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SENATE
P.S RES. NO. 477

RECEIVED BY: 

Introduced by Senator Joker P. Arroyo

RESOLUTION

DIRECTING THE SENATE COMMITTEE ON PUBLIC SERVICES TO CONDUCT A REVIEW IN THE EXERCISE OF ITS OVERSIGHT POWERS, OR AN INQUIRY IN AID OF LEGISLATION, OF THE REPORTED SHARE-SWAP DEAL AND RELATED TRANSACTIONS THEREON, IF ANY, BETWEEN PHILIPPINE LONG DISTANCE TELEPHONE, CO. (PLDT) , AND DIGITEL MOBILE PHILS., INC., (SUN CELLULAR), WITH THE END IN VIEW OF DETERMINING WHETHER THE TRANSACTION IS CONSISTENT WITH, OR ARE NOT IN VIOLATION OF CERTAIN PROVISIONS OF THEIR RESPECTIVE LEGISLATIVE FRANCHISES AND THAT THE ARRANGEMENT WOULD BE TO THE PUBLIC INTEREST.

Whereas, both Philippine Long Distance Telephone, Co. (PLDT) and Digitel Mobile Phils., Inc. (Sun Cellular) operate by virtue of a legislative franchise granted by Congress under Republic Act No. 7082 and Republic Act No. 9180 respectively;

Whereas, last March 2011, newspaper articles reported that a so-called "share-swap deal" was entered into by PLDT and DIGITEL Mobile Phils., Inc.;

Whereas, among others, under such an agreement, PLDT will purchase 51.55 percent stake in DIGITEL for P74 billion;

Whereas, as a result of PLDT's previous acquisition of Smart, Talk N' Text (Piltel), and Red Mobile (CURE), together with its most recent deal with Sun Cellular (Digitel), it would control 70 percent of the total cellular subscribers while Globe controls the remaining 30 percent;

Whereas, among others, such agreement could result in a duopoly with PLDT's Smart, Talk N' Text (Piltel), Red Mobile (CURE), and Sun Cellular (Digitel) on the other hand and Globe Telecom on the other and thereby raises the question of whether it is to the public good;

Whereas, Section 16 of R.A. 9180 states that "The grantee shall not lease, transfer, grant the usufruct of, sell nor assign this franchise or the rights and privileges acquired thereunder to any person, firm, company, corporation or other commercial or legal entity, nor merge with any other corporation or entity, nor shall the controlling interest of the grantee be transferred, whether as a whole or in parts and whether simultaneously or contemporaneously, to any such person, firm, company, corporation, or entity without the prior approval of the Congress of the Philippines;

Whereas, the National Telecommunications Commission (NTC) is mandated to protect consumers and level the playing field under Republic Act No. 7925 – The Public Telecommunications Policy Act;

NOW THEREFORE, BE IT RESOLVED, AS IT IS HEREBY RESOLVED, to direct the Senate Committee on Public Services to conduct a review in the exercise of its oversight powers, or an inquiry in aid of legislation, of the reported "share-swap deal" and related transactions between Philippine Long Distance Telephone, Co. (PLDT), and Digitel Mobile Phils., Inc., (Sun Cellular), with the end in view of determining whether it is consistent with and not in violation of certain provisions of their respective legislative franchises and that the arrangement would be to the public interest.

Adopted,



JOKER P. ARROYO