


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

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SENATE

RECEIVED BY: 

PSR No. 55

Introduced by Senator Loren Legarda

**A RESOLUTION**

**DIRECTING THE APPROPRIATE SENATE COMMITTEES TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, INTO THE EFFECTS TO THE PHILIPPINE ECONOMY OF THE SURGE OF THE PHILIPPINE PESO AGAINST THE US DOLLARS, WITH THE END IN VIEW OF INTRODUCING REMEDIAL MEASURES TO ASSIST THE EXPORT INDUSTRY AND OVERSEAS FILIPINO WORKERS FROM PHILIPPINE CURRENCY VOLATILITY**

*WHEREAS*, the peso yesterday opened stronger at P45.35 and reached its intraday high of P45.25 before settling at P45.34, averaging at 27 centavos stronger than July 30's P45.611;

*WHEREAS*, the National Government's debt declined by P81 billion as of end-May 2007 from the end-April levels due largely to the appreciation of the peso and other currencies against the dollar. Total outstanding debt decreased by 2.1% to P3.819 trillion. Of this, P1.671 trillion or 44% is owed to foreign creditors while P2.148 trillion or 56% is owed to domestic lenders;

*WHEREAS*, estimates from the Department of Finance showed that for every peso appreciation, the government saves P4.2 billion in debt payments and another P5.1 billion for every percentage point decline in interest rates;

*WHEREAS*, in the 01 August 2007 issue of *Businessworld*, an article entitled "Victims of peso appreciation plan concerted appeal to government" claim that industry leaders from exporters, business process outsourcers and representatives from the overseas Filipino workers earning revenues in dollars and paying for costs in the local currency have appealed for government action into the strengthening of the peso against the US dollar;

*WHEREAS*, according to said article, there was a consensus that the local business sector lost and the government benefited when the peso gained by at least 19% in the past three months. Exporters become less competitive when the peso strengthens because the dollar payments they receive from clients abroad are exchanged for a lower peso equivalent;

*WHEREAS*, Philippine Exporters Confederation (Philexport) President Sergio Ortiz-Luis, Jr. was quoted as saying that the peso's appreciation is tantamount to indirect taxation where there is a massive transfer of funds from the people to government, saying that the government is saving money at their expense. Likewise,

Philippine Association of Recruitment Agencies Deploying Artists (PARADA) maintain that overseas workers working as domestic helpers who earn at least \$200 a month have lost at least P2,000 between May to July, which in the countryside means a lot;

*WHEREAS*, there have been proposals to reconcile the interests of the national government and the industry earning revenues in dollars while paying for costs in pesos. These include the government increasing its money reserves, government borrowing from local institutions, pay more international debts and the institutionalization of a trigger mechanism where the costs of power and electricity come down when the peso appreciates, among others;

*WHEREAS*, while a strong peso benefits the economy, there is also a need to look into the legitimate concerns on the effects of the surging peso to the over-all performance of the financial market;

*WHEREAS*, as the main contributors in the growth and development of the economy, the exporters and the overseas Filipino workers deserve to be heard. Thus, the government should direct its efforts towards helping these sectors cope with the pesos' volatility and remain competitive in the global market, instead of just leaving the local currency rates' fate to market forces;

*WHEREAS*, it is incumbent upon Congress to introduce remedial measures to ensure that appropriate mechanisms and policies are in place to enable all sectors to contribute to the growth and development of the economy;

*NOW BE IT RESOLVED, AS IT IS HEREBY RESOLVED*, to direct the appropriate Senate Committees to conduct an inquiry, in aid of legislation, into the effects to the Philippine economy on the surge of the Philippine peso against the US dollars, with the end in view of introducing remedial measures to assist the export industry and Overseas Filipino Workers from Philippine currency volatility.

Adopted,

  
**LOREN LEGARDA**  
Senator