



**THE JAPANESE CHAMBER OF COMMERCE
AND INDUSTRY OF THE PHILIPPINES, INC.**

14 December 2007

**HER EXCELLENCY
GLORIA MACAPAGAL ARROYO
President of the Republic of the Philippines
Malacanang, Manila**

Subject: **EPIRA Amendments**

Dear Madame President:

In June of 2001, the Chamber welcomed the passage of Republic Act No. 9136, otherwise known as the Electric Power Industry Act (EPIRA), which was passed into law under your leadership. This commendable law must come with a regulatory environment that is balanced and most especially, stable.

We were apprised by private stakeholders that most of the reforms are already in progress and, as a result, the structure of the electricity sector is becoming truly more competitive. For instance, the Wholesale Electricity Spot Market (WESM) is fully functioning and the generation sub-sector is steadily drawing a number of new and foreign investors to eventually make up a competitive market. The privatization of the generation assets of the National Power Corporation (NPC) is gaining momentum and can hopefully be replicated with the privatization of NPC's independent power producer (IPP) contracts as well.

However, we would like to express our serious concern with respect to efforts being undertaken to amend EPIRA. Changing the rules midstream, especially at a time when EPIRA's power reforms are beginning to work, will not bode well for more investments in the sector and would put the credibility of Philippine power sector reforms at risk.

We believe that amending EPIRA now would reverse the gains of your power reforms thus far and endanger investment confidence. Instead, we encourage the government to be steadfast with full and proper implementation of EPIRA to achieve its primary objectives of providing a competitive and vibrant electricity industry that can play its role in making the Philippines competitive.

Thank you for your kind attention.

Very truly yours,

Toshifumi Inami
President

The Japanese Chamber of Commerce and Industry of the Philippines, Inc.

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The Honorable Speaker
The Majority Floor Leader
The Minority Floor Leader
The Honorable Members of the House Committee on Energy

The Senate President
The Majority Floor Leader
The Minority Floor Leader
The Chairman and Members of the Senate Committee on Energy

The Secretary of Energy
The Secretary of Trade and Industry