mentioned to you.

Also attached is the letter sent by the Philippine Association of Multinational Companies' Regional Headquarters (PAMURI) to President Arroyo regarding their complaint against the City of Makati for collecting local taxes from which they are exempted.

We would also like to send you an informal list of suggested issues to work on in the NCC-TFC.

Thank you.

- richard

The 17th Survey of Investment-Related Cost Comparison in Major Cities and Regions in Asia March 2007

Overseas Research Department
Japan External Trade Organization

In November 2006, JETRO conducted a comparative survey of investment-related costs in 30 major cities and regions in Asia.

In the cities and regions surveyed as a whole, an upward trend was observed in personnel costs, office rents and also foreign employee housing. Meanwhile, transportation costs trended down, reflecting the decline in crude oil prices in the latter half of 2006.

<Upward Wage Trend Continues>

Between July and September 2006, the legal minimum wage was raised in the Chinese cities of Beijing, Shanghai, Guangzhou, Dalian, Shenyang, Qingdao and

Appendix 25

Shenzhen. Nominal wages posted double-digit increases for consecutive years in North and East China (Beijing, Shanghai, Dalian, Shenyang and Qingdao) in 2006, while registering single-digit increases in South China (Guangzhou and Shenzhen). Minimum wage were also raised in Bangkok, Jakarta, Batam, Manila, Cebu, Hanoi, Ho Chi Minh City, New Delhi and Karachi during the year 2006.

Comparing wages for workers (monthly, general industry) in each city, wage levels in major cities can be categorized into four groups (Note 1): US\$ 100 dollars or less (Yangon, Phnom Penh, Vientiane, Colombo and Dhaka); US\$ 100 to 250 (Beijing, Dalian, Shenyang, Qingdao, Bangkok, Kuala Lumpur, Jakarta, Batam, Hanoi, Ho Chi Minh City, New Delhi and Karachi); US\$250 to 500 (Shanghai, Guangzhou, Shenzhen, Manila, Cebu and Bangalore (Note 2); More than US\$500 (Seoul, Hong Kong, Taipei and Singapore). Although China's low personnel costs have been cited as an advantage by investors, the latest survey showed that the wage levels in East and South China are higher than those in Bangkok, Kuala Lumpur and Jakarta.

In Vietnam, the legal minimum wage was raised for the first time in the last seven years. Average wages rose in Ho Chi Minh City due to factors such as difficulty in recruiting mid-level managers and strikes calling for pay hikes. Indonesia (Jakarta and Batam) saw a dramatic increase in the legal minimum wage in 2006. The legal minimum wage was raised again on January 1, 2007 in Thailand and Indonesia.

According to a JETRO survey conducted in December 2006, Japanese Manufacturers in Asia, (covering Thailand, Malaysia, Singapore, Indonesia, the Philippines, Vietnam and India, with 830 respondents), an increase in worker wages was the most frequently cited problem among respondents in terms of employment and work in all of the countries covered by the survey.

Many Japanese companies operating in Asia anticipate wages to continue on this upward trend.

<Office rents on the rise; transportation costs declining>

Office rents did not show a notable change in Chinese cities except Shanghai and Shenzhen, where upward trends were observed. A rise in China's land use tax (passed on January 1, 2007 to curb runaway development), is expected to contribute to costs in the future. The new tax rate, however, will not come into effect until provincial and local governments draw up enforcement rules. Office rents rose in all other Asian cities surveyed, while employee housing costs increased dramatically in Mumbai and Hanoi, mainly due to increased demand for such housing (i.e., for foreign workers) in those cities.

Electricity rates for business use showed no major change in any of the cities surveyed, although some parts of China suffered electricity shortages in the summer.

Freight in Asian cities dropped because crude oil prices, which surged in 2005, saw a fall in the latter half of 2006. Freight in Vietnam, which had already been relatively high, dropped sharply as a result of increased competition in the transportation sector .

<Cost increase in China due to review of value-added tax>

A partial review of China's value-added tax (VAT) will bring abolition of or reduction in tax rebates for low-end, resource-intensive export products in September 2006. In November, high energy-consuming and environmentally harmful products (a total of 804) were put under a prohibited category in processing trade. These products can still be imported as general trade, but VAT and import duties are now imposed on them, translating into higher production costs for companies.

Appendix 25

<Business-related costs relatively high in Phnom Penh, Vientiane>

Cambodia and Laos are attracting increased attention by Japanese investors, because the Second Mekong International Bridge, opened in December 2006, is expected to enable easier conveyance of goods by land. Therefore, this survey covers Phnom Penh (Cambodia) and Vientiane (Laos) reflecting the increased interest .

Wage level for workers at Japanese companies operating in Phnom Penh and Vientiane are low compared with those in neighboring countries, this survey revealed: the level in Phnom Penh is roughly 60% of that in Bangkok and 50-80% of that in Ho Chi Minh City; the level in Vientiane is roughly 40% of that in Bangkok and 30-80% of that in Hanoi. Japanese companies operating in labor-intensive sectors in Thailand and Vietnam are now also considering Phnom Penh and Vientiane as potential locations for new production bases.

Total costs in Phnom Penh and Vientiane are not necessarily low. For example, rates for international calls, electricity, container transport (cost of transportation to the nearest port must be added in the case of Laos) and also fuel are all relatively high. Reduction in business operation costs in these cities, as well as improvement in economic infrastructure and public utility services are required.

(Note 1) An average is used when the range in wages is wide.

(Note 2) Although the government of Karnataka State announced a name change for Bangalore on November 1, 2006, approval procedures thereof were pending at the central government as of Feb. 21, 2007.

*This survey started in 1995; this is the 17th version.

This survey covers Phnom Penh and Vientiane because these two cities are attracting increased attention following the opening of the Second Mekong International Bridge.

Investment-related costs such as wages, land prices, office rents, telecommunication expenses, and public utility rates in each city were compiled into a list for easy comparison in US dollars.

This survey was conducted by JETRO's overseas offices (for Taipei, with cooperation from the Interchange Association, Japan). For wages by types of occupation, general surveys on wages conducted by local Japan Chambers of Commerce and Industry were quoted. In cities where such surveys were not available, interviews with several selected Japanese manufacturing companies were conducted. For other surveyed items, the data was collected through local governments and related organization.

The inter-bank rate as of November 15, 2006 was adopted in principle for the exchange of local currencies against the US dollar. Compared with exchange rates in the previous survey (November 2005), currencies other than the Thai baht (up 11%), the Myanmar kyat (down 27%), and the Bangladesh taka (down 11%) showed only single-digit changes and, as a result, the impact of exchange rate fluctuations on investment costs was limited.

Appendix 25

AmCham Suggested Projects for NCC-TCF

- Eliminate requirement for companies receiving BOI incentives to list shares on PSE, as indicated in Rul VIII Section 1 of EO 226 IRR
 - Reasons:
 - Companies, not government, should decide when and where to raise equity shares
 - Not enforced
 - Sends negative signals to foreign investors
- DOJ ruling on anti-dummy law
 - Reason: apparent inconsistency in applying “control” versus “grandfather” rule
- Local government efforts to collect municipal/local taxes on companies operating a regional headquarters; RHQs and ROHQs of foreign MNCs are exempt from such taxes according to EO 266
 - Reason: discourages foreign investors
- Increase de minimis level to regional standard of \$100 (see table)
 - Reason: reduce transaction costs
- Reform TCC process to eliminate backlog and claims
 - Reason: unpaid claims requiring tedious and expensive litigation discourages foreign investors
- Draft clear and implementable IRRs for anti-red tape act by mid-2007
- Propose conduct of Consumer Satisfaction Survey (see powerpoint)
- Modernization of labor code
 - for female employees of call centers working at night
 - burdensome requirements for dismissal of employee after 6 months of employment
- Anti-smuggling: rampant used-car smuggling especially at SBMA

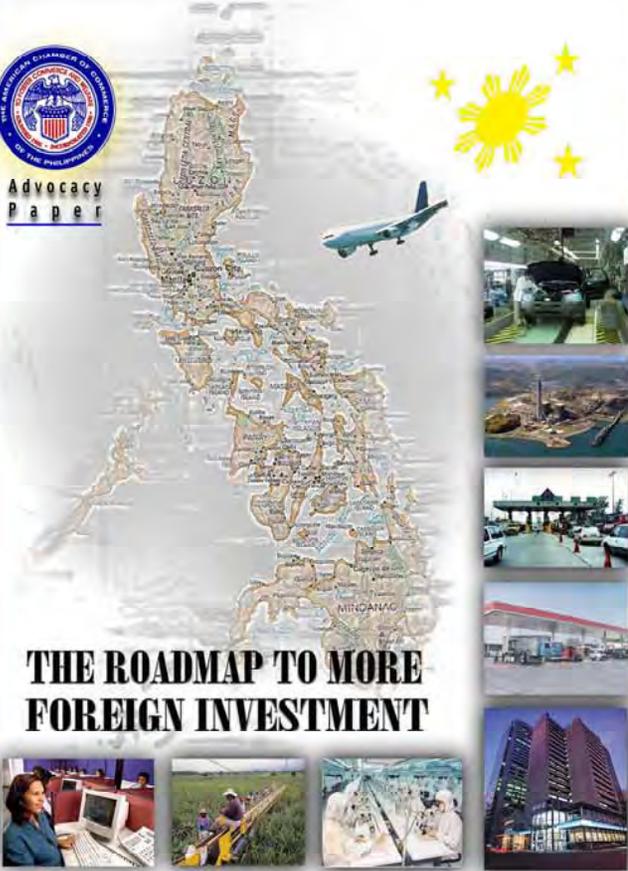
draft
4/20/07

The American Chamber of Commerce of the Philippines, Inc.

