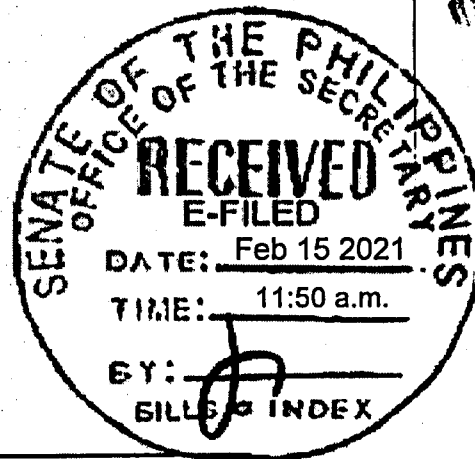


EIGHTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
Second Regular Session)



SENATE

P. S. R. No. 651

INTRODUCED BY SENATOR RISA HONTIVEROS

RESOLUTION

URGING THE COMMITTEES ON FOREIGN RELATIONS, TRADE, COMMERCE, AND ENTREPRENEURSHIP, AND OTHER APPROPRIATE SENATE COMMITTEES, TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, ON THE FAILURE OF THE COUNTRY'S PERMANENT REPRESENTATIVE TO THE WTO TO SECURE THE SPEEDY AND FULL IMPLEMENTATION OF THE FAVORABLE DECISIONS FROM THE WTO COMPLIANCE PANEL *VIS-À-VIS* DISCRIMINATORY MEASURES AGAINST PHILIPPINE EXPORTS TO THAILAND, WITH THE OBJECTIVE OF IDENTIFYING THE POLICY INTERVENTIONS NECESSARY TO PROTECT THE PHILIPPINES' SOVEREIGN RIGHTS AND INTERESTS IN THE INTERNATIONAL TRADE COMMUNITY

WHEREAS, last 27 January 2021, the Tariff Commission conducted a public hearing in relation to the Department of Trade and Industry's (DTI) proposal to suspend the concessions on 112 product lines of Thailand export products to the Philippines, including corn, semi-milled or wholly-milled rice, non-dairy creamer, white cement, lubricating oils, monosodium glutamate, boards, sheets, panels, tiles, and similar articles of plaster, as well as agricultural tractors, motor cars and other motor vehicles for transport of persons and goods, among others, pursuant to Sections 1608 (Flexible Tariff Clause) and 1609 (Promotion of Foreign Trade) of the Customs Modernization and Tariff Act (CMTA)¹;

WHEREAS, In February of last year, the DTI also filed a similar petition before the World Trade Organization (WTO) seeking the suspension of concessions and obligations covering an estimated USD594 million worth of trade with Thailand, a petition currently pending before the WTO's Dispute Settlement Body²;

WHEREAS, industry groups in the country such as the Chamber of Automotive Manufacturers of the Philippines, Inc. (CAMPI) and the Philippine Plastics Industry Association, Inc. (PPIAI), have declared their opposition to the potential suspension of said tariff concessions, warning that regional supply chains could be disrupted leading to higher consumer prices³;

¹ <https://drive.google.com/file/d/1uqFeegFuV9oEjrUPUMIZIjprAPNAInF/view>

² <https://businessmirror.com.ph/2021/01/28/thailand-asks-phl-to-freeze-plan-to-lift-tariff-concessions/>

³ <https://www.bworldonline.com/industry-backs-no-thai-tariff-action-citing-supply-disruption/>

WHEREAS, on the other hand, acting on the petition filed by the Philippine Metalworkers' Alliance (PMA) with a membership of fifteen thousand (15,000) nationwide, for safeguard measures on the Importation of motor vehicles under AHTN Codes 8703 (passenger cars/vehicles), 8704.21.19, and 8704.21.29 (light commercial vehicles) pursuant to Section 7 of Republic Act No. 8800 or the Safeguard Measures Act, the DTI has imposed a provisional safeguard measures against imported motor vehicles from identified nations;

WHEREAS, the DTI decided to impose the aforementioned provisional safeguard measures after determining a causal link between the increased imports of the aforementioned products and serious injury to the domestic market;

WHEREAS, the Secretary of Trade and Industry has stated that, for passenger cars, the local manufacturers' share in the domestic market ranges from 22 to 25 percent while imported models capture more than 70 percent of the market, and for light commercial vehicles, local industry's share shrank from 18 percent in 2014 to 7 percent in 2018, while shares of imported light commercial vehicles in the Philippine market climbed from 82 percent in 2014 to 93 percent in 2018⁴;

WHEREAS, the aforementioned acts of the Tariff Commission and DTI were driven by the need to boost domestic investment and employment in sectors with the potential to be internationally competitive, to protect smaller economies such as ours against bigger economies, and to safeguard our rights and interests in international trade;

WHEREAS, this initiative was also prompted by the failure of the country's permanent representative to the WTO to protect the legitimate interests of the Philippines by pushing for the full implementation of favorable decisions from the WTO compliance panel against the discriminatory measures on Philippine exports to Thailand;

WHEREAS, the COVID19 pandemic has severely affected the country's economy, with the gross domestic product (GDP) plunging to -9.5%, the first annual contraction since 1998 and the worst full-year contraction since 1947⁵, food prices rising, and unemployment rate at 27.3%, or roughly 12.7 million of the labor force⁶; and

WHEREAS, the failure of the Philippine representative to the WTO to take all actions necessary to protect Philippine sovereign rights and interests from the discriminatory acts of a co-equal nation has exacerbated existing international trade issues and further complicated the path towards the country's economic recovery.


⁴<https://www.pna.gov.ph/articles/1126310#:~:text=In%20a%20statement%20Monday%2C%20DTI,for%20outsourced%20light%20commercial%20vehicles>.

⁵ <https://asia.nikkei.com/Economy/Philippines-GDP-shrinks-9.5-in-2020-worst-since-1947#:~:text=Philippines%20GDP%20shrinks%209.5%25%20in, worst%20since%201947%20%2D%20Nikkei%20Asia>

⁶ Social Weather Stations | Fourth Quarter 2020 Social Weather Survey: Adult joblessness drops to 27.3% of the labor force (sws.org.ph)

NOW, THEREFORE, BE IT RESOLVED, TO URGE THE COMMITTEES ON FOREIGN RELATIONS, TRADE, COMMERCE, AND ENTREPRENEURSHIP, AND OTHER APPROPRIATE SENATE COMMITTEES, TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, ON THE FAILURE OF THE COUNTRY'S PERMANENT REPRESENTATIVE TO THE WTO TO SECURE THE SPEEDY AND FULL IMPLEMENTATION OF THE FAVORABLE DECISIONS FROM THE WTO COMPLIANCE PANEL VIS-À-VIS DISCRIMINATORY MEASURES AGAINST PHILIPPINE EXPORTS TO THAILAND, WITH THE OBJECTIVE OF IDENTIFYING THE POLICY INTERVENTIONS NECESSARY TO PROTECT THE PHILIPPINES' SOVEREIGN RIGHTS AND INTERESTS IN THE INTERNATIONAL TRADE COMMUNITY.

Adopted,


RISA HONTIVEROS
Senator