



March 9, 2020

### Joint Statement of Support for Amending the Public Services Act



Philippine business groups and foreign chambers of commerce in the Philippines listed below strongly support the agenda of the Philippine government to increase national competitiveness and the ease of doing business through sound economic policy reforms, as found in the Philippine Development Plan of the National Economic Development Authority (NEDA) and President Duterte’s Ten Point Socioeconomic Agenda. These reforms underlie continued high economic growth, higher investment, more job creation, poverty alleviation, and realization of the *Ambisyon Natin* 2040 goal.



In this regard, we commend the House of Representatives for approving HB 78, its bill amending the Public Services Act, on Second Reading on February 18, 2020 and we look forward to its eventual passage on Third Reading. The new law, when enacted, finally will provide a concise definition of public utilities, institute a rate-setting methodology that is fair to both investors and consumers, and facilitate greater competition in the public services sector. For over 80 years the country has lacked a law that defined public utilities, leading to confusion over the difference between a public utility and a public service.



This legislation is long overdue and especially timely as it should help the Philippines recover from declining foreign direct investment. Net FDI declined by an estimated 30% during the full year January to December 2019 to \$7 billion from \$10 billion in 2018.\*



The bill is one of the measures of the Duterte Administration to make the Philippines a more attractive investment destination for a wider range of investors and enable the country to compete better with ASEAN neighbors for FDI. Foreign investment in ASEAN in 2019 totaled a record \$177 billion (more than China \$140 billion). New FDI, attracted by the new law, will flow into domestic infrastructure in public services, improving technology, quality, and competition, bringing better pricing, and enhancing access to services for unserved and underserved areas.



The bill strongly considers the protection of national security by adopting the same framework and measures for scrutinizing FDI for security risks used by countries such the United States and Australia and the European Union.



An increase in FDI will create more business opportunities and jobs to improve the quality of life of Filipinos. By enabling the entry of more operators, the bill will improve the quality of public services, such as transportation and communication. These services are crucial inputs in domestic Micro, Small, and Medium Enterprises (MSMEs) and the daily life of Filipinos.



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We strongly urge the Senate to pass this crucial piece of legislation, as its enactment into law will enable the Philippines to lift its momentum towards economic growth and development to a higher level and improve the lives of citizens.



\*Final BSP data is expected to be released later in March



**AMCHAM**  
**PHILIPPINES**  
AMERICAN



**AUSTRALIAN-NEW**  
**ZEALAND**



**CANADIAN**



**EUROPEAN**



**JAPANESE**



**KOREAN**



**MBC**  
MAKATI BUSINESS CLUB  
THE MAKATI HUB FOR GROWING BUSINESSES



**MAP**  
Management Association of the Philippines



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**SEIPI**  
SEMICONDUCTOR & ELECTRONICS INDUSTRIES  
IN THE PHILIPPINES FOUNDATION, INC.

**Approved:**

- American Chamber of Commerce
- Australian-New Zealand Chamber of Commerce Philippines
- Bankers Association of the Philippines
- Canadian Chamber of Commerce of the Philippines
- European Chamber of Commerce of the Philippines
- Foundation for Economic Freedom
- Japanese Chamber of Commerce and Industry of the Philippines
- Korean Chamber of Commerce Philippines
- Makati Business Club
- Management Association of the Philippines
- Philippine Association of Multinational Companies Regional Headquarters, Inc.
- Semiconductor & Electronics Industries in the Philippines Foundation, Inc.