2 0 0 3



Advocacy Paper



THE ROADMAP TO MORE FOREIGN INVESTMENT

March 2003

AmCham Philippines

Investment Climate Improvement Project

2 0 0 4

AmCham Philippines Advocacy Paper 2004



Roadmap II More Foreign Investment

2 0 0 6

• English • Security • Legislative Reform • Population Growth • Infrastructure • Governance



Recommended Legislation for 14th Congress

Improved Infrastructure

- BOT Amendments
- Convergence Policy Act
- DICT
- Freedom of Information Act
- Renewable Energy
- VOIP

Healthier Financial System

- BSP Charter Amendments
- Corporate Recovery Act
- Fiscal Incentives Rationalization
- Pre-Need Code
- Revised Investment Company



Recommended Legislation for 14th Congress

Enhanced Competitiveness

- Competition Policy
- Constitutional Amendments
- EVAT, remove 5-year recovery of input tax paid on capital equipment
- Foreign Investment Restrictions Rationalization Act
- Foreign Professional Partners in Development Act
- Immigration Code Reform
- Labor Code Reform

Better Governance

- Anti-Smuggling
- Flag Law Amendment
- Omnibus Reengineering

Others

- Clean Air Act Amendment
- Cybercrime Prevention Act
- Farm Land as Collateral
- Land Administration Reform Act
- Reproductive Health



LEGISLATIVE RECOMMENDATIONS FOR THE 14th CONGRESS

MUST HAVES
BOT Law Amendments
Clean Air Act Amendment
Constitutional Amendments on Foreign Investment
Corporate Recovery (Bankruptcy) Act
Customs Code Amendment to raise <i>de minimus</i>
Financial Sector Taxes Rationalization Act
Fiscal Incentives Rationalization Act (HB 3295 with IFC improvements)
Foreign Investment Restrictions Rationalization Act
Foreign Professionals Partners in Development Act
Freedom of Access to Information Act (especially contract transparency)
Laguna Lake Development Authority Restrictions (eliminate Red Tape)
Local Government Code Amendment (to enhance investment)
Ombudsman Act Amendments
Pre-Need Code Act
Reproductive Health Act
Strengthening Workers' Rights to Self-Organization RA 9481 Repeal

AM	ANZ	BAP	BCC	BPAP
2	1	1	1	2
2	2	1	1	2
2	1	2	1	1
2	1	1	2	2
2	2	2	2	2
1	1	1	2	1
1	2	1	2	1
1	1	1	1	1
1	1	2	2	1
1	1	2	1	1
2	2	2	2	2
1	1	1	1	1
2	2	2	2	2
1	2	1	2	2
2	2	2	1	2
1	2	2	1	1

Total Votes Cast: 16
 Vote for A: 1
 Vote for B: 2

LEGISLATIVE RECOMMENDATIONS FOR THE 14th CONGRESS

MUST HAVES						
	CAN	CMDC	ECCP	ECOP	JAP	KO
BOT Law Amendments	1	2	1	1	1	1
Clean Air Act Amendment	2	2	2	2	1	1
Constitutional Amendments on Foreign Investment	2	2	1	2	1	1
Corporate Recovery (Bankruptcy) Act	2	1	2	1	2	2
Customs Code Amendment to raise <i>de minimus</i>	2	2	1	2	2	1
Financial Sector Taxes Rationalization Act	1	1	2	1	2	1
Fiscal Incentives Rationalization Act (HB 3295 with IFC improvements)	1	2	1	1	1	1
Foreign Investment Restrictions Rationalization Act	1	2	1	1	1	1
Foreign Professionals Partners in Development Act	2	2	1	1	2	2
Freedom of Access to Information Act (especially contract transparency)	1	2	2	1	2	1
Laguna Lake Development Authority Restrictions (eliminate Red Tape)	2	2	2	2	1	1
Local Government Code Amendment (to enhance investment)	1	2	1	2	1	2
Ombudsman Act Amendments	2	2	2	2	2	2
Pre-Need Code Act	2	2	2	2	2	1
Reproductive Health Act	2	2	2	2	2	1
Strengthening Workers' Rights to Self-Organization RA 9481 Repeal	1	2	1	1	1	1

Total Votes Cast: 16

Vote for A: 1

Vote for B: 2

LEGISLATIVE RECOMMENDATIONS FOR THE 14th CONGRESS

MUST HAVES					
	MAP	MBC	PAMURI	PCCI	SEIPI
BOT Law Amendments	1	1	2	1	2
Clean Air Act Amendment	2	2	2	2	2
Constitutional Amendments on Foreign Investment	1	1	1	2	2
Corporate Recovery (Bankruptcy) Act	2	1	2	1	2
Customs Code Amendment to raise <i>de minimus</i>	1	2	2	2	2
Financial Sector Taxes Rationalization Act	1	1	2	1	2
Fiscal Incentives Rationalization Act (HB 3295 with IFC improvements)	1	1	1	1	1
Foreign Investment Restrictions Rationalization Act	1	2	1	1	2
Foreign Professionals Partners in Development Act	1	2	1	1	2
Freedom of Access to Information Act (especially contract transparency)	1	1	2	1	2
Laguna Lake Development Authority Restrictions (eliminate Red Tape)	2	2	2	2	2
Local Government Code Amendment (to enhance investment)	2	2	1	2	2
Ombudsman Act Amendments	2	1	2	2	2
Pre-Need Code Act	2	1	2	2	2
Reproductive Health Act	2	2	2	2	2
Strengthening Workers' Rights to Self-Organization RA 9481 Repeal	2	2	1	1	2

Total Votes Cast: 16

Vote for A: 1

Vote for B: 2

LEGISLATIVE RECOMMENDATIONS FOR THE 14th CONGRESS

MUST HAVES		
	TOTAL (A)	TOTAL (B)
BOT Law Amendments	11	5
Clean Air Act Amendment	4	12
Constitutional Amendments on Foreign Investment	9	7
Corporate Recovery (Bankruptcy) Act	6	10
Customs Code Amendment to raise <i>de minimus</i>	3	13
Financial Sector Taxes Rationalization Act	11	5
Fiscal Incentives Rationalization Act (HB 3295 with IFC improvements)	13	3
Foreign Investment Restrictions Rationalization Act	13	3
Foreign Professionals Partners in Development Act	8	8
Freedom of Access to Information Act (especially contract transparency)	10	6
Laguna Lake Development Authority Restrictions (eliminate Red Tape)	2	14
Local Government Code Amendment (to enhance investment)	9	7
Ombudsman Act Amendments	1	15
Pre-Need Code Act	4	12
Reproductive Health Act	2	14
Strengthening Workers' Rights to Self-Organization RA 9481 Repeal	10	6

Total Votes Cast: 16

Vote for A: 1

Vote for B: 2



DATE : May 7, 2007

TO : Mr. David L. Balangue, NCC-TCF Private Sector Champion

FROM : Mr. Robert M. Sears, NCC-TCF Private Sector Co-champion (AmCham)
Mr. John D. Forbes, NCC-TCF Private Sector Co-champion (AmCham)

CC : Usec. Zenaida C. Maglaya, NCC-TCF Government Champion
Dir. Ma. Teresita Semana-Santiago, NCC Program Officer

SUBJECT : Recommendation to the NCC-TCF Working Group –
Customer Satisfaction Surveys of Critical GRP Agencies

We wish to recommend to the National Competitiveness Council-Transaction Costs and Flows (NCC-TCF) Working Group to seek grant funding to conduct periodic customer satisfaction surveys as a means of evaluating the efficiency and effectiveness of selected government agencies in facilitating business transactions.

An outline of the proposed approach is attached. The proposed methodology is commonly used in the private sector to measure the performance of vendors who have close contact with customers on their degree of satisfaction and rating of areas of excellence and suggestions for improvement.

