



Press Statement  
February 3, 2022

## **JOINT FOREIGN CHAMBERS APPLAUD PSA REFORM AS AMONG THE MOST SIGNIFICANT ECONOMIC ACCOMPLISHMENTS OF THE 18<sup>th</sup> CONGRESS AND DUTERTE ADMINISTRATION**

The members of the Joint Foreign Chambers (JFC) applaud the ratification by Congress of the Bicameral Conference Committee report reconciling provisions of Senate Bill 2094 and House Bill 78 which amend the 1936 Public Services Act (PSA).

The JFC expressed optimism that this game-changing law will be signed into law in the current Congress since the bill was certified as urgent for priority enactment by President Rodrigo Duterte III. After its final passage in both houses, the bill will be forwarded to President Rodrigo Duterte III for final review and his expected signature.

The PSA amendments will match policies that Singapore, Thailand, and Vietnam already allow and that Indonesia last year opened to foreign investment. It also complies with commitments the Philippines made in the ASEAN Comprehensive Investment Agreement to open investment in services to other ASEAN members, effective in 2012, as part of the ASEAN Economic Community. And it will allow the Philippines to better participate as a member of advanced plurilateral trade and investment agreements such as the Comprehensive and Progressive Transpacific Partnership and the Regional Comprehensive Economic Partnership.

The PSA amendments bill, along with other investment liberalization bills, are landmark laws passed during the 18<sup>th</sup> Congress. The Retail Trade Liberalization Act amendments was signed into law on December 10, and the Foreign Investments Act amendments ratified by both chambers of Congress was transmitted to the president on January 31.

Throughout the 17<sup>th</sup> and 18<sup>th</sup> Congresses, members of the JFC along with Philippine business group partners encouraged the Congress in hearings, consultations, and position papers to liberalize long-standing restrictions on foreign investment that prevented robust foreign ownership participation in improving the quality of public services for Filipinos. These restrictions made the Philippine economy one of the most closed in Asia. Before the pandemic in Southeast Asia, when over US\$100 billion of FDI a year flowed into the region, too little reached the Philippines, and neighboring competing economies moved ahead of the Philippines.

The ratified PSA bill contains a short list of public utilities which are considered “natural monopolies” and subject to the 60-40 percent ownership restriction in the Philippine Constitution since 1935. It also limits foreign ownership to 40% of seaports and most but not all types of Public Utility Vehicles.

Upon ratification and enactment, the members of the JFC will intensify their ongoing support for the campaign of the Philippine Government to bring this reform to the attention of appropriate firms in their member countries in Australia, Canada, Europe, Japan, Korea, New Zealand, the United States, and elsewhere.



Many firms from our countries have successfully invested in the Philippines and are fully aware of the great opportunities and advantages that the Philippines offers in a wide range of business activities. With enactment of the PSA amendments important new investment opportunities in telecommunications, most forms of transportation, and other public services will now be open, creating significant larger foreign capital inflows in future years.

We commend the dedicated and visionary efforts of the Bicameral Conference Committee co-chaired by Senator Grace Poe and Congresswoman Sharon Garin for shepherding over the last five years this critical legislation to allow more foreign capital and technology to contribute to the modernization of most public service sectors of the Philippine economy. Recognition is also due to Senate Majority Leader Juan Miguel Zubiri, Minority Leader Senator Franklin M. Drilon, House Deputy Minority Leader Stella Luz Quimbo, and bill author Joey Salceda as well as the other bicam conferees and their staff for supporting these reforms and all in Congress who voted for their approval. We also commend the economic leadership of the Executive, led by DOF Secretary Carlos Dominguez III, NEDA Secretary Karl Chua, and DTI Secretary Ramon Lopez, for their determination to maximize opportunities to provide the country with better and modern infrastructure and related public services. The enactment of this law will implement a public commitment made in 2016 by the then incoming administration to pursue this landmark legislation.

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 around \$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.

Members of the Joint Foreign Chambers are:

- 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.