

THIRTEENTH CONGRESS OF THE REPUBLIC }  
OF THE PHILIPPINES }  
*First Regular Session* }

'04 JUN 30 P2:56

SENATE

RECEIVED BY:                     S. No. 234

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Introduced by Senator S. R. Osmeña III

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### EXPLANATORY NOTE


In 1995, Congress ratified the Philippines' accession to the World Trade Organization, (WTO), emboldened by the projected gains from free trade that, it was claimed, the Philippines would reap under the aegis of the WTO.

Six years after that important milestone, the prognosis is that globalization under the WTO has failed to deliver on the benefits promised to domestic producers. Numerous studies have been conducted in response to calls to reevaluate the globalization paradigm and its implications on the domestic economy and on public welfare from a better-informed perspective. The most striking finding is that while the government made extremely liberal commitments to the WTO, and did its utmost to comply with those commitments, it fell short of many of its commitments to domestic producers in terms of safety nets, supportive legislation, and the provision of adequate public goods to support competitive markets.

Free trade under the WTO is a game that we have to play well, if we are as a nation, to gain benefits from free trade. Sadly, our participation in the WTO has thus far been flawed by half-hearted efforts at consensus building on the domestic front and poorly prepared negotiating positions in international trade fora. In order to succeed, the promotion of Philippine products in global markets needs to be championed by a competent negotiator and statesman at its helm and supported by an aggressive policy stance. With such a helmsman, domestic production policies can then more easily focus on the development of competitiveness among our industries.

This bill seeks to create the Office of the Philippine Trade Representative under the Office of the President. As the country's chief negotiator, the Philippine Trade representative will coordinate all trade-related policies, wage the trade game for us against the other governments of the world, and win market access for our products. Without this organization to marshal the resources needed to wage the trade game, our membership in the WTO could well turn out to be a liability and a burden to our people.

In view of the foregoing, early passage of this bill is earnestly urged.

  
SERGIO OSMEÑA III  
Senator



1           There shall be in the Office three (3) Deputy Philippine Trade representatives  
2 who shall be appointed by the President with the consent of the Commission on  
3 Appointments. Each Deputy Philippine Trade Representative shall hold office at the  
4 pleasure of the president and shall have the rank of Ambassador.

5           **SEC. 4. *Limitation on Appointments.*** - A person who has directly  
6 represented, aided or advised a foreign entity in any trade negotiation or trade  
7 dispute with the Philippines may not be appointed as Philippine Trade  
8 Representative or as a Deputy Philippine Trade Representative.

9           **SEC. 5. *Functions and Responsibilities of the Philippine Trade***  
10 ***Representative.*** The Philippine Trade Representative shall

- 11       a) Have primary responsibility for developing, and for coordinating the  
12       implementation of Philippine international trade policy, including commodity  
13       matters, and to the extent they are related to international trade policy, direct  
14       investment matters;
- 15       b) Serve as the principal advisor to the President on international trade policy  
16       and shall advise the President on the impact of other policies of the Philippine  
17       Government on international trade;
- 18       c) Have lead responsibility for the conduct of, and shall be the chief  
19       representative of the Philippines for international trade negotiations, including  
20       all negotiations on any matter considered under the auspices of the World  
21       Trade Organization, commodity and direct investment negotiations, in which  
22       the Philippines participates;
- 23       d) Issue and coordinate policy guidance to departments and agencies on basic  
24       issues of policy and interpretation arising in the exercise of international trade  
25       functions including any matter considered under the auspices of the World  
26       Trade Organization, to the extent necessary to assure the coordination of  
27       international trade policy and consistent with any other law;
- 28       e) Act as the principal spokesman of the President on international trade;

- 1 f) Report directly to the President and Congress regarding, and be responsible  
2 to the President and Congress for the administration of trade agreement  
3 programs;
- 4 g) Advise the President and Congress with respect to non-tariff barriers to  
5 international trade, international commodity agreements, and other matters  
6 which are related to the trade agreements programs;
- 7 h) Be responsible for making reports to Congress with respect to matters  
8 referred to in sub-paragraphs (C ) and (F);
- 9 i) Be chairman of the interagency committee on Trade-Related Investment  
10 Matters (TRIMS); and
- 11 j) Be responsible for such other functions as the President may direct.

12 **SEC 6. *Ex-officio positions and functions of the Philippine Trade***

13 ***Representative.*** The Philippine Trade Representative shall:

- 14 a) be the senior representative on any body that the President may establish for  
15 the purpose of providing to the President advise on overall economic policies  
16 in which international trade matters predominate; and
- 17 b) be included as a participant in all economic summit and other international  
18 meetings at which international trade is a major topic.

19 **SEC. 7. *Authorities of the Philippine Trade Representative.*** The

20 Philippine Trade Representative may

- 21 a) delegate any of his functions, powers and duties to such officers and  
22 employees of the Office as he may designate; and
- 23 b) Authorize such successive re-delegations of such functions, powers and  
24 duties to such officers and employees of the Office as he may deem  
25 appropriate.