Candidate agencies for ratings might include those that interface the most with the business community and whose improved performance would reduce business costs, such as BIR, BOC, BOI, DENR (mining permits and ECCs) and DOTC.

We estimate a total cost of \$50,000 per year (or \$10,000 per agency per year) which would include drafting the survey questions, conducting the survey four quarters and preparing a written report on the results to share with the agencies and the business community.

Existing surveys merely rate levels of satisfaction (MBC) or corruption (SWS/TAG) but do not develop detailed information about performance and suggestions for improvement. If the agency takes the results of each survey seriously and remedies weaknesses, it will improve its performance and contribute to raising the competitiveness of the country.

Please circulate to appropriate colleagues on the NCC-TCF.

Attachment: as stated



DATE : May 7, 2007

TO : Mr. David L. Balangue, NCC-TCF Private Sector Champion

FROM : Mr. Robert M. Sears, NCC-TCF Private Sector Co-champion (AmCham)
Mr. John D. Forbes, NCC-TCF Private Sector Co-champion (AmCham)

CC : Usec. Zenaida C. Maglaya, NCC-TCF Government Champion
Dir. Ma. Teresita Semana-Santiago, NCC Program Officer

SUBJECT : Recommendation to the NCC-TCF Exports and Imports Working Sub-Group – **Used Vehicle Smuggling, especially at SBMA**

We wish to recommend that the National Competitiveness Council-Transaction Costs and Flows (NCC-TCF) Group request from Philippine Development Forum partners funding of \$50,000 for background research, development of a strategy and advocacy to deter used-car smuggling, especially at SBMA.

The grant will be used for:

- a) A report by an investigator (security agency or investigative journalist) to develop current details on the illegal smuggling of used cars;
- b) An estimate by a consultant on the value of the trade;
- c) A workshop of concerned industry associations, government agencies and donors and trade officials of foreign government, possibly to be held at SBMA to discuss and recommend a strategy to end used vehicle smuggling;
- d) Circulation of a final report to the GRP and to international donors who have provided financial loans for the development of SBMA.

Justification: The international competitive rankings of the Philippines are pulled down by the perception of corruption, especially in the Bureau of Customs and the LTO. The syndicate operating the used car trade through SBMA has consistently defied decisions and directives of the president, the Supreme Court and the Commissioner of Customs. Exposure of the extent of the trade and appeals to the interest of donor governments who have financed SBMA may create a situation to reduce if not end this illegal and corrupt activity and improve the country's competitiveness rankings.

Please circulate to appropriate colleagues on the NCC-TCF.

CC: Joint Foreign Chambers



DATE : May 7, 2007

TO : Mr. David L. Balangue, NCC-TCF Private Sector Champion

FROM : Mr. Robert M. Sears, NCC-TCF Private Sector Co-champion (AmCham)
Mr. John D. Forbes, NCC-TCF Private Sector Co-champion (AmCham)

CC : Usec. Zenaida C. Maglaya, NCC-TCF Government Champion
Dir. Ma. Teresita Semana-Santiago, NCC Program Officer

SUBJECT : Recommendation to the NCC-TCF Harmonization of Incentives
Working Sub-Group – **Investment Incentives Matrix**

We wish to recommend to the National Competitiveness Council-Transaction Costs and Flows (NCC-TCF) to endorse for a grant of \$20,000 by Philippine Development Forum partners a regional comparison of government investment incentives, business costs, economic indicators and competitiveness rankings (Investment Incentives Matrix).

For the last six years the GRP Executive in cooperation with the Congress has sought to pass legislation entitled Rationalization of Fiscal Incentives. The effort failed in the 13th Congress when the House-passed bill and the Senate Ways and Means Committee Report adopted extremely different approaches to national government policy.

To assist the legislative process in the next Congress, it is important that more information be available on what competing countries offer investors and how these competing countries compare to the Philippines in various measures that are studied by investors in making decisions on where to locate.

Such a study is not currently available. The AmCham Investment Climate Improvement Project office has drafted the format for such a comparison (see attachment) but additional resources are needed to conduct the research to obtain current information for the comparisons.

We estimate a grant of \$20,000 would allow for the research and writing of a detailed comparison that will be made available to the Congress, concerned GRP agencies, industry associations and other interested parties.

Please circulate to appropriate colleagues on the NCC-TCF.

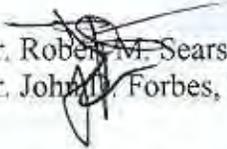
Attachment: as stated

CC: Joint Foreign Chambers



DATE : June 4, 2007

TO : Mr. David L. Balangue, NCC-TCF Private Sector Champion

FROM :  Mr. Robert M. Sears, NCC-TCF Private Sector Co-champion (AmCham)
Mr. John D. Forbes, NCC-TCF Private Sector Co-champion (AmCham)

CC : Usec. Zenaida C. Maglaya, NCC-TCF Government Champion
Dir. Ma. Teresita Semana-Santiago, NCC Program Officer

SUBJECT : Recommendation for the NCC-TCF Working Group –
Immigration Law Reform

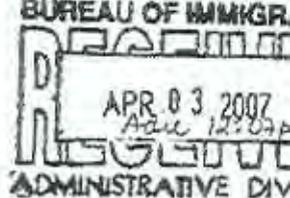
We recommend that the National Competitiveness Council-Transaction Costs and Flows (NCC-TCF) Working Group endorse to the NCC Legislative Concerns Working Group immigration law reform as one of its priority projects.

As noted in the meeting you chaired on May 3, the immigration law of the Philippines is based on a very outdated US law passed in 1924 and needs “modernization” for purposes of national competitiveness.



CC: Joint Foreign Chambers

Republic of the Philippines
 Department of Justice
BUREAU OF IMMIGRATION
 Intramuros, Manila



MEMORANDUM ORDER NO. RMA-2007-001

VALIDITY OF ACR I-CARDS

In consideration of the requests from various foreign chambers of commerce, this Bureau has extended the validity of the ACR I-Card under the following terms and conditions:

- ✓ A. **FIVE (5)** years for permanent residents and their dependents (with ACR and ICR holders) under the following visa categories:
- Native-born
 - Section 13 and Sections 13(a) to 13(g), PIA, as amended
 - Republic Act Nos. 7919 and 8274 (Alien Social Integration Act of 1995)
 - Executive Order No. 324 (series of 1988)
 - Note Verbale No. 903730 dated Sept. 17, 1990 between Philippines and India

For one undergoing probationary period prior to his/her becoming a permanent resident, the validity of the ACR I-Card shall be *co-terminus* with the probationary period. If he/she qualifies to become permanent resident, he/she shall apply for another ACR I-Card paying another US\$50.00.

- B. **CO-TERMINUS** with the validity of their approved visa for resident aliens who are categorized as temporary residents and whose visa were granted under the following:

- BI Law instruction No. 33 (Series of 1988)
- BI Law Instruction No. 13 (Series of 1988)
- BI Law Instruction No. 48 (Series of 1988)
- BI Memo Order No. ADD-01-038 (series of 2001)
- BI Memo Order No. ADD-02-015 (series of 2002)

For one undergoing probationary period prior to his/her becoming a temporary resident, the validity of the ACR I-Card shall be *co-terminus* with the probationary period. If he/she qualifies to become temporary resident, he/she shall apply for another ACR I-Card paying another US\$50.00.

C. **ONE (1) YEAR** validity or as **ACTUALLY GRANTED** if the validity of the visa is less than one (1) year for the following visa categories:

- a. Section 9 (a) – Temporary Visitors – ACR & CRTV
- b. Section 9 (d) – Treaty Traders – ACR & CRTT
- c. Section 9 (f) – Students – ACR & CRTS
- d. Section 9 (g) – Pre-arranged employees – ACR & CRPE
- e. All other visa categories which are required by law to register or for those who are exempted from immigration fees but opted to avail of the ACR I-Card.

The above-mentioned 5-year, co-terminus or 1-year validity, as the case may be, of the ACR I-Card shall be reckoned from the date of issuance of the ACR I-Card as actually appearing therein.

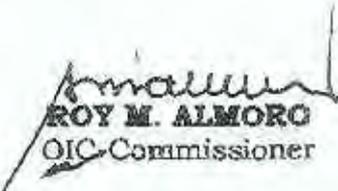
Prescinding the foregoing, the validity of the ACR I-Cards shall be automatically extended to 5 years for permanent residents and co-terminus with the visa for temporary residents, reckoned from the date of issuance.

Provisions of the Implementing Guidelines of the ACR I-Card Project dated February 24, 2004 and all Memoranda and Issuances previously issued which are inconsistent herein are deemed amended or superseded otherwise they remain valid and effective.

The Implementing Guidelines of the ACR I-Card Project dated February 24, 2004 shall be amended or revised accordingly.

Furnish copy of this Memo to the Chief, Alien Registration Division (ARD), Chief, Accounting Division, Chief, Cash Section, Chief Supervisor, NAIA I & II.

