

REPUBLIC OF THE PHILIPPINES

S e n a t e

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Journal

SESSION NO. 71

Tuesday, March 15, 2005

**THIRTEENTH CONGRESS
FIRST REGULAR SESSION**

SESSION NO. 71
Tuesday, March 15, 2005

CALL TO ORDER

At 3:24 p.m., the Senate President, Hon. Franklin M. Drilon, called the session to order.

PRAYER

The Body observed a minute of silent prayer.

ROLL CALL

Upon direction of the Chair, the Secretary of the Senate, Oscar G. Yabes, called the roll, to which the following senators responded:

Arroyo, J. P.	Gordon, R. J.
Biazon, R. G.	Lacson, P. M.
Drilon, F. M.	Lapid, M. L. M.
Ejercito Estrada, J.	Osmeña III, S. R.
Ejercito Estrada, L. L. P.	Pangilinan, F. N.
Enrile, J. P.	Pimentel Jr., A. Q.
Flavier, J. M.	Roxas, M.

With 14 senators present, the Chair declared the presence of a quorum.

Senators Cayetano, Lim, Madrigal, Recto, Revilla and Villar arrived after the roll call.

Senators Angara and Magsaysay were absent.

Senator Defensor Santiago was absent on account of illness.

APPROVAL OF THE JOURNAL

Upon motion of Senator Pangilinan, there being no objection, the Body dispensed with the reading of the Journal of Session No. 70 and considered it approved.

REFERENCE OF BUSINESS

The Secretary of the Senate read the following matters and the Chair made the corresponding referral:

**MESSAGES FROM THE
HOUSE OF REPRESENTATIVES**

Letter from the Secretary General of the House of Representatives, informing the Senate that on February 24, 2005, the House of Representatives elected Pichay Jr., Veloso and Magtubo, as additional conferees of the House of Representatives to the Bicameral Conference Committee on the disagreeing provisions on House Bill No. 3154, entitled

**AN ACT APPROPRIATING FUNDS
FOR THE OPERATION OF THE
GOVERNMENT OF THE REPUBLIC
OF THE PHILIPPINES FROM
JANUARY ONE TO DECEMBER
THIRTY-ONE, TWO THOUSAND
FIVE, AND FOR OTHER PURPOSES**

To the Archives

Letter from the Secretary General of the House of Representatives, transmitting to the Senate the attached letter dated March 3, 2005 of the Honorable Speaker Jose De Venecia Jr., addressed to the Honorable Senate President Franklin M. Drilon, informing the Senate of the designation of Representatives Cua, Yapha Jr., Remulla, Macarambon and Singson as members of the House panel in the Congressional Oversight Committee created pursuant to Section 36 of R. A. No. 9211 (Tobacco Regulation Act of 2003).

To the Committee on Rules

BILL ON FIRST READING

Senate Bill No. 1962, entitled

**AN ACT AMENDING CERTAIN
PROVISIONS OF REPUBLIC ACT
9165 OTHERWISE KNOWN AS THE
COMPREHENSIVE DANGEROUS
DRUGS ACT OF 2002**

Introduced by Senator Biazon

**To the Committee on Public Order and
Illegal Drugs**

RESOLUTION

Proposed Senate Resolution No. 213, entitled

RESOLUTION URGING THE SENATE COMMITTEES ON AGRICULTURE AND FOOD; AND ENVIRONMENT AND NATURAL RESOURCES TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, ON THE NEW THREAT OF "EL NIÑO PHENOMENON" INCLUDING ITS EFFECTS TO AGRICULTURAL PRODUCTIVITY AND TO THE PROBLEM OF WATER RESOURCE MANAGEMENT IN URBAN CENTERS WITH THE END IN VIEW OF RECOMMENDING APPROPRIATE MEASURES TO ENSURE SUSTAINABLE AND EFFICIENT USE OF WATER RESOURCES

Introduced by Senator Magsaysay Jr.

**To the Committees on Agriculture and
Food; and Environment and Natural Resources**

ADDITIONAL REFERENCE OF BUSINESS

RESOLUTION

Proposed Senate Resolution No. 214, entitled

RESOLUTION DIRECTING THE COMMITTEE ON PUBLIC ORDER AND ILLEGAL DRUGS TO CONDUCT AN INVESTIGATION, IN AID OF LEGISLATION, INTO THE ATTEMPTED JAIL BREAKOUT OF TEN ABU SAYYAF GROUP MEMBERS IN CAMP BAGONG DIWA IN BICUTAN, TAGUIG CITY ON MARCH 14, 2005, WITH THE END VIEW OF DETERMINING THE BUREAU OF JAIL MANAGEMENT AND PENOLOGY'S COMPETENCE AND PREPAREDNESS IN SUCH INCIDENT AND RECOMMENDING

**POLICY MEASURES TO PREVENT
SIMILAR INCIDENT IN THE
FUTURE**

Introduced by Senator Villar Jr.

**To the Committee on Public Order and
Illegal Drugs**

**QUESTION OF PRIVILEGE
OF SENATOR PIMENTEL**

Rising to a question of personal and collective privilege, Senator Pimentel delivered the following speech:

**WARNING:
UNIDENTIFIED ALIENS IN OUR MIDST**

I noticed that in the last few days, some foreigners were apparently giving advice to the Sponsor of the VAT report that this Chamber is debating. Usually, they are seated in that particular area.

May I know if these gentle people are remnants of the AGILE, the unlamented group that tried to penetrate the inner sanctums of our bureaucracy some months ago?

But whether they are AGILE agents or not, I think it is not proper that they blatantly project their presence in the deliberations of this Chamber on VAT or on any other matter.

The presence of foreigners acting as advisors to any committee of any legislature is not done in Taiwan, it is not done in Japan, it is not done in Malaysia, it is not done in Indonesia, but is being done blatantly in this country.

Mute Executive

I think that if they feel so free as to thrust their presence into the work of the Executive department without so much as a peep of protest from that branch of government, they should not presume that they could do the same in this Chamber of the elected representatives of the people.

I do not think that they need reminding that the Executive department in this country

does not speak for the legislature unless the latter gives consent for it to do so. Until that consent is given, the Executive department cannot dictate how the Senate of this country will discharge its duties under our Constitution.

Not Xenophobic

In this regard, I am sorry to say that I object to the presence of aliens in the Halls of the Senate—whether they do consultancy work or spy work for foreign countries—unless we ask for their presence and participation in our legislative work. And when we do, that request must be based on cogent, urgent and critical considerations that are fully discussed and debated by and among ourselves as the freely elected representatives of the people.

Lest I be misunderstood, let me put on record that foreigners are welcome to observe and witness for themselves what we do in the Senate. We are not xenophobic. We do not hate foreigners as such.

