

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.



AMCHAM
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February 26, 2024

Hon. Ferdinand Martin G. Romualdez

House Speaker
House of Representatives
Constitution Hills, Quezon City

Re: Statement of the Joint Foreign Chambers of the Philippines for the Hearing of the House Committee of the Whole on Resolution of Both Houses No. 7

Dear House Speaker Romualdez:

We, the undersigned members of the Joint Foreign Chambers of the Philippines (JFC), extend our gratitude to the honorable members of the House of Representatives for inviting us to comment on Resolution of Both Houses (RBH) No. 7.

The JFC is a business advocacy coalition composed of the American, Australian-New Zealand, Canadian, European, Japanese, and Korean chambers of commerce and the Philippine Association of Multinational Companies Regional Headquarters, Incorporated or PAMURI. It supports and promotes open international trade, increased foreign investment, and improved conditions for business to benefit both the Philippines and the business interests in the countries the JFC members represent.

Our group supports the easing of restrictions of foreign direct investment (FDI) wherever this is possible. We are of the opinion that the removal of economic restrictions would facilitate increased FDI in sectors where such investment is restricted.

We recognize the government's mandate to protect vital national interests by placing some restrictions on FDI. In this respect, we note that most national economies use legislation or executive regulations to respond to such an important consideration.

The advantage of using legislation or executive regulation is that it allows both the Legislature and/or the Executive to quickly adjust the regulatory environment for FDI in order to adapt to changes in technology, comply with requirements of international treaties, or take advantage of new opportunities to benefit in the global economy. In recent years, the Philippine Congress has indeed done just that through its amendments to the Public Service Act, Foreign Investment Act, and the Retail Trade Liberalization Act.

We have noted various proposals made previously to remove constitutional restrictions to foreign investment, including either removing these altogether or inserting as an alternative the phrase "...unless otherwise provided by law," as proposed by RBH No. 7 for the sectors of advertising, basic education, and public utilities.

This second alternative provides the Congress the power to adjust restrictions as it deems necessary. While it may not send as strong of a signal to foreign investors, the



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insertion of the phrase “..unless otherwise provided by law” makes possible—if the Congress so decides—to further ease restrictions that would facilitate increased FDI.

The Philippine economy is now more integrated with the global economy than it was over three decades ago. The country has joined the World Trade Organization, the ASEAN Economic Community, and the Regional Comprehensive Economic Partnership. It has free trade agreements (FTAs) with Japan, Korea, and the European Free Trade Association, and will need to negotiate further FTAs, such as with the Comprehensive and Progressive Agreement for Trans-Pacific Partnership, for the country to remain competitive.

Many of these developments emphasize the need for free movement of capital across borders and a level playing field between foreign and domestic investors without undue restrictions.

Once again, we thank the House of Representatives for considering our views on this matter.

Sincerely,

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