April 2, 2007.


ROY M. ALMOROG
OIC-Commissioner

Copy furnished:

DOJ
UP Law Center

**STATEMENT OF THE JOINT FOREIGN CHAMBERS OF COMMERCE
IN THE PHILIPPINES ON THE CONTINUED PROLIFERATION
OF USED VEHICLE IMPORTATIONS**

The Joint Foreign Chambers reiterate their serious concern over the continued proliferation of used vehicle importations despite a Supreme Court decision that affirms the legality on the ban on their importation into Philippine customs territory, and a Customs Memorandum Order that enforces said decision.

Data from the Land Transportation Office (LTO) show that new registrations in 2006 reached 174,108 units. With formal industry sales reported at 99,541 units, it can be concluded that the difference of 74,567 units is largely accounted for by used vehicle importations.

While some imports of used vehicles not manufactured in the Philippines (e.g., buses and trucks) have often been officially sanctioned, the growing volume of used vehicles entering the country through unofficial channels represents an illegal trade that is worth an estimated PhP 5-10 billion (\$100-200 million) annually. The government is losing billions of pesos in unpaid duties and taxes on the undervalued imports and on their resale in the local market. Auctions of imported used vehicles continue to be conducted and are openly advertised in national newspapers. Informal “gray” markets operate in a number of ports.

The importation of used vehicles pose a hazard to the environment, public safety and consumer health. It should also be noted that while the rest of the ASEAN motor industries have recovered from the ASEAN crisis and started to invest in new capacity, the Philippine auto industry today operates at 25% of installed manufacturing capacity, resulting in the loss of investment opportunities, quality manufacturing jobs and government tax revenues.. Several countries have successfully restricted the importation of used vehicles in consideration of their industrial development policy, and more importantly to protect the environment and safety of their citizens.

The Joint Foreign Chambers is not opposed to the importation of used vehicles. However, the importation must be done in accordance with the country’s regulations and legal processes, and the safety and environmental quality of each vehicle must be assured.

We note the serious attempts by some Philippine government agencies to enforce the law regulating the importation of used vehicles. But their efforts have proven unsuccessful so far in the face of legal challenges, continued lapses in the exercise of good governance by other local and national government agencies and a perceived lack of political will.

We also note that the sources of these used vehicles are developed economies with thriving auto industries and with significant manufacturing and distribution investments in emerging markets such as the Philippines. These source countries usually have

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mature environmental and safety regulations which serve as best practices for the global community; they are well-equipped to take greater responsibility in the disposal of their unwanted used vehicles to less developed economies.

It is along these lines that the JFC proposes cooperation among the Philippine government and source countries. This may be initiated by a Philippine Government request for the governments of source countries to enforce pre-shipment export standards. Every vehicle exported, whether brand new or used, will be required an export license and a certification stating that the vehicle complies with Philippine environmental and road safety standards..

The introduction of this measure by source countries will ensure that consumers at the final destinations of the vehicle trade remain protected from environmental harm and safety hazards. Needless to say, the government of the importing country also has equal responsibility to intensify enforcement of its own laws ensuring adherence to good governance, and the establishment and implementation of environmental and safety standards.

We hope that with this shared responsibility between source and recipient country governments demonstrated through the application of measures at both the source and destination of the vehicle trade will bring the long-awaited resolution of this disturbing issue to the mutual protection of the environment, public health and safety, and the promotion of auto industry investments and the jobs of the workers in the Philippine industry.

E.O. 500-B: Threat to National Interest

As the primary Philippine air carriers operating to, from and within the Philippines, **we support a sensible and reciprocal liberalization program**, equally accessible to Philippine as well as foreign air carriers, that helps bring new tourist traffic to special economic zones such as Clark and Subic. In fact, we have **not opposed** the passenger charter flights operated by several foreign airlines on a number of routes to the Diosdado Macapagal International Airport (DMIA), in the hope that such airlines follow the lead of the Philippine carriers by investing in Philippine tourism.

However, with grave concern, we view the issuance of **Executive Order No. 500, 500-A and the proposed new E.O. 500-B** as a threat to the national interest. We strongly object to the **unilateral grant of aviation privileges to foreign air carriers** called for in the draft E.O. 500-B, in particular the grant of fifth and seventh freedom and other non-cabotage rights. Accordingly, we wish to draw the Government's attention to our particular concerns:

1. **The grants are totally devoid of reciprocity.** While foreign airlines enjoy full access to DMIA and Subic Bay International Airport (SBIA), the Philippines' own airlines will have to negotiate for the same privileges from foreign governments, a feat that E.O. 500-B's unilateral giveaway will make *more* difficult if not impossible to achieve. In effect, we are being discouraged from operating flights to DMIA and SBIA, let alone setting up a base there. How can we compete if the playing field is not level?
2. **No country in the world has given seventh freedom rights for passenger services to foreign airlines, not even for reciprocity.** (Even the United States and the European Union, with their highly developed aviation industries, *exclude* passenger 7th freedom from their liberalization policies.) And no wonder, for E.O. 500-B will allow foreign airlines to operate their own network of international flights from bases in DMIA and SBIA, making them equivalent to Philippine air carriers in all but name.
3. By bestowing a favored competitive position on foreign airlines, **the draft E.O. would have a serious adverse impact on other routes operated by Philippine air carriers**, directly putting more than 150 billion pesos in aviation investments and 15,000 jobs at risk, and consequently imperiling the long-term growth of Philippine tourism and its downstream effects on employment, government revenues and economic performance.
4. **The proposed E.O. 500-B would lower the standard for the issuance of permits to foreign airlines, by making the Civil Aeronautics Board (CAB) a mere rubberstamp body and, at the same time, opening up our skies to airlines from countries that have not concluded bilateral aviation agreements with the Philippines.** Who will be responsible for protecting consumers by ensuring that competition is fair and healthy? Who will be responsible for assuring the tourists, OFWs and other travelers that these airlines offer services that are reliable, legitimate and in the public good?

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5. **The envisioned unilateral grants force the nation to give up valuable bargaining chips and put the government in a weak negotiating position.** The Philippines will be unable to secure important aviation rights that are needed to boost tourism, trade and our economic performance, not just to/from DMIA and SBIA, but also to/from Manila and other airports. Now that the Philippines is engaged in tough battles to win new access rights to key markets abroad, how can we throw away our vital negotiating tools?
6. **The proposed E.O. 500-B would run afoul of a number of constitutional and legal provisions.** For instance, the grant of 7th freedom rights would violate the Constitutional equity requirement for public utilities, and the unilateral nature of the giveaways would violate the mandate of the Constitution that our trade policy should be based on equality and reciprocity.

Accordingly, we respectfully call on the Philippine Government and Her Excellency President Gloria Macapagal-Arroyo to refrain from promulgating the proposed E.O. 500-B.

We likewise respectfully appeal for Government to engage in a serious and meaningful dialogue with the Philippine air carriers on how to pursue liberalization of air access to developmental areas in a way that fosters stability and sustainable progress for the nation's tourism and aviation industries, and maximizes the gains for the economy and the national interest.

Sincerely yours,

Jaime J. Bautista
President & Chief Operating Officer
Philippine Airlines, Inc.

Lance Y. Gokongwei
President & Chief Executive Officer
Cebu Pacific Air

Edilberto R. Medina
President
Air Philippines

Joselito D. Lontok
Managing Director
Pacific East Asia Cargo Airlines, Inc.

Antonio G. Buendia
President
Asian Spirit

April 3, 2007

E.O. 500-B: A Key to Promoting National Interest

We support the current administration's vision for economic growth in Central Luzon as well as for the entire country and laud it for its policies in promoting competitiveness that will lead to long-term economic benefits for all sectors of society. These policies, so far, have greatly enhanced the investment climate not only in Pampanga but in the entire Luzon Urban Beltway (LUB) and this exceptional economic growth was achieved in the face of a difficult political environment.

One of the centerpiece reforms of this administration that is highly acclaimed by development experts throughout the world is the liberalization of the Philippine Aviation Sector. Considering that about 70 percent of Philippine exports, by value, move by air and about 98 percent of visitors arrive by air, the full utilization of the country's extensive infrastructure such as airports is a vital element for the country's economic development and in the fulfillment of the vision to make the Philippines a transport and logistics hub for the Asia-Pacific Region.