26 **SEC. 8. *Functions of Deputy Philippine Trade Representatives.*** Each

27 Deputy Philippine Trade Representative shall have as his principal function the  
28 conduct of trade negotiations under this Act and shall have such other functions as  
29 the Philippine Trade Representative may direct.

1           **SEC. 9. *Inter-Agency Coordination.*** In carrying out his functions and  
2 responsibilities with respect to unfair trade practices, the Philippine Trade  
3 Representative shall:

4           a) coordinate the application of interagency resources to specific unfair trade  
5           practice cases;

6           b) identify, and refer to the appropriate department or agency of the national  
7           government for consideration with respect to action, each act, policy or  
8           practice referred to in the required report or otherwise known to the Philippine  
9           Trade Representative on the basis of other available information, that may be  
10          an unfair trade practice that either:

11          i. is considered to be inconsistent with the provisions of any trade  
12          agreement and has a significant adverse impact on Philippine commerce,

13          or

14          ii. has a significant adverse impact on domestic firms or industries that are  
15          either too small or financially weak to initiate proceedings under the trade  
16          laws.

17          c) identify practices having a significant adverse impact on Philippine commerce  
18          that the attainment of Philippine negotiating objectives would eliminate; and

19          d) identify, on a biennial basis, those Philippine government policies and  
20          practices that, if engaged in by a foreign government, might constitute unfair  
21          trade practices under Philippine law.

22          For purposes of carrying out the above functions, the Philippine Trade  
23          Representative shall be assisted by an interagency unfair trade practices advisory  
24          committee composed of the Philippine Trade Representative, who shall chair the  
25          committee, and senior representatives of the following agencies, appointed by the  
26          respective heads of those agencies:

27          a) the National Economic Development Authority;

28          b) the Department of Trade and Industry; and

29          c) the Department of Agriculture.

1           The Philippine Trade Representative may, for the purpose of carrying out his  
2 functions in this section:

3           (1) subject to the civil service and classification laws, select, appoint, employ  
4           and fix the compensation of such officers and employees as are  
5           necessary and prescribe their authority and duties;

6           (2) employ experts and consultants in accordance with laws and compensate  
7           individuals so employed for each day;

8           (3) promulgate such rules and regulations as may be necessary to carry out  
9           the functions, powers and duties vested in him;

10          (4) utilize, with their consent, the services, personnel and facilities of other  
11          national agencies;

12          (5) enter into and perform such contracts, leases, cooperative agreements, or  
13          other transactions as may be necessary in the conduct of the work of the  
14          Office and on such terms as the Philippine Trade Representative may  
15          deem appropriate, with any agency or instrumentality of the Philippine  
16          government, or with any public or private person, firm, association,  
17          corporation or institution;

18          (6) accept voluntary and uncompensated services, notwithstanding the  
19          provisions of the Civil Service Code;

20          (7) adopt an official seal, which shall be judicially noticed; and

21          (8) accept, hold, administer, and utilize gifts, devises and bequests of  
22          property, both real and personal for the purpose of aiding or facilitating the  
23          work of the Office.

24          The Philippine Trade Representative shall, to the extent he deems necessary  
25 for the proper administration and execution of the trade agreements programs of the  
26 Philippines, draw upon the resources of, and consult with, national agencies in  
27 connection with the performance of his functions.

28          **SEC. 10. *Transfer of functions.*** - The Foreign Trade Service Corps  
29 Coordinating Office, the Bureau of Export Trade Promotion and the Bureau of

1 International Trade Relations under the Department of Trade and Industry are  
2 hereby transferred to the Office of the Philippine Trade Representative.

3 The rules and regulations for the implementation of the transfer of the above  
4 agencies shall be promulgated jointly by the Office and the Department of Trade and  
5 Industry.

6 **SEC. 11. Appropriations.** The sum of Ten Million Pesos (₱10,000,000) is  
7 hereby authorized to be appropriated to the Office for the purposes of carrying out  
8 its functions for the fiscal year beginning January 1, 2002.

9 For the fiscal year beginning January 2003 and for each fiscal year thereafter,  
10 there are authorized to be appropriated to the Office for the salaries of its officers  
11 and employees such additional sums as may be provided by law to reflect pay rate  
12 changes made in accordance with the Salary Standardization Act.

13 **SEC. 12. Implementing Rules and Regulations.** – Within 60 days of the  
14 effectivity of this Act, the President shall appoint the Philippine Trade  
15 Representative, who shall, in consultation with the Departments of Trade and  
16 Industry, Agriculture, Foreign Affairs and the National Economic Development  
17 Authority, issue the necessary rules and regulations to implement the provisions of  
18 this Act.

19 **SEC. 13. Separability Clause.** - If any section or provision of this Act shall  
20 be declared unconstitutional or invalid, the other sections or provisions not affected  
21 thereby shall continue to be in full force and effect.

22 **SEC. 14. Repealing Clause.** – Laws, rules and regulations and other  
23 issuances inconsistent with the provisions of this Act are deemed modified, revoked  
24 or repealed accordingly.

25 **SEC. 15. Effectivity.** – This Law shall take effect immediately upon its  
26 approval.

Approved,