But we do mind if foreigners meddle in things that we, as a people, ought to do by ourselves.

I submit that a small matter called "*delicadeza*" should dictate to them and to us that they keep a respectful distance from our work even if they are probably motivated by good intentions. And if they are prompted to help us out of pure motives, still, it is important that they should accord us some space in which we can develop ourselves as a people. It is not to their and our advantage that they treat us as kid brothers and sisters and keep us forever as adolescents who are merely growing old instead of growing up.

No Colony

I do not think that they need reminding, and ourselves too, that we are no longer a colony of any foreign power. Unfortunately, if this situation continues where these agents of a foreign government are so publicly displayed for all to see, whispering comments into the ears of the Sponsor of

the VAT, or handing out papers to him in support of certain positions on the VAT, the much vaunted independence of this Chamber—and alas, perhaps, of the nation as well—is coarsely, crudely and tastelessly compromised.

Before I end, I would like to advert to the fact that this morning, at the committee hearing of the Committee on Banks, Financial Institutions and Currencies, it was proven that a certain Mr. Simon Morris, an Englishman, heir to the colonial masters of India called Gandhi a "*Fakir*." That kind of mentality has no place in the Philippines. I know that he has been ordered detained for some six hours. That is not enough. And so, I move that this Chamber pass a resolution to cause the deportation of Mr. Morris as a *persona non grata* to this nation.

In connection with the main essence of my speech, I, therefore, register a vigorous and continued objection to the unwelcome intrusion into the work of this Chamber by foreigners, and will do so to their faces if they come this afternoon.

SUSPENSION OF SESSION

Upon motion of Senator Pangilinan, the session was suspended.

It was 3:34 p.m.

RESUMPTION OF SESSION

At 3:37 p.m., the session was resumed.

Senator Pangilinan asked the Body to await the arrival of Senator Recto who would reply to the issue raised by Senator Pimentel.

PRIVILEGE SPEECH OF SENATOR VILLAR

Availing himself of the privilege hour, Senator Villar delivered the following speech:

We have all heard of the unfortunate incident which happened yesterday morning at Camp Bagong Diwa, Bicutan, Taguig City involving the escape attempt of the

members of the infamous Abu Sayyaf terrorist group. The standoff ended shortly before twelve o'clock this afternoon with the death of at least twenty-three (23) prisoners including the three Abu Sayyaf leaders, three jail personnel and the wounding of several police officers and jail personnel.

The attempted jailbreak happened at around 6:30 in the morning of March 14, 2005, at Camp Bagong Diwa shortly after breakfast. There are about 435 prisoners in Camp Bagong Diwa, including at least 129 suspected Abu Sayyaf inmates. The prison guards were conducting a daily headcount of detainees held in the Special Intensive Care Area (SICA) when Abu Sayyaf inmates headed by Alhamser Limbong alias "Kumander Kosovo" seized the service firearms of some members of the Bureau of Jail Management and Penology (BJMP) guards and opened fire which resulted in the killing of three jail officers, namely, Senior Jail Officer 4 Edgardo Daya, Jail Officers 1 Rogelio de la Cruz and Amadeo Salapati. The Abu detainees also shot and injured six others before they attempted to escape. Responding jail guards, however, managed to block their path.

A brief gunfight then ensued between Kumander Kosovo's group and the jail officers which resulted in the killing of two Abu Sayyaf detainees. When the police arrived, the Abu Sayyaf inmates decided to occupy the prison building's second floor where they were joined by known Abu Sayyaf leaders Ghalib Andang alias "Kumander Robot" and Nadjmi Sabdula alias "Kumander Global" who are also detained in the jail. The Abu leaders demanded that they be allowed to talk with Anak ng Mindanao Representative Mujiv Hataman and actor Robin Padilla before they surrendered. Since Padilla was abroad, ARMM Gov. Parouk Hussin and Hataman negotiated with the Abu Sayyaf inmates.

One of the Abu Sayyaf detainees, Hasdi Dais, alias "Lando" used a cellular phone in establishing contact and demanded conditions for their surrender which were as follows:

respect for human rights of the inmates, guarantees for their safety, speedy trial of their cases, competent lawyers for their legal defense, and the opportunity for media interview after their surrender to air their grievances.

Leaders of the escape attempt

The leaders of the escape attempt were Tahir Abdul Gafar and Kumander Kosovo, both from Basilan, who were detained on charges of kidnap-for-ransom and serious illegal detention. Also part of the escape attempt were Kumander Global and Kumander Robot who were detained for their involvement in the kidnapping of 21 foreign and local tourists in Sipadan, Malaysia.

Police records show that Kumander Kosovo was one of those Abu rebels who bombed the Superferry 14 in February 2004. He had also been accused of beheading an American hostage Guillermo Sobero. He also figured in the kidnapping of tourists and workers from the Dos Palmas resort, including American couple Martin and Gracia Burnham, in May 2001. He was arrested in March last year for allegedly planning to carry out bombings in Metro Manila.

The ASG leaders took hostage more than 120 inmates on the first and second floor of the Special Intensive Care Area (SICA) building inside the BJMP compound. There are 129 Abu Sayyaf inmates in Bicutan, excluding members of the terrorist group Jemaah Islamiyah and the Moro Islamic Liberation Front. Those who participated in the jailbreak are mostly charged in the Basilan and Jolo kidnap-for-ransom cases.

BJMP warned of the jailbreak

What made the jailbreak situation inexcusable is the fact that an official of the Department of Justice (DOJ) said that the BJMP had for weeks been aware of the plan of the Abu Sayyaf detainees to slip out of their Bicutan jail in Taguig but the latter just ignored tips even though these came from reliable sources in Manila and Mindanao. Specifically, State Prosecutor Peter Medalle,

one of the prosecutors who is handling the criminal cases against suspected Abu Sayyaf Group members, said that he had warned BJMP officials about reports reaching him that the Abu Sayyaf leaders detained at Bicutan jail were plotting a jailbreak as early as two to three weeks ago. He said that his tip seemed to have fallen on deaf ears. He said Alhamser Limbong alias "Abu Kosovo," one of the key ASG figures, even managed to call some of his colleagues to supply arms and ammunition for the escape try. Medalle said that he was informed that Kosovo had contacted other Abu Sayyaf members who are still roaming around Metro Manila, via cellular phone. They were asked to prepare eight safehouses for the escapees to use after the prison break. The DOJ even repeated the warning to the BJMP last week.