This reform, however, is being opposed by special interest groups that favor an environment of "protectionism" and claim that said reform is a threat to national (or should we say "vested") interest. We, the various stakeholders of Central Luzon, express our unconditional support to this administration's move towards liberalization as embodied in Executive Order 500 and Executive Order 500-B and would like to address the concerns of the Philippine air carriers. To wit:

On the claim that the grants of aviation privileges to the Diosdado Macapagal International Airport (DMIA) and other airports are devoid of "reciprocity"

Fact: Reciprocity since the 90's has been defined in a broader sense to mean the exchange of rights, freedoms, and opportunities of equal or equivalent value. The entry of Low Cost Carriers (LCCs) in DMIA has led to enormous opportunities and economic value to Central Luzon. The local carriers want us to be counting air seats entitlements (that, by the way, they are still not utilizing fully) instead of counting true economic value when we speak of reciprocity.

On the claim that EO 500-B gives 7th Freedom Rights to foreign airlines

Fact: That is untrue. EO 500 and 500-B do not grant 7th freedom rights. What is granted is unlimited 5th freedom rights.

On the claim that EO 500-B would have an adverse effect on the existing routes operated by local carriers

Fact: The entry of LCCs at DMIA since 2005 had not adversely affected the load factors of local carriers. PAL's load factor for its equivalent route, in fact, rose from 68 percent to 76 percent. PAL was even awarded the "Airline Turnaround of the Year" by the Centre for the Asia Pacific Aviation. Their argument against competition has been used before when PAL objected to the entry of Cebu Pacific, Asian Spirit, and other local carriers in the 90s and has proven to be untrue.

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On the claim that EO 500-B would make the Civil Aeronautic Board (CAB) a mere rubberstamp body

Fact: All carriers applying for a route to the Philippines are still required to secure a Foreign Air Carriers Permit (FACP) from CAB and an Air Carriers Operating Certificate (ACOC) from the Air Transport Office (ATO). Hence, both CAB & ATO can still exercise regulatory functions to ensure that air carriers serving meet all international industry standards.

On the claim that unilateral grants force the nation to give up valuable bargaining chips

Fact: We have been granting unilateral grants since the early 90s and said practice has not prejudiced on bargaining powers. Considering that foreign carriers are also enjoying benefits from such unilateral grants and that a unilateral grant may be withdrawn by us anytime, we feel that such grants even enhance our bargaining power.

On the claim that the EO would run afoul of a number of constitutional & legal provisions

Fact: We see no basis for this claim as EO 500-B does not have constitutional infirmities as it does not violate any provisions of law. This argument, perhaps, is based on the assumption that EO 500-B grants 7th freedom, which is, of course, a false assumption.

Thanks to the vision and initiative of the current administration, Central Luzon is experiencing remarkable economic growth as a result of the policy reforms in the aviation sector. Liberalization has worked for previously controlled industries such as telecommunications and banking and we see no reason why it should not work for the aviation industry.

Accordingly, we respectfully call on the Philippine Government and Her Excellency President Gloria Macapagal-Arroyo to continue with their thrust to promote true and long-term economic growth through the liberalization of the aviation sector and to promulgate EO 500-B in an expeditious manner.

GOVERNOR MARK LAPID
Pampanga

MARIO LAZATIN
President
Chamber of Real Estate and Builders Association

MAYOR CARMELO F. LAZATIN
Angeles City

MAYOR MARINO P. MORALES
Mabalacat

FRANCISCO L. VILLANUEVA, JR.
President
Clark Investors & Locators Association, Inc.

Appendix 35

MYRA V. RIVERA
President
Metro Angeles Chamber of Commerce & Industry, Inc.

CARMEN T. MCTAVISH
Officer-in-Charge
Greater Clark Visitors Bureau

RENATO G. ROMERO
President
Pampanga Chamber of Commerce Industry, Inc.

FREDIE U. SO
President
Angeles Filipino-Chinese Chamber of Commerce & Industry Inc.

MIKE O. GO
Vice President
San Fernando Filipino-Chinese Chamber of Commerce & Industry Inc.

ENGR. CELSO VALDECANAS
Chairman
Bataan Chamber of Commerce and Industry

NELSON YUCHIONGTIAN
Regional Governor – Region I
Philippine Chamber of Commerce and Industry

TEOFILO RIVERA, JR.
President
Bulacan Chamber of Commerce and Industry

REINATO TAYAG, JR.
Co-Chairman
Advocacy for the Development of Central Luzon

MENELEO CARLOS
Task Force on Transport and Logistics
Export Development Council

ROMEO YUSI, SR.
Regional Governor – Region III
Philippine Chamber of Commerce and Industry

ROBERT M. SEARS
Executive Director
American Chamber of Commerce of the Philippines

RAMON DEL ROSARIO
Chairman
Makati Business Club

Appendix 35

REINATO SIMBULAN
Area Vice President
North Luzon Chambers



25 July 2007

MR. ROBERT M. SEARS

Executive Director
The American Chamber of Commerce
of the Philippines, Inc.
Corinthian Plaza, 2nd Floor
Paseo de Roxas, Makati City

Mr. Sears:

Thank you very much for sending us a copy of the Joint Foreign Chambers of Commerce and key Philippine business associations' 14th Congress Recommended National Competitive Investment Climate Legislation, which enumerates twelve (12) legislative measures aimed at strengthening Philippine competitiveness and increasing the nation's economic growth and social development.

In the President's State of the Nation Address last Monday, Her Excellency has urged Congress for the immediate passage of ten (10) legislative measures. The enumeration by Her Excellency, however, is non-exhaustive and does not in any way mean that less efforts of the Administration shall be devoted in pursuing the passage of other important legislative measures, particularly those certified by the President as urgent in the 13th Congress but failed to be finally enacted for various reasons.

We note that most of the twelve (12) legislative measures which you enumerated were certified urgent by the President in the 13th Congress. In this regard, please be assured that said bills remain to be among the priority measures by the President in the present Congress. Considering that there are a number of versions of same measure being filed in both the House and the Senate, we shall greatly appreciate if you will be able to inform us which version your office strongly support.

As our partner in our vision of strengthening Philippine competitiveness and improving its economy, we always welcome opportunities of closely coordinating and collaborating with your office for the immediate passage of legislative measures that will usher to the vision's immediate realization.

Thank you and best regards.

Very truly yours,

JOAQUIN C. LAGONERA

Senior Deputy Executive Secretary &
Acting Head, PLLO



Republic of the Philippines
Office of the President
PRESIDENTIAL LEGISLATIVE LIAISON OFFICE

25 July 2007

MR. ROBERT M. SEARS

Executive Director
The American Chamber of Commerce
of the Philippines, Inc.
Corinthian Plaza, 2nd Floor
Paseo de Roxas, Makati City

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Thank you and best regards.

Very truly yours,

JOAQUIN C. LAGONERA

Senior Deputy Executive Secretary &
Acting Head, PLLO

Appendix 37

Priority Infrastructure Projects

National Competitiveness Council	Philippine Development Forum
1. NAIA 3 Terminal	1. NAIA 3 Terminal
2. LRTA North Transit Extension (MRT3-LRT1 Loop)	2. LRTA North Transit Extension (MRT3-LRT1 Loop)
3. C5 (NLEX-SLEX Connection)	3. C5 (NLEX-SLEX Connection)
4. SLEX 1, 2, and 3	4. SLEX 1, 2, and 3
5. Subic-Clark-Tarlac Expressway (SCTEX)	5. Subic-Clark-Tarlac Expressway (SCTEX)
6. Southern Tagalog Arterial Road (STAR) 2 (Lipa to Batangas Port)	6. Southern Tagalog Arterial Road (STAR) 2 (Lipa to Batangas Port)
7. DMIA (Clark Airport)	7. DMIA (Clark Airport)
8. RORO Ports (Central Nautical Hi-way)	8. RORO Ports (Central Nautical Hi-way)
9. North Rail / South Rail	9. Cavite-Laguna Toll Road
10. LRT Extension to Bacoor	10. LRT Extension to Bacoor
11. MRT 7	11. MRT 7

**Public Sector**

Sec. Peter B. Favila
Department of Trade and Industry
(Co-Chair)

Sec. Margarito B. Teves
Department of Finance

Sec. Leandro R. Mendoza
Department of Transportation and
Communications

Sec. Jesil A. Lapus
Department of Education

Sec. Romulo L. Neri
National Economic and Development
Authority

Private Sector

Amb. Cesar B. Bautista
(Co-Chair)

Amb. Donald G. Dee

Amb. Roberto R. Romulo

Dr. Federico M. Macaranas
AIM Policy Center

Mr. Gil T. Salazar
Philippine Business for Social
Progress

Group Champions

Atty. Emerico D. De Guzman
Competitive Human Resources

Mr. Baltazar N. Endriga
Efficient Public and Private
Sector Management

Mr. Sergio R. Ortiz-Luis, Jr.
Effective Access to Financing

Mr. David L. Balangue
Improved Transaction Flows & Costs

Mr. Meneleo J. Carlos, Jr.
Seamless Infrastructure
Network

Mr. Antonio V. Del Rosario, Sr.
Energy Cost Competitiveness/
Self-Sufficiency

Atty. Miguel B. Varela
Special Concerns

Mr. Francis Chua
Legislative Matter

Secretariat

3/F DTI-International Bldg.,
375 Sen. Gil Puyat Ave., Makati City
TeleFax: 890 4645; 897 7608
Email: competitivenesscouncil@gmail.com

14 February 2007

Mr. John D. Forbes
Senior Consultant
Investment Climate and Improvement Project
American Chamber of Commerce of the Philippines
2/F, Corinthian Plaza Building, 121 Paseo de Roxas

NATIONAL COMPETITIVENESS COUNCIL
IMPROVED TRANSACTION COSTS AND FLOWS WORKING GROUP
ANTI-RED TAPE TASK FORCE

Dear Mr. Forbes:

Mr. David L. Balangue, Private Sector Champion of the National Competitive Council's Working Group on Improved Transaction Costs and Flows, has nominated you as Co-Champion in one of the working group's projects. It is in this regard that I invite you as a member of the National Competitiveness Council which I co-chair with DTI Secretary Peter B. Favila. EO 571 created the Public-Private Sector Task Force on Philippine Competitiveness principally to improve the country's competitiveness.

