

# Joint Foreign Chambers of the Philippines

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

August 17, 2017



AMERICAN



AUSTRALIAN-NEW ZEALAND



CANADIAN



EUROPEAN



JAPANESE



KOREAN



PAMURI

**SEN. GRACE POE**

Chairperson  
Committee on Public Services  
Philippine Senate  
Pasay City

Dear Senator Poe:

The Joint Foreign Chambers (JFC) write in support of Senate Bills 162 and 1375, proposing the creation of the National Transportation Safety Board (NTSB).

Last February 2017, the JFC with nine Philippine business groups published a policy brief entitled "Airports" which made various recommendations for projects and policies to improve civil aviation in the Philippines. A copy is enclosed. Under the category of recommendations **Modernize and strengthen institutions and regulations**, the policy brief stated:

*To further strengthen the Civil Aviation Authority of the Philippines (CAAP) as regulator, there is a need to separate its conflicting functions, namely: regulator, operator, and investigator. This can be done in two ways. The first is through the assistance of the Governance Commission for GOCCs in implementing the so-called functional delinking thru reorganization. The organizational delinking can evolve from the results of functional delinking. It can be done through the creation of three separate entities: to develop and manage Philippine airports (Philippine Airports Authority); to conduct investigation (National Transportation Safety Board); and to provide direct air traffic control services (corporatization or privatization of air traffic control). (op cit pp 19-20)*

Presently, different agencies handle different sectors of transportation with regard to accident investigations. The CAAP has authority over aviation disasters. Sea mishaps are under the Maritime Industry Authority (MARINA), which forms inquiry boards to investigate major maritime disasters. With respect to road accidents involving public utility vehicles, the Land Transportation Franchising and Regulatory Board has jurisdiction. Road accidents may also be investigated by the Philippine National Police, the Land Transportation Office, and by the Metro Manila Development Authority.

Currently, all investigations on transportation accidents are undertaken by the government agencies that have regulatory powers over the respective sector of the transportation industry. Inadequate enforcement of laws and regulations by the

agencies concerned is considered as one of the causes of transportation accidents. The bills seek to **create an independent agency, the National Transportation Safety Board (NTSB) that will not only promote transportation safety but will also conduct accident investigations.**

Since 2007, when the Philippine aviation status was downgraded to Category 2 by the Federal Aviation Administration (FAA), the creation of an independent aircraft investigation body has been consistently recommended by the FAA, International Civil Aviation Organization, and the European Union.

The CAAP, per RA 9497, has conflicting responsibilities as regulator, operator, and investigator. These conflicts have made the agency weak as a regulator and ineffective as an operator of airports.

Under current arrangements, the CAAP regulates what it also operates, i.e direct operations of services (air traffic and air navigation services) and aerodromes, thereby creating conflicts of interest. By virtue of Section 78 of RA 9497, CAAP performs functions such as balancing service revenues and costs, forecasting or projecting market sizes and sourcing, and providing funds for new airports or expansion of existing ones—over and above its safety oversight functions.

Other countries have sought to separate the regulator and operator within the civil aviation authority through functional delinking, where the commercial functions are retained under the equivalent of their CAAP but are separated thru internal re-organization (e.g. levels of authority and financial firewalls). Evidence reveals that organizational delinking provides greater flexibility to the regulator to focus on its core function.

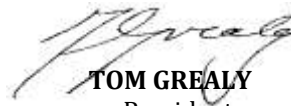
We hope that the creation of the NTSB would be a first step towards the separation of conflicting functions of CAAP.

The JFC is a coalition of the American, Australian-New Zealand, Canadian, European, Japanese, Korean chambers and PAMURI. We represent over 3,000 member companies engaged in over \$100 billion worth of trade and some \$30 billion worth of investments in the Philippines. The JFC supports and promotes open international trade, increased foreign investment, and improved conditions for business to benefit both the Philippines and the countries the JFC members represent.

Best regards,



**BRUCE WINTON**  
President  
American Chamber of Commerce  
of the Philippines Inc



**TOM GREALY**  
President  
Australian-New Zealand Chamber  
of Commerce of the Philippines Inc.



**JULIAN PAYNE**  
President  
Canadian Chamber of  
Commerce of the Philippines



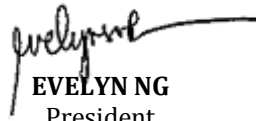
**GUENTER TAUS**  
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**EVELYN NG**  
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cc: **Sen. Joseph Victor Ejercito**

Enclosure: Airport Policy Brief, February 2017