Medalle's claim that the Abu Sayyaf detainees in Bicutan had long planned the jailbreak was confirmed by Gappal Banna Asali alias "Maida" or alias "Boy Negro," a suspected ASG member accused of the Valentine's Day bombing of a bus in Makati. Boy Negro said the attempted jail break from Camp Bagong Diwa in Taguig had been planned as early as December last year. Boy Negro said that sometime in December, Kumander Kosovo called him and ordered him to meet with a woman who would smuggle a .45 pistol inside the camp. However, Boy Negro would not say whether he met with the woman but he said he did not push through with the operation. Now he said that the pistol was meant for the jailbreak.

The Secretary of the Department of the Interior and Local Government (DILG), Angelo Reyes, said that they have exhausted all possible attempts at a peaceful solution. The attack order came as the prison standoff entered its second day. Negotiations for a peaceful surrender fell through when the Abu Sayyaf kept changing their demands and after the rebels refused to turn over the three .45 caliber pistols they seized from the jail guards. Hundreds of police operatives from the Special Weapons and Tactics (SWAT) and Special Action Force (SAF) led the assault which led to the deaths of 23

prisoners including ASG Leaders Kumander Robot, Kumander Global, Kumander Kosovo and their negotiator Lando.

Successful jailbreaks in the past

What makes this incident lamentable is the fact that the attempted jailbreak was not the first time for the Bicutan jail. In 2003, two Abu Sayyaf members, Omar and Eding Saylani, successfully bolted the prison dressed in *abaya* or women's Arabic clothes. The two are now in Jolo and one is suspected of having killed a photojournalist there last December.

Likewise on April 20, 2004, more than 50 inmates, many of whom were suspected to be members of the Abu Sayyaf, escaped from the Basilan provincial jail. Three jail guards were injured. Only eight of the prisoners were recaptured. It was found out in the course of the investigation that an inmate's wife smuggled a .45 caliber pistol inside the jail that the inmates used to overpower the guards. They also seized the shotgun and rifles equipped with grenade launchers from the guards.

And who could ever forget the "most humiliating" jailbreak involving that of Indonesian Fathur Rohman al-Ghozi, a suspected member of the Jemaah Islamiyah terrorist group, together with two suspected Abu Sayyaf prisoners from their detention cells in the headquarters of the PNP in Camp Crame?

State Prosecutor Medalle has noticed that in the past hearings, the BJMP jail guards had been lax in securing Abu Sayyaf inmates while bringing them to court and while in court. He noticed that the Abu Sayyaf inmates are handcuffed to each other because they lacked handcuffs. However, the problem is that it can be easily opened with improvised plastic keys. If the guards are not that strict, they can ask for assistance from outside.

In their negotiations with the police authorities, the Abu Sayyaf negotiator Lando even used a cell phone. However, cell phones should be strictly prohibited.

inside jail cells and authorities should stop granting so many amenities to high-risk inmates. We should realize that these are not ordinary criminals we are dealing with.

Reports indicated that the firearms seized by the Abu Sayyaf inmates included three caliber .45 pistols and an M-16 rifle. However, there are reports that the Abu Sayyaf also prepared improvised explosives and weapons for the planned jailbreak. The question now is: How were they able to make improvised weapons in a controlled environment?

The BJMP likewise did not observe proper procedures in the handling of prisoners especially those charged with serious offenses. Why did the jail guards carry their rifles/pistols when they entered a maximum-security area? How come the armed guards were inside the cell? This is not the practice around the world relative to dealing with prisoners. This laxity in the handling of suspects especially those charged with heinous offenses has been going on for so long and the same should be stopped once and for all.

The BJMP is supposed to be one of the pillars of the criminal justice system. The BJMP was created to address the growing concern of jail management and penology problem. The BJMP has jurisdiction over all district, city and municipal jails nationwide. However, this event proves just how lax the BJMP is in the exercise of their duties and responsibilities particularly with respect to jail security and custody of prisoners.

The fight against terrorism and the maintenance of peace and order in the country are highly dependent on the maintenance of security in our prisons. All the efforts of our military and police officers will be in vain and meaningless if our jail officers will just let convicted felons and suspected terrorists/criminals go scot-free because of laxity and negligence in the performance of their duties. We might as well stop all operations against suspected terrorists and all law enforcement efforts. This also makes a mockery of our justice

system as the latter will be rendered irrelevant if its decisions will not be enforced. As one of the pillars of the criminal justice system, the failure of the BJMP to perform its functions will result in the total failure of our criminal justice system.

I call for an investigation in aid of legislation into this unfortunate incident to prevent the occurrence of similar incidents in the future. The Bureau of Jail Management and Penology should fulfill its mandated functions, examine all its policies, and make sure that its personnel observe all the proper procedures in the fulfillment of their duties and responsibilities especially its handling of detainees involving high profile and heinous cases. The BJMP should always bear in mind that a peaceful and orderly society is possible only when all five pillars of the criminal justice system will work hand-in-hand and fulfill each of their respective mandates.

We should likewise revisit the existing laws on infidelity in the custody of prisoners and impose stricter penalties thereto. Likewise, we should call for the accountability of those responsible for this incident and make sure that they face the full force of the law for failure to perform their duties and responsibilities.

REFERRAL OF SPEECH TO COMMITTEE

Upon motion of Senator Pangilinan, there being no objection, the Chair referred the privilege speech of Senator Villar to the Committee on Public Order and Illegal Drugs.

MANIFESTATION OF SENATOR GORDON

At the outset, Senator Gordon stated that he had previously made a reservation to deliver a privilege speech on the events that transpired in Taguig; however, to speed up the deliberation on the VAT measure, he would no longer do so.

Senator Gordon recalled that two years ago, two Abu Sayyaf members, Omar and Eding Saylani, had successfully bolted the same prison dressed in *abaya*. The two, he said, are now in Jolo and one is suspected of killing a local photojournalist last

December. Recently, he noted, a detained member of the same insurgent group ran amuck inside Camp Bagong Diwa, killing five in an attempted jailbreak.

Senator Gordon pointed out that the Bureau of Jail Management and Penology has rules to observe such as maintaining strict control of firearms, prohibiting prisoners to be utilized for any janitorial services or errands outside jail, transferring inmates without conducting a search for dangerous weapons or objects. All these rules, he said, were blatantly violated everyday.

He asserted that the whole country was placed in a very bad situation because the BJMP was not able to guard well their prisoners who were able to perpetrate their ill-will inside the prison. He said that the privilege speech he was supposed to deliver was intended to praise those people who captured malefactors as well as those who really did their jobs.

Senator Gordon manifested support for the motion to refer the speech to the proper committee so that the necessary changes and investigations could be made.

REFERRAL OF MANIFESTATION TO COMMITTEE

The Chair also referred the manifestation of Senator Gordon to the Committee on Public Order and Illegal Drugs.