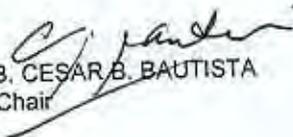
A significant aspect of this initiative is the close partnership of the government with the private sector, specifically business, in undertaking eight Action Programs; viz., Competitive Human Resources; Efficient Public and Private Sector Management; Effective Access to Financing; Improved Transaction Flows and Costs/Anti-Red Tape; Seamless Infrastructure Network/Infrastructure Monitoring Task Force; Energy Cost Competitiveness and Self Sufficiency; Ombudsman and Judiciary; and Legislature. I have likewise updated the presentation I made, which I attach, during the meeting of the Philippine Development Forum-Working Group on Investment Climate held on 26 January 2007.

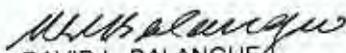
The Working Group on Improved Transaction Flows and Costs, together with the Anti-Red Tape Task Force (headed by DTI Undersecretary Zeny Maglaya), shall be focusing on six priority projects. Among these is to improve the procedures for the entry and exit of business persons, for which Mr. Balangue has nominated you as Co-Champion. The public sector counterpart identified for this project is Commissioner Alpio F. Fernandez, Jr. of the Bureau of Immigration.

Together with you in the private sector component shall be senior members of the AmCham, ECCP, and the Fil-Indian Chamber of Commerce. I am sure this priority project will stand to benefit from your contributions. On behalf of Mr. Dave Balangue, I personally welcome you to the team.

All the best.

Yours sincerely,


AMB. CESAR B. BAUTISTA
Co-Chair


DAVID L. BALANGUE
Private Sector Champion
For Improved Transaction
Flows & Costs

Encl: a/s

Promoting English Proficiency (PEP) Project Update

**AmCham General Membership
Meeting**

July 18, 2007

Ma. Jo-Anne B. Loquellano

PEP Project Director



PROMOTING
ENGLISH
PROFICIENCY



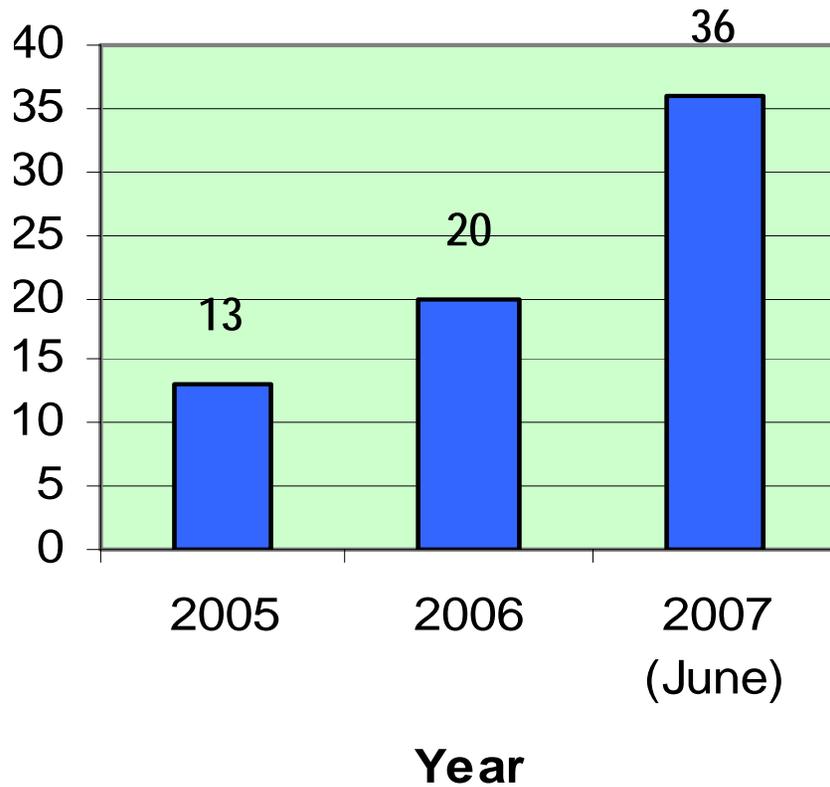
OFFICIAL BEGINNING OF PEP



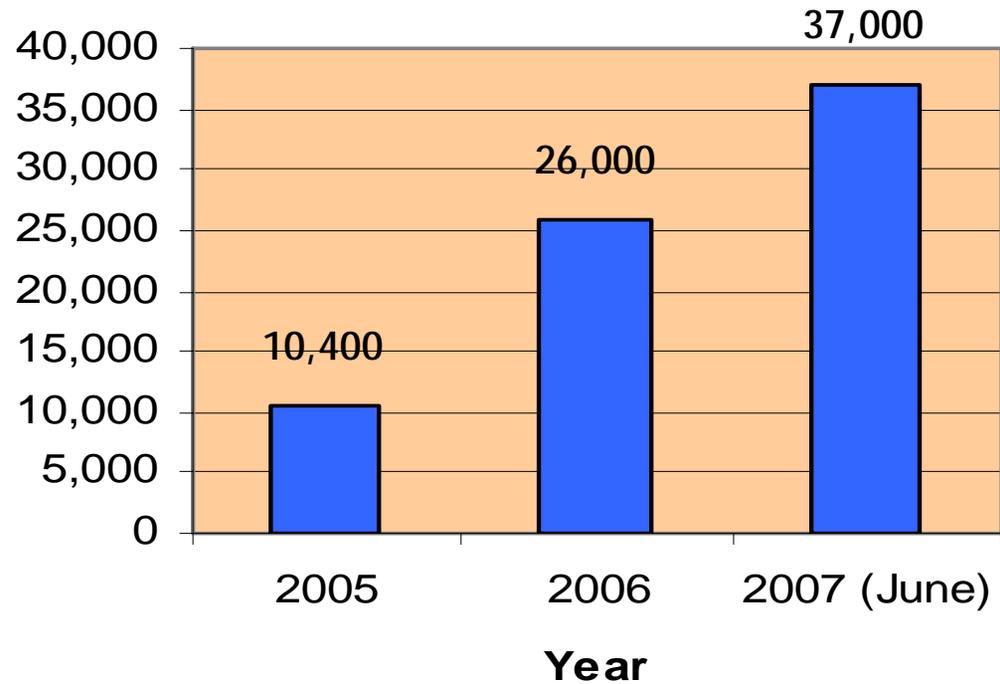
MOA Signing in October 2003



Number of Computerized English Language Centers (CELCS)



