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

RECEIVED BY: _____



SENATE
P.S. Resolution No. 628

Introduced by **SENATOR IMEE R. MARCOS**

**RESOLUTION
DIRECTING THE APPROPRIATE SENATE COMMITTEE
TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, INTO THE
EFFORTS OF THE NATIONAL GOVERNMENT TO PROMOTE THE
DEVELOPMENT AND USE OF A BASKET OF CURRENCIES FOR
INTERNATIONAL TRADE**

WHEREAS, Section 9, Article II of the 1987 Constitution provides that, "the State shall develop a self-reliant and independent national economy effectively controlled by Filipinos";

WHEREAS, since July 1994, there has been what is called a dollar dominance when the Bretton Woods Agreement was negotiated wherein the nations of the world agreed to use the United States (US) dollar as the international currency backed by gold after World War 2;

WHEREAS, with the various global events such as the Russian-Ukraine War and the continuous increase of Federal Reserve rates to combat inflation, the Philippine Peso is losing its strength against the US Dollar, with the current exchange rates now above Php 55 per US dollar;

WHEREAS, one of the causes for high inflation in the Philippines is the strength of the US dollar, with the March 2023 inflation being recorded at 7.6%, after peaking at 8.7% in January 2023;

WHEREAS, the current inflation rate is still well above the traditional target band of 2-4% inflation;

WHEREAS, an ASEAN cross-border digital payment system cooperation agreement, which allows ASEAN states to use local currencies for trade, was established between Indonesia, Malaysia, Singapore, Thailand, and the Philippines in November 2022;

WHEREAS, during the official meeting of all Association of Southeast Asian Nations (ASEAN) Finance Ministers and Central Bank Governors last 23 March 2023, efforts were discussed to reduce the dependence on certain currencies such as the US Dollar, Euro, Yen, and the British Pound from financial transactions through settlements in local currencies by expanding existing Local Currency Settlement (LCS) schemes;

WHEREAS, the 15th Brazil, Russia, India, China and South Africa (BRICS) Summit will be held in South Africa on 2-3 June 2023, with expansion of membership being one of the primary concerns in the agenda, the BRICS nations, further, are also working on de-dollarization by promoting the use of local currencies in international trade, as well as, in proposing a new BRICS currency;

WHEREAS, the New Development Bank (NDB), established by the BRICS nations, is proposing at providing loans in local currencies of member nations;

WHEREAS, the NDB has already expanded its membership by accepting Bangladesh, Uruguay, the United Arab Emirates, and Egypt;

WHEREAS, there are reports of Canada and Mexico looking to accept BRICS currencies in settling financial obligations;

WHEREAS, Indonesia has been following the lead of the BRICS nations by implementing a local currency trade (LCT) system;

WHEREAS, Indonesia's LCT system has been implemented through agreements with Thailand, Malaysia, China, and Japan. Further, an agreement with Korea is being finalized;

WHEREAS, the Central Banks of Singapore, Malaysia, Thailand, Laos, Cambodia, and Myanmar are all also announcing efforts to reduce dollar usage by working with the People's Bank of China and the Beijing-based Cross-Border Interbank Payment System (CIPS);

WHEREAS, China and Saudi Arabia are already in talks to sell petroleum denominated in Yuan instead of US Dollars which is a vital development given that 80% of all petroleum transactions and 100% of Saudi Arabia's oil sales have been transacted in US dollars for the past years;

WHEREAS, given the abovementioned developments, an LCT between China and the Philippines is attractive given that the largest trading partner of the Philippines is the People's Republic of China, which accounts for 18.13% of the total trade of the

country for 2022, with the LCT resulting in a reduction in currency exchange costs and volatility;

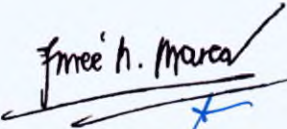
WHEREAS, participation in alternative payment system will promote and strengthen global economic and financial system while allowing the country pursue its right of self-determination in maximizing the well-being of Filipinos;

WHEREAS, it appears that many experts in the previous decades have already been signaling the warning on a decrease in reliance on US dollars due to unhampered printing and oversupply of the US currency;

WHEREAS, one of the world's leading newspapers, the Financial Times, acknowledged in an article in March 2023 that these historic developments are part of a transition to become a "multipolar currency world." The Chair of the Financial Times' editorial board and US editor-at-large, Gillian Tett, wrote that the US banking turmoil, inflation and looming debt ceiling battle is making dollar-based assets less attractive;

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 efforts of the national government to promote the development and use of a basket of currencies for international trade.

Adopted,


IMEE R. MARCOS