MOTION/MANIFESTATION OF SENATOR PANGILINAN

Senator Pangilinan stated that Senator Pimentel had expressed satisfaction with the explanation of Senator Recto as regards the consultants, thus, the issue could be closed.

With the permission of Senator Pimentel, upon motion of Senator Pangilinan, there being no objection, the Chair referred the former's motion to the Committee on Banks, Financial Institutions and Currencies to give Mr. Morris a chance to explain.

On another matter, Senator Pangilinan stated that earlier, there was a caucus in the Office of the Senate President where the Majority and the Minority were present. He informed the Body that Senator Enrile agreed to terminate his interpellation and to propose amendments at the proper time. Further, he said that Senator Pimentel agreed to try

to persuade his colleagues to proceed with the interpellations on the VAT measure today.

COMMITTEE REPORT NO. 16 ON SENATE BILL NO. 1950 (Continuation)

Upon motion of Senator Pangilinan, there being no objection, the Body resumed consideration, on Second Reading, of Senate Bill No. 1950 (Committee Report No. 16), entitled

AN ACT AMENDING SECTIONS 27, 28, 34, 106, 108, 109, 110, 111, 112, 113, 116, 117, 118, 119, 125, 148, 236, 237, AND 288 OF THE NATIONAL INTERNAL REVENUE CODE OF 1997, AS AMENDED, AND FOR OTHER PURPOSES.

Senator Pangilinan stated that the parliamentary status was still the period of interpellations.

Thereupon, the Chair recognized Senator Recto, Sponsor of the measure, and Senator Lapid for his interpellation.

INTERPELLATION OF SENATOR LAPID

Should VAT be levied on electricity and petroleum, Senator Lapid predicted that the P300 daily minimum wage of a laborer would not be enough to cover all his expenses on basic necessities. In view thereof, he requested that the VAT not be imposed on the consumers.

Senator Recto pointed out that Senator Arroyo and Senator Pimentel were planning to propose a "no pass-on provision" to address this concern. He stressed that the imposition of VAT on petroleum products does not mean that prices of goods would increase, as he noted that the peso has strengthened against the dollar since the sin tax and the lateral attrition laws were enacted. The dollar rate, he pointed out, dropped to P56.50 last year because there were no investments, thus, there were no available jobs. He asserted that 40 percent of the Filipinos live in poverty because of the bad economy, the fiscal deficit and the enormous debts. He related that some economists say that the peso would depreciate if the VAT bill is not enacted into law, causing further increases in the costs of petroleum products; on the other hand, there are others

who say that the exchange rate could appreciate to P50 or P51 if the VAT bill is enacted into law. He noted the government's position that if the right VAT bill is enacted, the prices of basic commodities would, in fact, go down. Senator Lapid expressed hope that the Filipinos would not bear the full impact of the VAT on power and petroleum.

Asked if VAT would be levied on basic commodities like sardines, *pan de sal*, noodles, milk, sugar and cooking oil, Senator Recto answered that they are already subject to VAT as he clarified that the VAT liability is not borne by the consumers but by the vendors of the goods or services who may opt to pass additional costs to the consumers. He clarified that VAT is a consumption tax that everyone pays.

Citing Sun Cellular as an example, Senator Recto explained that all telecommunications companies have the same VAT treatment; however, he noted that Sun opted to give discounted service through the 24/7 promotion and consequently, Globe and Smart lowered their prices. He posited that because of competition, the telecommunications companies are shouldering part of the cost.

In reply to a query, Senator Recto stated that of the total tax collection of government, 18% or about P138 billion to P140 billion comes from VAT. Under the proposed VAT system, he pointed out that government could collect more than the expected P66 billion if there are no exemptions. He agreed with Senator Madrigal that a large portion of the incremental revenues should be used for the payment of debts.

Senator Lapid suggested that officials of local government units, particularly on the barangay level, be authorized to collect taxes under the close watch of the BIR since these officials would know very well the residents of their respective localities, and that they be given 30% of the total collection as an incentive.

Senator Recto stated that he is in favor of the suggestion which, he noted, is within the jurisdiction of the Committee on Ways and Means and the Committee on Local Government since this would require amendments to the National Internal Revenue Code and the Local Government Code. An amendment to this effect, he said, could be made at the proper time.

On another matter, Senator Lapid asked whether the amount of about P10 billion, which was removed from the CDF of congressmen and senators in the national budget, could be used by government instead of imposing VAT on basic commodities. Senator Recto said that while the administration congressmen and senators have agreed with the President to raise P80 billion from the eight tax measures, the P10 billion from the CDF would add to P15 billion from sin taxes and P10 billion from lateral attrition, thereby lowering the revenues to be raised to P45 billion.

INTERPELLATION OF SENATOR EJERCITO ESTRADA (L)

Asked by Senator Ejercito Estrada (L) whether there are still coal-dependent power plants in the country, Senator Recto replied in the affirmative, saying that 20% to 30% of the power plants use coal.

On the impact of the imposition of VAT on coal and its distribution on the price of electricity produced by coal-dependent power plants, Senator Recto stated that if the entire power sector, including its inputs not only from coal but other fuels, were subject to VAT, the corresponding rate increase would be P0.48 to P0.50.

Senator Ejercito Estrada (L) pointed out that under the measure, petroleum products are subject to 10% VAT while the excise tax on products like kerosene and diesel and bunker fuels is reduced to zero. Further, she noted that excise tax on leaded premium gasoline is P5.35 per liter, and the excise tax on unleaded premium gasoline is increased by P0.45. She asked whether it would be the owners of vehicles that use gasoline who would shoulder the excise taxes. Senator Recto said that at present, there is an aberration in the taxation of petroleum products because the excise tax on premium is P4.35 and on regular, P4.80. He stated that apparently, it should have been the other way around. In effect, he said that the Committee was trying to correct it by reducing to zero the excise tax on petroleum products, specifically diesel, kerosene and fuel oil, thereby tempering the impact on consumers, particularly the riding public.

On the number of registered diesel-powered vehicles compared to gasoline-powered vehicles, Senator Recto revealed that in 2003, out of the 17 billion liters consumed in the country, 6.6 billion liters was diesel; 3.7 billion liters, fuel oil; 2.4 billion,

premium gasoline; 2 billion liters, LPG; and P1.3 billion, regular gasoline.

On the concern that imposing VAT and additional excise tax on unleaded premium gasoline would not only encourage the use of diesel fuel but would also defeat the purpose of the Clean Air Act, Senator Recto said that he would be willing to accept an amendment at the proper time. The fiscal incentives law, he stated, could provide incentives to attract investments in clean air energy resources.