Training Capacity





36 CELCs Across the Philippines

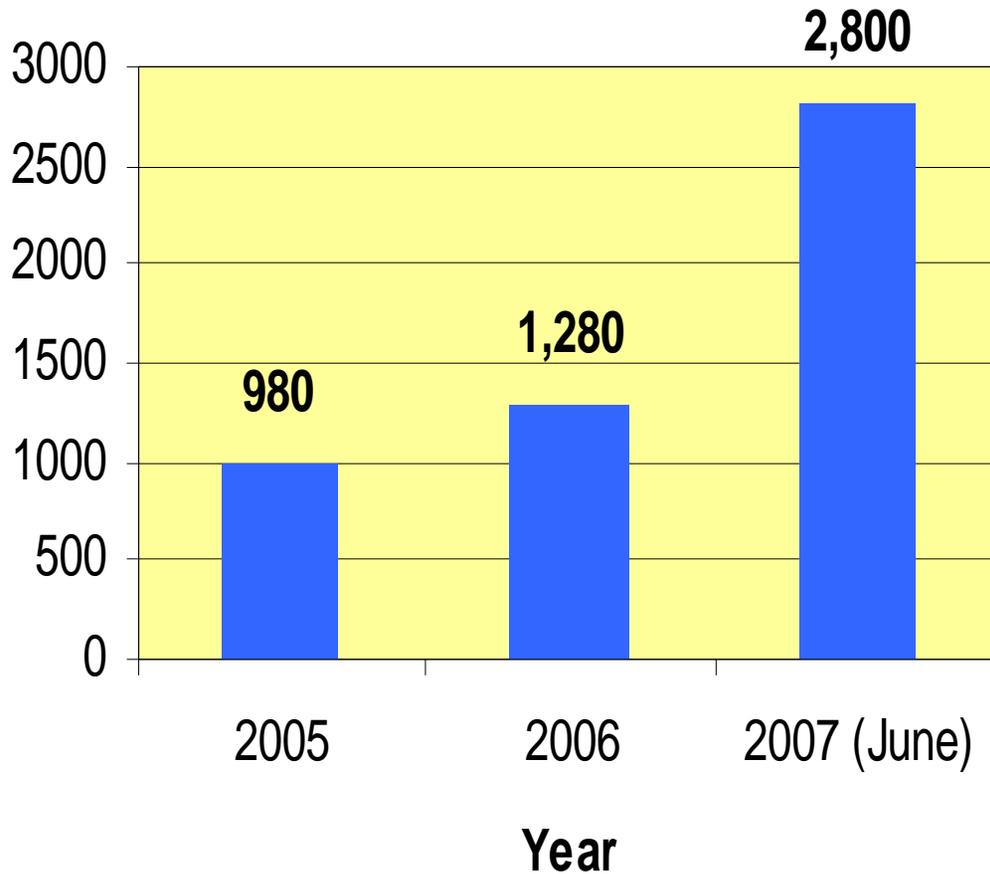


Largely funded through the generous support of:

- Citigroup Foundation
- Coca Cola Far East
- DynEd International
- Educational Testing Service
- Hopkins International Partners
- Interactive Language Solutions
- Philamlife Group of Companies
- Philip Morris Philippines Manufacturing
- Pilipinas Shell Foundation
- Rotary Club of Manila
- Team Energy (Mirant)
- UPS Foundation
- USAID-GEM 2 Program

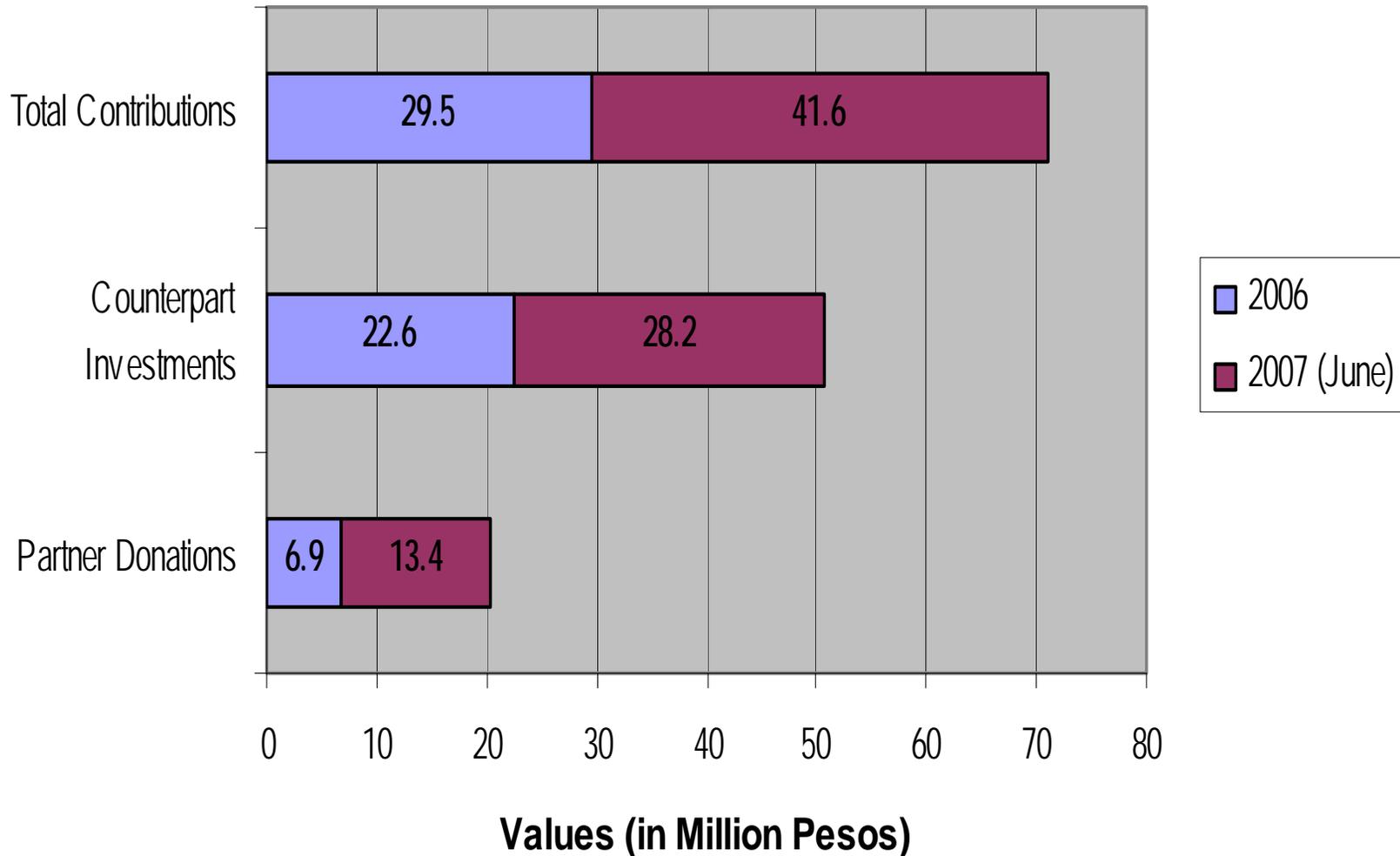


Number of Test-takers





Donations in Cash and in Kind





PEP Advocacy Efforts

Promoting English Proficiency
in the PHILIPPINES

home | about PEP | news | partners | resources | forum | join us |

Welcome!
The Promoting English Proficiency (PEP) Project is an initiative of the American Chamber of Commerce of the Philippines and the Makati Business Club that aims to develop a world-class Filipino workforce with English proficiency that meets high international standards.

25
Computerized English Language Centers (CELCs) established throughout the country

What's New? [PEP Trains Mindanao Teachers to Speak Better English](#)

Meeting the demand for a Filipino labor-force with world-class English through:

A
Advocacy

C
Certification

T
Training

[Advocacy](#) | [Certification](#) | [Training](#)

News

PEP and CitiGroup have signed a Memorandum of Agreement for a 15K USD grant.

[... read more](#)

Partners

Resources

[PEP's third newsletter - now available!](#)

[Download advocacy posters](#)

Careers requiring English. [read more](#)

- ◆ Allied Health Professionals
 - ◇ Nurses
 - ◇ Physical Therapist
 - ◇ Medical Technologist
- ◆ Teachers
- ◆ IT Professionals

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E-mail: pep@sun.com.ph
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PROMOTING ENGLISH PROFICIENCY

GOT GOOD ENGLISH?

TEST YOUR ENGLISH
Define the following words.

1. anglophile	6. jaundice
2. bamboozle	7. jettison
3. billet	8. loquacious
4. coriander	9. myriad
5. cruet	10. sear

TEST Differer

1. Aff
2. As
3. Co
4. Cc
5. T

Score: 9-10 Very Good
7-8 Good
5-6 Fair
3-4 Needs Improvement
0-2 Fail

So, what if you scored a 7 or 8? You need to work on your English skills. You need to get better. You need to get better.

GET BETTER.

