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SENATE

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P.S. RES. NO. 338

Introduced by SENATOR JOEL VILLANUEVA

RESOLUTION

DIRECTING THE COMMITTEE ON LABOR, EMPLOYMENT AND HUMAN RESOURCES DEVELOPMENT TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, ON THE SERIES OF BUSINESS SHUTDOWNS THAT ARE HAPPENING IN THE COUNTRY, INCLUDING THE IMPACT OF THE 2019 NOVEL CORONAVIRUS DISEASE (COVID-19) ON EMPLOYMENT, AND THE ECONOMY AS A WHOLE, WITH THE END IN VIEW OF ASSESSING THE MEASURES BEING UNDERTAKEN BY VARIOUS NATIONAL GOVERNMENT AGENCIES TO ADDRESS THESE ISSUES

WHEREAS, on January 17, 2020, mobile phone maker Nokia Technology Center Philippines informed the National Capital Region (NCR) Office of the Department of Labor and Employment (DOLE) that it will shut down its local research and development office at the UP-Ayala Technohub in Quezon City due to “challenging financial performance, an unsustainable cost structure and the need to reduce global R&D intensity.” The closure will affect 750 employees, who will be exiting in batches from March until September 2020. The company will permanently close its business in the Philippines by October 1, 2020;

WHEREAS, on February 22, 2020, Japanese brand Honda Cars Philippines Inc. (HCPI) verbally informed the Region IV-A Field Office of DOLE that it will close its 28-year-old automobile production operations in Santa Rosa City, Laguna, effective March 2020. A formal notice was thereafter sent to DOLE on February 24, 2020, informing the latter that the closure, affecting 387 employees, is pursuant to the Honda’s “aim to achieve operational and economic efficiency, with the end goal of improving the Company’s competitiveness in the automobile industry;”

WHEREAS, on February 14, 2020, Bloomberg reported that US-based bank Wells Fargo & Co., has decided to transfer its IT and business processing business from the Philippines to India. As a result, it will retrench around 700 employees by the end of 2020.¹ On February 20, 2020, the closure was confirmed by the Human Resources Manager of Wells Fargo & Co. upon verification by the DOLE. Accordingly, while the employees have already been notified of the closure, no actual date was given on the effective date of the closure;

WHEREAS, as early as July 2019, there have been reports that Nissan Philippines, also a Japanese car manufacturer with a plant located in Santa Rosa City, Laguna, will soon close its Philippine and other operations around the world. This closure will allegedly affect some 12,500 employees across Nissan's global workforce;²

WHEREAS, on February 28, 2020, Philippine Airlines announced that it will lay-off 300 employees due to slowdown in business brought about by the 2019 novel coronavirus (COVID-19) outbreak.³ According to one news report, reduced bookings and increased flight cancellations partly caused by inbound and outbound travel bans due to COVID-19 have caused a decline in passenger traffic by 636,000 in Ninoy Aquino International Airport (NAIA) alone;⁴

WHEREAS, as of February 26, 2020, there are three confirmed cases, 101 persons under investigation (PUI), and one confirmed death due to COVID-19 in the Philippines.⁵ The COVID-19 has also infected a total of 82,170 people in 50 countries worldwide as of February 27, 2020. According to the National Economic Development Authority (NEDA), the country's tourism sector could lose an estimated Php22.7 billion in revenues due to COVID-19;⁶

¹ 2020, February 14. Wells Fargo to Cut Hundreds of Manila Workers in Tech Overhaul. Bloomberg. Available at <https://www.bloomberg.com/news/articles/2020-02-13/wells-fargo-to-cut-hundreds-of-manila-workers-in-tech-overhaul> (date last accessed: February 27, 2020).

² 2019, July 29. Nissan Philippines Sta. Rosa plant is at risk of shutting down. Autodeal. Available at <https://www.autodeal.com.ph/articles/car-news-philippines/nissan-philippines-sta-rosa-plant-risk-shutting-down> (date last accessed: February 27, 2020).

³ 2020, February 28. PAL lays off 300 personnel after revenue losses due to COVID-19. Philippine Daily Inquirer. Available at <https://newsinfo.inquirer.net/1234720/pal-lays-off-300-personnel-after-revenue-losses-due-to-covid-19> (date last accessed: March 1, 2020).

⁴ 2020, February 24. PH transport, supply chain industries reel from coronavirus impact. Portcalls Asia. Available at <https://www.portcalls.com/ph-transport-supply-chain-industries-reel-from-coronavirus-impact/> (date last accessed: February 27, 2020).