Asked whether all electric cooperatives and utilities have the same franchise tax rates, Senator Recto replied that while Meralco has a franchise tax, electric cooperatives are taxed under the Local Government Code. He disclosed that there are about 100 electric cooperatives.

Asked how much revenue would be lost if the franchise tax on electric cooperatives and utilities were removed, Senator Recto said that for a distribution utility like Meralco, it would be about P5.7 billion.

Senator Ejercito Estrada (L) observed that the simulation presented to the Body suggests that the franchise tax of a utility like Meralco as well as the the VAT exemption of indigenous source would be removed. Senator Recto said that the Committee made a mistake as regards indigenous source, stressing that no energy resource should be spared from VAT. However, he stated that relative to Section 151 of the NIRC, he would propose that the excise tax on natural gas be reduced to 2% so that nothing would be exempt from tax.

Asked whether he has considered the impact of the increase in electricity rate as a result of VAT, on MRT and LRT fares, Senator Recto replied in the affirmative, saying that it is possible that the fares would increase by 7% but he pointed out that there are other contributory factors.

On the concern that VAT would surely hit the masses, Senator Recto said that while VAT would hit everyone and it would hit the middle class the most, the Committee recommended the reduction in excise tax on petroleum products and the removal of the franchise tax on distribution utilities.

At this juncture, Senate President Drilon relinquished the Chair to Senate President Pro Tempore Flavio.

Senator Ejercito Estrada (L) agreed that medical and legal professions should contribute to the national effort to ease the budget deficit; however, she believed that there are more reasons why they should be VAT-exempt. She pointed out that the P750,000 threshold is logical since it would not unduly hurt those in the professions who are earning less. She disagreed, however, to the imposition of a 3% tax on gross quarterly sales of those earning below P750,000.

Asked how the percentage tax was computed, Senator Recto replied that under the existing law, a professional is required to pay 3% tax on gross income if he or she is not covered by VAT. He recalled that the threshold was increased to P750,000 because the BIR never indexed the inflation rate as mandated by law. He maintained that the threshold should be higher than P750,000 so as not to unduly burden a VAT-registered person and at the same time to allow the BIR to monitor and audit these taxpayers. He further clarified that the only reason why the doctors and lawyers were included in the measure is that everyone should be treated equally, as pointed out by Senator Ejercito Estrada (L) herself.

On the assertion that giving a full exemption to those who are earning less than P750,000 would ensure the public with a more affordable medical and legal services, Senator Recto agreed.

Asked why the measure imposes a 10% VAT on amusement but takes away the 18% percentage tax so that it seems to be more of an exemption rather than an imposition, Senator Recto replied that at present, an amusement tax is imposed on sporting events but establishments like night clubs, day clubs, restaurants, and cabarets are not subject to VAT. Thus, he believed that it would be the best option to widen the VAT base by simply imposing it on as many goods and services as possible with the exception of sporting events that are difficult to tax. However, he stated that he would not have any problem should the senators decide to retain these businesses under the amusement-tax category.

Senator Ejercito Estrada (L) asked if a 10% VAT would be imposed on leased residential units whose monthly rate exceeds P10,000. Senator Recto affirmed that the threshold for residential units was increased from P8,000 to P10,000; however, he pointed out that residential units in other countries are not subject to VAT because of the difficulties in administering the tax.

As to socialized housing, Senator Recto stated that the threshold is P1.5 million, so that if the owner sells his unit for that amount or less, the transaction would not be subject to VAT.

With regard to corporate income tax, Senator Ejercito Estrada (L) asked about the collection rate of the large taxpayers division of the BIR for 2004. Senator Recto replied that the total collection was roughly 56% of P130 billion.

Senator Ejercito Estrada (L) pointed out, however, that the BIR was not able to meet its target because of the flaws in the collection system. If the flaws would not be addressed, she believed that the increase of the corporate income tax from 32% to 35% would not be of great help to the government. But Senator Recto noted that the large taxpayers division collected P112 billion in corporate income tax in 2003 and P130 billion in 2004 for a 17% growth year-on-year.

On whether it would be better to impose a VAT on the importation of professional instruments and implements since the owners use them for gainful purposes, Senator Recto admitted that the measure does not include professional instruments in the VAT coverage since these are for personal use and not for sale or barter.

To the observation that there are a lot of people who are providing illegal medical, dental, and veterinary services even though they are not professionals, Senator Recto explained that under the law, hospital services such as the use of equipment for blood tests are exempted from VAT. It is the professional service of the doctors, he said, that is subject to the tax.

SUSPENSION OF SESSION

Upon motion of Senator Pangilinan, the session was suspended.

It was 4:36 p.m.

RESUMPTION OF SESSION

At 4:37 p.m., the session was resumed.

INTERPELLATION OF SENATOR ROXAS (Continuation)

Senator Roxas recalled that in his interpellation last week, it was determined that about P98.8 billion

is expected to be generated by the proposed tax measures based on a 1.9% improvement in the tax effort as a percentage of the GDP. Senator Recto clarified that what he mentioned was a net collection of P66 billion, a 1.5% increase in the tax effort based on the expected P80 billion to be raised through tax measures that the Executive department has asked Congress to pass.

SUSPENSION OF SESSION

Upon motion of Senator Roxas, the session was suspended.

It was 4:39 p.m.

RESUMPTION OF SESSION

At 4:43 p.m., the session was resumed.

Upon resumption, Senator Roxas said that his records were different from the Journal of Session No. 69 which says that Senator Recto had indeed stated a 1.52% improvement in the government's tax effort for 2005.

Asked if the target of the measure is P60 billion, Senator Recto replied that it is P55 billion assuming that the sin taxes would bring in P15 billion; lateral attrition, P10 billion; and the pork barrel of Congress, P10 billion. He informed the Body that based on the Committee's computation, P66 billion is expected to be raised through the measure and based on DoFs projection, at 100% efficiency, it would be P55 billion. He asserted that there is a credibility issue with the DoF's figure because at 10% to 12% VAT, at 100% efficiency, the measure would generate at best P28 billion.

Using the P64.3 billion figure at 100% efficiency as a reference point, Senator Roxas recalled that in Senator Recto's sponsorship speech, it was mentioned that P48.71 billion is the revenue projection from the removal of exemptions. He said that if the P11.8 billion reduction in excise tax on socially sensitive products and the P5.69 billion from the removal of franchise tax on distribution utilities are deducted from the P48.71 billion, the difference is P31.22 billion. Senator Recto agreed.

Senator Roxas said that if the P10.5 billion increase in corporate income tax is added to P31.22 billion, the sum would be P41.7 billion.

Senator Recto replied that P12.3 billion is the latest figure on corporate income tax that the BIR reported.