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PROMOTING ENGLISH PROFICIENCY (PEP) PROJECT MARCH – JUNE 2007 STATUS REPORT

I. Highlights to the PEP Project

A. Advocacy Campaign

- **Advertisers'-Media-Advertising Agencies' meeting** held last May 30, hosted by McCann-Erickson. Almost 20 attendees from the top advertising agencies, print and mass media and large advertisers agreed that there can be efforts from the media to reverse the decline. Follow-on meeting with a smaller working group pinpoints the following immediate action items: create an Integrated Strategy Document, draft a Media Plan and name an Execom to decide on overall direction of the media campaign.
- **AIIG/Philamlife symbolic check presentation** last June 21 at the Joint General Membership Meeting of the American Chamber of Commerce, the Makati Business Club and the Management Association of the Philippines generated significant publicity. Individual press releases for MOA signings with each beneficiary-partner school also came out.
- **PEP Website redesigned** by freelance web designers. They will assume hosting and maintenance services for one year starting July 2007 and aim to provide more real-time updates in a relevant and visually-appealing context. PEP website domain name remains at www.promote-english.org.
- **PEP Newsletter (February to May issue) being reworked** to encapsulate broader English issues and news.
- Opinion articles and a statement from the **Philippine Business for Education (PBEd)** came out clarifying the issue on the preliminary injunction for EO 210 (An Act Strengthening the Use of English as a Medium of Instruction) at the Supreme Court. **PBEd** endorses PEP programs.
- Various meetings for partnerships / advocacy:
 - **Department of Education / USec. Vilma Labrador** supports PEP's proposal for a sponsor to benchmark samples nationwide through the Test of English for International Communication (TOEIC), although there is no budget for a standardized English proficiency exam.
 - **U.S. Peace Corps** linking up with PEP for English volunteer-teachers using DynEd as a teaching tool. Presentation and follow-up meeting set for July.
 - **McKinsey** is consulting the PEP group on behalf of the Business Processing Association of the Philippines' (BPA/P) Roadmap for the BPO sector.
 - **Creative Guild** meeting held in May 3 as starting point for May 30 media meeting.

Appendix 40

B. Corporate Social Responsibility Partnerships for Refresher Training and Certification Testing

DONOR	OBJECTIVE(S)	STATUS
Philip Morris Philippines Manufacturing Inc.	Refresher English training structured in two phases for college/HS students. Phase One rolled out for three colleges in the Batangas area with Phase Two extending the reach to 3 other schools in Luzon, the Visayas and Mindanao	Training for both Phase One (two-year grant) and Phase Two (one-year grant) is nearing completion in October 2007.
USAID-GEM 2 Project	Refresher English Training at two pilot universities in Mindanao: Notre Dame University-Cotabato and University of Mindanao	Pre- and Post-test results of DynEd English training submitted. TOEIC certification to be administered in July.
Philamlife and Philamlife Foundation	\$100,000 for intensive teacher-training and certification testing at six universities and colleges nationwide, benefiting 6,600 teachers and students	MOA-signing of 5 schools generated significant PR. 3-day mentor's-training conducted for all six and implementation proper is ongoing.
United Parcel Services (UPS)	\$50,000 grant for refresher English training and testing in 5 Metro Manila public universities and high schools	One school has signed MOA. 3-day mentors'-training conducted for 3 schools, commencing training proper.
Rotary Club of Manila	Focused English training programs for call-center trainers and teachers, focusing on grammar and pronunciation	First school completed training the target batch of 50 trainers and presently rolling out to other trainees. Second school will conduct mentors'-training.
Citigroup Foundation	Refresher English training at two public high schools in Metro Manila that the Foundation previously donated computers to	2 schools have declared willingness and support to partner and are preparing for implementation in July.

C. Other Partnerships

- o **SGV supports TOEIC testing** for its graduating applicants and shoulders half the price
- o **TeleDevelopment Services** are in discussions to become another training / testing provider of PEP
- o Partnership and/or proposals submitted:
 - **"Baguio-PEP"** – four-way sponsorship for Texas Instruments, Moog Controls, Sitel/ClientLogic and PeopleSupport
 - **"Cebu-PEP"** – multi-party sponsorship for large locators in Cebu
 - **USAID-EQuALLS RFA** – DynEd radio programs aired to schools in Mindanao
 - **Mirant Foundation** advocacy initiative – nationwide program for PEP advocacy and media projects
 - **Letter to the National Competitiveness Council advocates TOEIC benchmarking tests** from 2007 to 2010 to gauge progress in English



Philippine Economic Zone Authority

Roxas Boulevard corner San Luis Street Pasay City, Metro Manila, Philippines
Telephones (632) 5513438 • 5513454 • Facsimile (632) 5513436
E-mail: info@peza.gov.ph • Website: www.peza.gov.ph

MEMORANDUM CIRCULAR No. 2007 010 *eqb*

DATE : 23 April 2007

TO : Ecozone Locator Enterprises
Ecozone Developers/Operators,
Ecozone Administrators and Managers/Officers-in-Charge (OICs)
Electric Utilities Operating Inside the Ecozones
Generation Companies Operating Inside the Ecozone

FROM : Director General LILIA B. DE LIMA *Lilia B. De Lima*

SUBJECT : Declaration of Policy on the Regulatory Powers of the Philippine Economic Zone Authority (PEZA) in the Provision of Electric Power in the Ecozones

Whereas, Section 7 of Republic Act No. 7916, as amended by Republic Act No. 8748, otherwise known as "The Special Economic Zone Act of 1995" (the PEZA Charter), mandated the development of the ECOZONES as decentralized, self-reliant and self-sustaining industrial, commercial and investment centers with minimum government intervention;

Whereas, pursuant to Section 12 (c) of the PEZA Charter, the PEZA Board is authorized to, among others, regulate the establishment, operation and maintenance of light and power utilities in the ECOZONE, and to fix just, reasonable and competitive rates, charges and fees therefor;

Whereas, Section 12 (e) of the PEZA Charter authorizes the PEZA Board to issue rules and regulations to implement the provisions of said law in so far as its powers and functions are concerned;

Whereas, under Section 13 (d) of said law, the PEZA is authorized to, among others, own, operate and maintain – on its own or through contract, franchise or joint venture – adequate facilities and infrastructure such as light and power systems, in coordination with local government units concerned and appropriate agencies, for the operation and development of the ECOZONE;

Now, therefore, pursuant to PEZA Board Resolution No. 07-188, dated 18 April 2007, in the implementation of the above mandate, this Memorandum Circular is hereby issued by the PEZA for information and guidance of all concerned:

- (1) In the implementation of Sections 12(c) and 13(d) of the PEZA Charter, the following principles and objectives shall be observed in the provision of electric power (light and power systems) in the ECOZONES with the end in view of promoting the flow of investors in the ECOZONES, sustaining the viability of the operations:
 - (a) The PEZA Board shall pursue and implement a program of rationalization of the provision of electric power in the ECOZONES.
 - (b) ECOZONE Locator Enterprises shall have the choice of supplier in regard to electric power generation, metering and/or billing in the exercise of the freedom to access reasonably-priced electric power supply and services.
 - (c) The PEZA, on its own or through contract, franchise or joint venture, shall ensure reliable power supply in the quality and volume required by the ECOZONE Locator Enterprises.
- (2) Detailed rules, regulations and guidelines on the implementation of Sections 12(c) and 13(d) of the PEZA Charter, as well as the principles and objectives above, shall be issued by the PEZA Board upon consultation with all concerned. Within seven (7) days from the date of this Memorandum Circular, notices shall be issued providing for the schedule of such consultation/s to solicit comments and suggestions on the formulation of the implementing guidelines.
- (3) The final rules, regulations and guidelines on the policies provided herein shall be promulgated by the PEZA Board and all concerned shall be notified accordingly, for immediate compliance.

For your information and guidance.

Appendix 42

4/27/2007 7:20:07 PM

NEDA CHIEF URGES PRIVATE SECTOR TO SUPPORT INFRA PROJECTS

Socioeconomic Planning Secretary Romulo L. Neri urged the private sector to support government's priority infrastructure projects at a recent meeting of the American Chamber of Commerce of the Philippines (AmCham) at the Dusit Hotel, Makati City.

“Some of the projects involved either collaborations between the government and the private sector or purely private sector undertakings, all of which are financially viable. This will help spur infrastructure development in the country. This will help in ensuring the country's competitiveness and further development,” said Neri, who is also the National Economic and Development Authority (NEDA) director-general.

In his presentation at the meeting, Neri noted some of the government infrastructure projects, namely, Diosdado Macapagal International Airport Phase I (about PhP46.99 billion), the Laiban Dam Project (about PhP47.93 billion), and the Line 1 North Extension Project to close the MRT-LRT Loop, amounting to about PhP6.21 billion.

He said projects open for private sector funding includes the PhP5.2 billion MWSS 300 MLD Bulk Water Project.

“There are also projects that explore government and private sector partnerships, which include the Tarlac – La Union Toll Expressway (formerly North Luzon Expressway Extension), costing about PhP16.17 billion, the Panguil Bay Bridge, which costs around PhP 2.802 billion, the US\$683-million LRT Line 6 (South Extension) Project, the North Luzon East Expressway Project Stage 1, costing around PhP3.01 billion, the Cala East-West Road, which costs PhP3.1 billion and the Cala North-South Road, Stage 1, costing PhP 5.945 billion,” Neri added.

Meanwhile, NEDA Infrastructure Staff director Ruben S. Reinoso, who was also at the meeting, said that these projects are all ready to go and the private sector can easily come in and get involved.

“The government is planning to jumpstart these projects and ensures that these will be finished on time. But there is also a need for private sector support in some of these projects to ensure full implementation,” the NEDA director said.

http://www.neda.gov.ph/ads/press_releases/pr.asp?ID=853