

NINETEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)



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SENATE
P.S. Resolution No. 591

RECEIVED BY:

Introduced by **SENATOR IMEE R. MARCOS**

RESOLUTION
DIRECTING THE APPROPRIATE SENATE COMMITTEE TO CONDUCT AN
INQUIRY, IN AID OF LEGISLATION, INTO THE IMPACT AND EFFECTS OF
ARTIFICIAL INTELLIGENCE (AI) ON JOB DISPLACEMENT IN THE
BUSINESS PROCESS OUTSOURCING (BPO) AND ORIGINAL EQUIPMENT
MANUFACTURER (OEM) SECTOR

WHEREAS, Section 10, Article XIV of the 1987 Constitution recognizes that science and technology are essential for national development and progress. In this regard, the State shall give priority to research and development, invention, innovation, and their utilization, and to science and technology education, training, and services. It shall support indigenous, appropriate, and self-reliant scientific and technological capabilities, and their application to the country's productive systems and national life;

WHEREAS, Section 12, Article XIV of the said Constitution further provides that the State shall regulate the transfer and promote the adaptation of technology from all sources for the national benefit;

WHEREAS, artificial intelligence (AI) is defined as the simulation of human thought processes in a digital, computerized, or artificial model;

WHEREAS, the use of AI and other automation practices are starting to shift the way many industries and companies operate this year;

WHEREAS, in the United States of America, Speaker of the House Kevin McCarthy launched an effort to get members of the US Congress educated on AI, as the advancing technology enters more facets of everyday life;

WHEREAS, the Department of Information and Communications Technology (DICT) stated that the *“automation or the assignment of jobs and tasks to machines and computer-helmed systems will affect roughly 48% of employees in the Philippines – either by reducing the worker’s role or taking away a job completely”*;

WHEREAS, the 2019 Enterprise AI Adoption Study by KPMG revealed that many large enterprises are investing heavily in AI and their investments will increase approximately by 50% to 100% in the next three (3) years. In addition, a study by Deloitte found that *“over 50% of organizations are planning on incorporating the use of AI and automation technologies in 2023”*;

WHEREAS, in an online news article dated 15 March 2019, Inquirer reported that *“at least 1.1 million jobs in the Philippines will disappear by 2028 as rapid technological innovations force workers to adapt or go unemployed”* based on a comprehensive study released by technology giant Cisco and Oxford Economics. The study further noted that the Philippines’ major areas of displacement are jobs in agriculture (1.2 million), wholesale/retail (880,000) and manufacturing (380,000);

WHEREAS, with the accessibility and fast-paced development of AI and its applications, a number of companies, particularly the business process outsourcing (BPO) and original equipment manufacturers (OEMs), expressed their concerns about AI’s implications in the workforce;

WHEREAS, the BPOs are a major source of employment and revenue for the Philippines. In fact, BPOs employ an estimated 1.3 million Filipinos across 1,000 companies, making it one of the largest employers in the country. In addition, the IT and Business Process Association of the Philippines reported that the BPO sector generated \$29.5 billion in revenues in 2021, 10% higher than the \$26.7 billion it generated in 2020;

WHEREAS, on February 2023, CNBC revealed that Microsoft plans to release a software to help large companies create their own chatbots similar to ChatGPT. The said software solution would even allow customers to upload their own data and refine their chatbots’ voices;

WHEREAS, according to Gartner, Inc., conversational AI will reduce contact center agent labor costs by \$80 billion in 2026. The company further projects that one (1) in ten (10) agent interactions will be automated by 2026;

WHEREAS, in a 2021 study, the Asian Development Bank (ADB) found that automation in the IT-BPO sector will displace around 151,000 male workers and 135,000 female employees. Meanwhile, 97,000 women and 77,000 men will likely be

laid off in the electronics manufacturing industry. Thus, ADB recommended that the national government should improve its technical and vocational education to offset the expected loss of 24% of the jobs in the BPO and electronics manufacturing industries by 2030 due to increased automation;

WHEREAS, in an online news article dated 30 April 2023, Manila Times also stated that technological innovations “*disrupt businesses, causing job losses as the factors of production are diverted to sunrise and other thriving industries. The Philippines, in particular, should prepare for how AI might replace or compete with the services provided by BPOs*”;

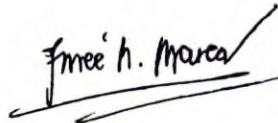
WHEREAS, there is an urgent need for the DICT, the Department of Trade and Industry (DTI) and other relevant government agencies to: (1) study the effects of AI; (2) review the national government’s plans to mitigate possible threats of AI to the BPO sector, OEMs and other industries; and (3) take measures that will help and support Filipino workers to keep pace with the rapid advancements in AI;

WHEREAS, there is a rapidly growing sentiment in the industry that BPO and OEM companies need to start investing in upskilling and/or training the employees to provide more specialized services that AI cannot replace;

WHEREAS, given the abovementioned circumstances, the provisions of our existing laws, rules, and regulations are inadequate to address new challenges brought about by the emerging advanced technologies, thus, there is a need to enact new laws to mitigate the adverse effects of these technologies on the labor force and to amend the Intellectual Property Code of the Philippines, Revised Penal Code, and the Cybercrime Prevention Act of 2012, among others, to address issues of special concern;

NOW, THEREFORE, BE IT RESOLVED AS IT IS HEREBY RESOLVED, directing the appropriate Senate committee to conduct an inquiry, in aid of legislation, into the impact and effects of Artificial Intelligence (AI) on job displacement in the Business Process Outsourcing (BPO) and Original Equipment Manufacturer (OEM) sector.

Adopted,


IMEE R. MARCOS