Senator Roxas reiterated that the revised sum, therefore, P43.7 billion including the VAT on IPPs, would make it P48.71 billion. He pointed out that if the uncontested revenue of P8.65 billion is added to that amount, the total is P52.35 billion. He clarified that he was not disputing the said figure but would just go through certain items in the proposed measure.

Senator Roxas recalled that he and Senator Recto disagreed over the amount of money that would actually be collected by imposing VAT on the power sector. He stated that he calculated that the collection would be P8.65 billion while Senator Recto said it would be P15 billion. Senator Recto clarified that the figure of P15 billion was used for presentation purposes as he said that after conferring with DoF, it was suggested that there should be a different column in the matrix. He explained that with the inclusion of power and petroleum, the Committee's version completes the entire VAT chain, thus, the additional incremental revenue from efficiencies should be included. By completing the chain and lifting the exemptions on upstream industries, he stated that an additional P10 billion is expected to be generated. Although it is a conservative figure, he noted that all is dependent on the BIR's ability to collect and initiate an educational program for taxpayers to fully understand what VAT is all about. He added that everything should be done to ensure the easy administration of VAT.

Senator Roxas stressed that the imposition of VAT on the power industry would have an attendant impact on its cost that would impact investment decisions with respect to the operation of factories and the creation of new businesses. He recalled that he and Senator Recto had a difference of opinion on the degree of the impact on the manufacturing industry. Senator Recto clarified that for manufacturing enterprises and exporters, VAT on power would be beneficial because of the VAT input credits that may be claimed which the industries cannot do under the present set-up. Senator Roxas argued that while it has its benefits, it would be disadvantageous for the government as it collects less by the amount that is the benefit for the entity; moreover, sales of the exporters abroad are not subject to VAT. Senator Recto said that it is zero-rated.

Senator Roxas expressed fear that it might be a disincentive for exporters as they would be paying an input VAT on raw materials that would include power. He stated that the semiconductor industry, being the biggest user of power, is capable of generating \$25 billion to \$26 billion annually and may not be able to match the additional input of VAT from power with the output of VAT from their sales that are external trade.

Senator Recto countered that it would not be a disincentive because the same power is consumed with no VAT inputs. He explained that the VAT input of the exporter can be refunded from the BIR or it can be credited to other internal revenue taxes, but whichever way, the exporter stands to benefit. Senator Roxas stated that this would mean a reduction in the total collection of the government because what was paid out would be credited.

Senator Roxas noted the possibility that no collection from the export sector could be expected since exporters would be able to credit their taxes against their other payables to the government. Senator Recto asserted that for business and manufacturing, it would not be a disincentive. Revenues to be collected by the government, he averred, are altogether another matter. He said that the government would collect from the non-VAT registered entities or consumers of electricity as well as from the 35% power users with no VAT input. He stressed that since VAT collection only has a 50% efficiency rate, the inclusion of power in the VAT chain could only work out if industries carry the proper invoices and receipts of their VAT inputs. All the other establishments that do not understand how the VAT operates may not even deduct the VAT inputs, he said. He posited that by completing the VAT chain with the inclusion of upstream industries like petroleum and power, the government stands to collect an additional P10 billion. He maintained that the government stands to gain from the increase in taxes not only from the final consumers but also from the less-sophisticated intermediaries.

Senator Roxas observed that since all businesses using electricity are sophisticated enough to credit their VAT inputs from their payables to the government, government would not be collecting anything from VAT on power.

Senator Recto stated that the issue is the additional incremental revenue from efficiencies as

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he pointed out that the Committee suggests another column in the matrix for that item. He maintained that the expected revenue of P10 billion can be attributed to the inclusion of the power and petroleum industries in the VAT chain. He revealed that the difference between the Committee's estimates and that of the DoF is the P10 billion.

With regard to the P8.7 billion, Senator Recto noted that the DoF maintains that there is no incremental revenue from intermediaries and that amount can only be realized from the non-VAT sectors assuming that everything is constant. He argued that with the inclusion of the upstream industries under VAT, it would not be constant anymore, hence, the need for a different column.

Senator Roxas noted that the VAT on IPPs would generate P8.65 billion, and about P6 billion to P10 billion on power and petroleum products because of the broader VAT coverage. On the other hand, he said, the export sector would be affected only in its cash flow because its VAT payments on power could be deducted from its other payables to government. However, since most of these establishments enjoy tax incentives and do not pay income tax, he wondered from what other payables the VAT payments could be deducted. Senator Recto disagreed that export industries do not pay income tax as some businesses like those operating in the special economic zones may be paying the gross 5% tax and other duties on items which are either deductible from any other internal revenue tax or are refundable by the BIR. However, he conceded that this poses a major problem insofar as VAT distribution is concerned. He suggested that Congress include an item on tax payment refunds in the General Appropriations Act.

Agreeing to the suggestion, Senator Roxas recalled that during his term in the Board of Investments, a major complaint of investors was their failure to immediately collect billions of pesos worth of VAT refunds which in effect are interest-free loans to the government that the investors do not appreciate. Further, he lamented that these overdue refunds, which include VAT from raw material inputs, will only become part of the unpaid obligations of the government.

Senator Recto expressed hope that Congress would learn from the VAT debates such that it would be able to calculate the VAT refunds for

export-oriented enterprises in line with the budget appropriation for 2006.

Asked on the exact VAT payable amount, Senator Recto gave assurance that the DoF representatives would provide the data for the Body's guidance.

On the matter of the 35% income tax, Senator Recto expressed willingness to consider Senator Roxas' amendments at the proper time.

Asked for his views on the "no pass-through" provision in the House VAT bill, Senator Recto asserted that it is virtually incorrect to have such a provision. However, he said that the "no pass-through" provision could be applied to the IPPs as it is not possible for one party to have a contract with another and make the latter liable for the former's income tax. However, as the matter could become a constitutional issue if an impairment of contract is involved, Senator Recto said that he would leave the matter to the judgment of the lawyer-members of the Chamber.

On Senator Roxas' statement that Napocor would not be paying for the tax obligation of the IPPs but for the 10% VAT on the value-added that it extracts from the process, Senator Recto averred that the VAT liability lies with the seller of the good or service even if the tax is passed on to the consumers. He expressed openness to a "no pass-through" provision that would prevent the IPPs from passing its own VAT obligations through Napocor. He clarified that he did not want to create the impression that VAT could not be passed on to the consumer, otherwise, it would be a different form of taxation altogether.

Senator Roxas agreed that rather than mangling a VAT system by making it do something that it is not designed for, taxes borne by IPPs or any other segment of the production chain should be called a tax on such an activity.

