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SENATE
P. S. R. No. 676



Introduced by Senator Miriam Defensor Santiago

RESOLUTION
DIRECTING THE PROPER SENATE COMMITTEE TO CONDUCT AN
INQUIRY, IN AID OF LEGISLATION, ON INITIATING REFORMS TO LOWER
THE COST OF POWER RATES IN THE COUNTRY

WHEREAS, the Constitution, Article 2, Section 20 provides that: "The State recognizes the indispensable role of the private sector, encourages private enterprise, and provides incentives to needed investments";

WHEREAS, according to an article published in the Philippine Daily Inquirer last 10 January 2012, it is highly urged that the government initiate much-needed reforms to address the perennial problem of high power rates in the country;

WHEREAS, these strategic investments will allow the country to immediately seize upcoming business opportunities, particularly the full advantages that are expected to come with the Asean Free Trade (Afta) agreement;

WHEREAS, based on a paper entitled "Developments in Asean markets—Assessing the Risks and Opportunities," Anand Kumar identified the Philippines as one of the most promising emerging growth markets next to the giants of India and China; this opportunity may not be available in three to five years so the country needs to seize this chance;

WHEREAS, according to Anand, for the past 10 years, export powerhouses Japan and Korea have remained stagnant but the ones leading the growth in this side of the world are the other countries in the Asia-Pacific including member-nations of the Association of Southeast Asian Nations;

WHEREAS, this phenomenon is due to the combined exports of China, Indonesia, Malaysia, Vietnam, India, Australia, Singapore, Philippines, and Thailand that have exceeded the exports of Japan and Korea; China and India have the largest GDP in Asia while Indonesia ranks first among Asean ;

WHEREAS, with China ceasing to be attractive as a low-cost manufacturing hub for new foreign direct investments, other countries can vie for the post vacated by the "Awakened Dragon";

WHEREAS, India and Indonesia's double digit median household income growth eliminate them from the list of alternate low-cost countries; Vietnam, meanwhile, is plagued with problems of high inflation coupled with significant currency devaluation;

WHEREAS, this means other Asean countries, including the Philippines, can take advantage of this niche but potential investors must be wary of negative factors such as

poorly executed governance and contracts as well as simply pursuing an ineffective mode of entry into the market;

WHEREAS, having emerged as a low-cost country in terms of wages, plus its proximity to the demand centers in Asia (China, India and Indonesia), the Philippines can be the next investment hub;

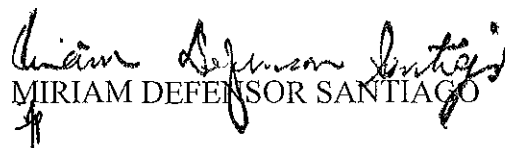
WHEREAS, it is notable that there is a significant variance between developed economies' average hourly wages against the Philippines' wages;

WHEREAS, apart from wages, the Philippines also has an inherent advantage in cultural factors—the accent and general amiability of the locals are certainly attracting more investors to the country, and this is best evidenced in the establishment of more business process outsourcing companies in the country;

WHEREAS, it is imperative for the Philippine government to address its steep electricity rates and come up with more incentives for companies to set up manufacturing hubs so that it will become the next favored destination in the Asean region;

WHEREFORE, be it hereby resolved by the Philippine Senate, to direct the proper Senate Committee to conduct an inquiry, in aid of legislation, on initiating reforms to lower the costs of power rates in the country.

Adopted,


MIRIAM DEFENSOR SANTIAGO

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