⁵ 2020, February 26. Coronavirus Disease 2019 (COVID-19) Tracker: February 26, 2020. Available at https://www.doh.gov.ph/sites/default/files/health-update/2019-nCoV-tracker-02_26_2020.jpg (date last accessed: February 27, 2020).

⁶ 2020, January 30. Statement on the second meeting of the International Health Regulations (2005) Emergency Committee regarding the outbreak of novel coronavirus (2019-nCoV). World Health Organization. Available at [https://www.who.int/news-room/detail/30-01-2020-statement-on-the-second-meeting-of-the-international-health-regulations-\(2005\)-emergency-committee-regarding-the-outbreak-of-novel-coronavirus-\(2019-ncov\)](https://www.who.int/news-room/detail/30-01-2020-statement-on-the-second-meeting-of-the-international-health-regulations-(2005)-emergency-committee-regarding-the-outbreak-of-novel-coronavirus-(2019-ncov)) (date last accessed: February 27, 2020). See also, Coronavirus COVID-19 Global Cases by Johns Hopkins CSSE. Available at <https://gisanddata.maps.arcgis.com/apps/opsdashboard/index.html#/bda7594740fd40299423467b48e9ecf6> (date last accessed: February 27, 2020).

WHEREAS, as the third-biggest export of China and Hongkong combined,⁷ disruptions in airports and seaports pose threats not only to our tourism sector, but also the industry sector, which depends on the movement of supplies across our airports and seaports. The expected decline in China's growth by 0.5 percentage point this year due to COVID-19, may also have widespread spillovers to the region, including the Philippines;⁸

WHEREAS, according to the Philippine Statistics Authority, Preliminary Results of the Annual Estimates of the Labor Force Survey showed that in 2019, there are 2.3 million unemployed Filipinos, accruing to an annual unemployment rate of 5.1%;⁹

WHEREAS, according to the Bangko Sentral ng Pilipinas (BSP), net foreign direct investment (FDI) inflows amounting to \$5.79 billion from January to October last year is \$2.82 billion lower than the \$8.61 billion recorded in the same period in 2018,¹⁰ mainly due to ongoing uncertainty in the global environment;¹¹

WHEREAS, BSP has lowered the projected net FDI inflows for 2019 to \$6.8 billion instead of \$9 billion, but for 2020, BSP is expecting net FDI inflows to recover to \$8.8 billion,¹² with foreseen positive developments in the domestic economy in general.¹³ BSP's announcement, however, was made prior to the series of business shutdowns announced by several companies, and the announcement of the World Health Organization that the COVID-19 outbreak is a public health emergency of international concern;

⁷ 2020, February 13. PHL tourism to lose P23 billion a month due to COVID-19. Business World. Available at <https://www.bworldonline.com/phl-tourism-to-lose-p23-billion-a-month-due-to-covid-19/> (date last accessed: February 27, 2020).

⁸ 2020, February 12. Covid-19 outbreak, China slowdown to hit Asean 3+ economies. Philippine News Agency. Available at <https://www.pna.gov.ph/articles/1093685> (date last accessed: February 27, 2020).

⁹ 2020. Preliminary Results of the 2019 Annual Estimates of Labor Force Survey (LFS). Reference Number: 2019-222. Philippine Statistics Authority. Available at <https://psa.gov.ph/statistics/survey/labor-and-employment/labor-force-survey/title/Preliminary%20Results%20of%20the%202019%20Annual%20Estimates%20of%20Labor%20Force%20Survey%20%28LFS%29> (date last accessed: February 27, 2020).

¹⁰ 2020, January 12. Foreign investments plunge 33% in 10 months, says BSP. Philippine Star. Available at <https://www.philstar.com/business/2020/01/12/1984002/foreign-investments-plunge-33-10-months-says-bsp> (date last accessed: February 27, 2020).

¹¹ Speech of BSP Governor Benjamin E. Diokno during the Rotary Club of Manila General Assembly last January 9, 2020. Available at <http://www.bsp.gov.ph/publications/speeches.asp?id=700> (date last accessed: February 27, 2020).

¹² *Supra*, Note 9.

¹³ *Supra*, Note 10.

NOW, THEREFORE, BE IT RESOLVED BY THE SENATE, directing the Committee on Labor, Employment and Human Resources Development to conduct an inquiry, in aid of legislation, on the series of business shutdowns that are happening in the country, including the impact of the 2019 novel coronavirus disease (COVID-19) on employment and the economy as a whole, with the end in view of assessing the measures being undertaken by various national government agencies to address these issues.

Adopted,


SENATOR JOEL VILLANUEVA