Asked to confirm if the P22.5 billion projected revenues from crediting of input VAT on capital equipment meant limiting the amortization of input VAT in order to have expense credited against output VAT over a five-year period, Senator Recto replied in the affirmative. However, he clarified that "capital good" is the generic term being used in the Tax Code even though the term could be used interchangeably in business parlance. He affirmed

that a VAT is paid on the purchase of capital goods which the purchaser could credit against all of his VAT outputs over a five-year period. He agreed that the practice would be tantamount to giving the government a four-year interest-free loan.

Asked whether such a provision would impede the government's ability to attract local and foreign investments to the country, Senator Recto replied in the negative. He explained that investors have other benefits such as depreciation expenses not only on the cost of the capital equipment but also on the VAT payment which is part of the cost. He said that the same provision is found in the House version which the Committee adopted considering the need to raise revenues without increasing rates. He revealed that according to the latest data, the P22 billion estimate only covers imports and not local purchases, so the figure should even be higher. He said that it is really up to the seller's judgment on whether to increase his price since his VAT inputs have been capped. He stressed that the matter is a judgment call depending on the objectives of the government, although the method is being practiced in other countries.

Senator Roxas opined that the provision runs counter to the government's effort to create jobs, incomes and opportunities for the people and would even discourage investments, particularly since the Philippines' Asian neighbors are aggressively competing for the same foreign investments market. He revealed that only two other countries, China and Brazil, have a provision similar to that in Senate Bill No. 1950. However, he noted that the circumstances of the two countries might have enabled them to disregard the expanded VAT's impact on the investing community. For instance, he noted that China has a 1.3 billion person market, a command economy and political system and has posted a 9% growth in the last decade, while Brazil, the single largest economy in Latin America, is rich in natural resources.

Senator Recto noted that China imposes a 17.5% non-creditable VAT while the Philippines has an immediately creditable VAT, which is why he proposed a five-year spread for the depreciable life of capital equipment. He asked the DoF to provide the Senate with all other relevant information.

Senator Recto observed that the non-crediting of VAT in China has not deterred investments as

factors like tax system, peace and order, fiscal responsibility, macroeconomic stability, predictability, and justice system are among the many issues considered in investing in any economy or country. He clarified that the bill intends to raise revenues for government to reduce deficit and obtain macroeconomic stability, hence, the consumer and the businessman should shoulder the burden correspondingly.

Senator Roxas argued that the issue is whether the provision is a disincentive and a valid representation of what would actually happen because, in effect, it is not the business but the people—who would lose their jobs resulting from the non-expansion of the business—who would pay for it. In fact, he noted that the practice of the business sector of accelerating the depreciation, not straight line through life of the asset, is a recognition that the investment cycle is hastening, and by imposing this limitation on the use of proceeds by investors would, in fact, be discouraging investments.

Senator Recto pointed out that there are other tax benefits for businesses like the depreciation expenses and the net operating loss carryover provisions in the Code. In this case, he believed that the provision would not be a disincentive because it would raise significant amounts of revenue for the government which would result in a smaller deficit and smaller debts for the country. With this in mind, he expressed optimism that the country would be able to attract more investments. However, he clarified that the matter is indeed a judgment call and the implication can only be determined upon implementation of the measure. He said that he had consulted with economists on the issue and he received varied opinions.

Senator Roxas noted that not all tax measures affect the economy in the same way as some taxes have much more deleterious impact on the vibrancy and robustness of the economy than other taxes. In the desire to balance off one interest versus the other, he said that the government would be led to the arena of the law of unintended outcomes. He stressed the need to create jobs and incomes and ensure that the country has a hospitable investment climate. He lamented the fact that the country already suffers from so many "negatives" compared to other investment regimes. For instance, he cited the case of Toshiba Corporation which transferred its laptop manufacturing facilities from Europe and the U.S. to the Philippines. He said,

125

that for three to four years, during his stint as DTI Secretary, Toshiba was manufacturing up to 200,000 laptops a month; however, it had closed shop and moved to China simply because the Philippines is uncompetitive in power and productivity, among other reasons. If the amount involved is more than P22.5 billion, he believed that the deleterious impact would be broader to the investment community. He observed that the same treatment would be applied to a Filipino businessman, who is making his equipment from locally produced parts, rendering him more uncompetitive vis-à-vis his potential competitor. Further, he opined that whatever benefits would be derived from the P22.5 billion would be wiped out because of the disincentives to investments. He reiterated his disagreement to the idea of imposing VAT on power and of limiting the crediting of input VAT on capital goods.

Senator Recto believed that the power industry should not be treated differently from any other industry especially those similarly situated like petroleum which is more pervasive even as he noted that the gross rate in petroleum is P400 million while that in power is P280 billion. He averred that for the VAT system to operate properly, all sectors must be treated equally.

Further, Senator Recto reiterated that the provision limiting the crediting of input VAT on capital goods lies between two extremes as that in China and in the Philippines. He believed that the minimum projected revenue would not affect the country's ability to get investors to earn foreign exchange as the provision would not apply to exports since VAT is a consumption on domestic goods and services. Considering the many provisions in the National Internal Revenue Code that give benefits to businessmen and corporations, he reiterated that this measure would not destroy the investment climate for domestic purposes.

Queried about the increase in the threshold from P500,000 to P750,000, Senator Recto clarified that the increase was due to inflation or the CPI that was provided for in the law but which the BIR implemented only this year.

Senator Roxas asked about the estimated P12 billion reduction in revenue as a consequence of the increases in the threshold amount.

SUSPENSION OF SESSION

Upon motion of Senator Roxas, the session was suspended.

It was 5:40 p.m.

RESUMPTION OF SESSION

At 5:41 p.m., the session was resumed.

Senator Roxas stated that he was clarified as to the existing BIR circular. He asked the DOF and the BIR to provide the Body with a report on the 2004 VAT revenue collected from P550,000 to P750,000 in gross income. He also reiterated his request for a definitive study on the China experience, noting that China is not the country's competitor but Indonesia, Thailand and Vietnam which have much lower VAT rates.

SUSPENSION OF CONSIDERATION OF SENATE BILL NO. 1950

Upon motion of Senator Pangilinan, there being no objection, the Body suspended consideration of the bill.

SUSPENSION OF SESSION

Upon motion of Senator Pangilinan, the session was suspended.

It was 5:44 p.m.

RESUMPTION OF SESSION

At 5:44 p.m., the session was resumed.

SECOND ADDITIONAL REFERENCE OF BUSINESS

The Secretary of the Senate read the following matters and the Chair made the following corresponding referrals:

RESOLUTIONS

Senate Concurrent Resolution No. 7, entitled

CONCURRENT RESOLUTION INVITING HIS EXCELLENCY GENERAL PERVEZ MUSHARRAF, PRESIDENT

OF THE ISLAMIC REPUBLIC OF
PAKISTAN TO ADDRESS THE
CONGRESS OF THE REPUBLIC OF
THE PHILIPPINES IN JOINT
SESSION

Introduced by Senator Pangilinan

To the Committee on Rules

Senate Concurrent Resolution No. 8, entitled

CONCURRENT RESOLUTION INVIT-
ING HIS EXCELLENCY HU JINTAO,
PRESIDENT OF THE PEOPLE'S
REPUBLIC OF CHINA TO ADDRESS
THE CONGRESS OF THE REPUBLIC
OF THE PHILIPPINES IN JOINT
SESSION

Introduced by Senator Pangilinan

To the Committee on Rules

**PROPOSED SENATE CONCURRENT
RESOLUTION NO. 7**

Upon motion of Senator Pangilinan, there being
no objection, the Body considered Proposed Senate
Concurrent Resolution No. 7, entitled

CONCURRENT RESOLUTION INVIT-
ING HIS EXCELLENCY GENERAL
PERVEZ MUSHARRAF, PRESIDENT
OF THE ISLAMIC REPUBLIC OF
PAKISTAN TO ADDRESS THE
CONGRESS OF THE REPUBLIC OF
THE PHILIPPINES IN JOINT
SESSION.

Secretary Yabes read the text of the resolution,
to wit:

Whereas, His Excellency General Pervez
Musharraf, President of the Islamic Republic
of Pakistan is visiting the Philippines on
April 18 to 20, 2005;

Whereas, the Philippines and the Islamic
Republic of Pakistan share an enduring friend-
ship and common vision to achieve economic
prosperity and global peace through regional
cooperation in Asia-Pacific;

Whereas, the Philippines and the Islamic
Republic of Pakistan are united in their
commitment to promote continued peace,
understanding and stability in the Asia-
Pacific region and to undertake initiatives
that will strengthen their cooperation in
defense relations and counter-terrorism
intelligence;

Whereas, the Philippines reaffirms its
firm commitment to promote a stronger and
more liberalized trade, to rejuvenate
economic relations and to fully support the
Islamic Republic of Pakistan's more mean-
ingful involvement with the Association of
Southeast Asian Nations (ASEAN);

Whereas, the Congress of the
Philippines, on behalf of the Filipino people,
wishes to extend to President Musharraf
a warm welcome of friendship with
the hope that his visit will be fruitful
and beneficial for both countries: Now,
therefore, be it

**RESOLVED BY THE SENATE,
THE HOUSE OF REPRESENTATIVES
CONCURRING**, To invite His Excellency
General Pervez Musharraf, President of
the Islamic Republic of Pakistan to address
the Congress of the Philippines in a joint
session on the occasion of his visit to the
Philippines.

RESOLVED, FURTHER, That a copy
of this Resolution be transmitted to His
Excellency General Pervez Musharraf by a
committee composed of five (5) Members
of the Senate and five (5) Members of the
House of Representatives.

PIMENTEL AMENDMENT

On the title and wherever found in the resolution,
as proposed by Senator Pimentel and accepted
by the Sponsor, there being no objection, the word
"General" was deleted.

Senator Pimentel suggested that President
Musharaff should not be seated between the
Senate President and the Speaker of the House
when he addresses the Joint Session of Congress at
the Batasan. Senator Pangilinan agreed.

**ADOPTION OF SENATE
CONCURRENT RESOLUTION NO. 7**

Upon motion of Senator Pangilinan, there being no objection, Senate Concurrent Resolution No. 7 was adopted by the Body.

SUSPENSION OF SESSION

Upon motion Senator Pangilinan, the session was suspended.

It was 5:49 p.m.

RESUMPTION OF SESSION

At 5:49 p.m., the session was resumed.

**PROPOSED SENATE CONCURRENT
RESOLUTION NO. 8**

Upon motion of Senator Pangilinan, there being no objection, the Body considered Proposed Senate Concurrent Resolution No. 8, entitled

CONCURRENT RESOLUTION INVITING HIS EXCELLENCY HU JINTAO, PRESIDENT OF THE PEOPLE'S REPUBLIC OF CHINA TO ADDRESS THE CONGRESS OF THE REPUBLIC OF THE PHILIPPINES IN JOINT SESSION.

Secretary Yabes read the text of the resolution, to wit:

Whereas, His Excellency Hu Jintao, President of the People's Republic of China is visiting the Philippines on April 26 to 28, 2005;

Whereas, ties with China date back centuries ago, and the continued efforts of both countries have strengthened the level of political understanding and mutual trust between these two countries;

Whereas, the Philippines and the People's Republic of China are united in their commitment to promote peace, understanding and stability in the Asia-Pacific region and to undertake initiatives that will strengthen their cooperation in defense relations and counter-terrorism intelligence;

Whereas, the Philippines reaffirms its firm commitment to promote a stronger and more liberalized trade, to rejuvenate economic relations and to fully support the People's Republic of China more meaningful involvement with the Association of Southeast Asian Nations (ASEAN);

Whereas, the Congress of the Philippines, on behalf of the Filipino people, wishes to extend to President Hu Jintao a warm welcome of friendship with the hope that his visit be fruitful and beneficial for both countries: Now, therefore, be it

RESOLVED BY THE SENATE, THE HOUSE OF REPRESENTATIVES CONCURRING, To invite His Excellency Hu Jintao, President of the People's Republic of China to address the Congress of the Philippines in a joint session on the occasion of his visit to the Philippines.

RESOLVED, FURTHER, That a copy of this Resolution be transmitted to His Excellency Hu Jintao by a committee composed of five (5) Members of the Senate and five (5) Members of the House of Representatives.

**ADOPTION OF SENATE
CONCURRENT RESOLUTION NO. 8**

Upon motion of Senator Pangilinan, there being no objection, Senate Concurrent Resolution No. 8 was adopted by the Body.


SUSPENSION OF SESSION

Upon motion of Senator Pangilinan, the session was suspended.

It was 5:51 p.m.

RESUMPTION OF SESSION

At 5:52 p.m., the session was resumed


Senator Pangilinan informed the Body that Senator Ejercito Estrada (J) has requested that he be allowed to speak on a question of personal and collective privilege the following day. He said that the senators have agreed to convene at 2:30 p.m. the following day to hear the speech. 

ADJOURNMENT • OF SESSION

Upon motion of Senator Pangilinan, there being no objection, the Chair declared the session adjourned until two-thirty in the afternoon of the following day.

It was 5:52 p.m.

I hereby certify to the correctness of the foregoing.


OSCAR C. YABES
Secretary of the Senate
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Approved on March 16, 2005