

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

7 AUG 21 AM 11:48

RECEIVED BY



SENATE
P. S. R. No. 79

Introduced by Senator Miriam Defensor Santiago

RESOLUTION

DIRECTING THE PROPER SENATE COMMITTEE TO CONDUCT AN INQUIRY,
IN AID OF LEGISLATION, ON THE DECLINING COMPARATIVE ADVANTAGE
OF THE PHILIPPINES IN ATTRACTING FOREIGN INVESTMENTS

WHEREAS, the Constitution, Article 2, Section 9 provides that, "The State shall promote a just and dynamic social order that will ensure the prosperity and independence of the nation and free the people from poverty through policies that provide adequate social services, promote full employment, a rising standard of living, and an improved quality of life for all";

WHEREAS, in a 9 August 2007 article in the *Philippine Daily Inquirer*, the US Department of State's Bureau of Economic and Business Affairs released a report entitled "2007 Investment Climate Statement – The Philippines"; the report provided a thorough description of the overseas environment in which US investors must operate;

WHEREAS, according to the report, foreign investors' interest in the Philippines is declining due to high levels of corruption, futile efforts to reform the judicial system, weak but improving protection of intellectual property rights, slow pace of energy sector privatization, need for further fiscal reforms to boost depressed spending levels for infrastructure and social services, and political uncertainties;

WHEREAS, the report mentioned further that regulatory inconsistency and lack of transparency persisted in many sectors while the regulatory authority remained weak or ambiguous;

WHEREAS, the Philippine government has not adequately addressed other key issues like inadequate public infrastructure and potential electric power shortfalls;

WHEREAS, the report further pointed out that trade infrastructure, including Bureau of Customs operations, inter-island shipping and port facilities outside of Manila, urgently needs attention; infrastructure spending reportedly remained subject to corrupt practices in allocation, procurement, contracting, and implementation, with a significant portion of the budget wasted;

WHEREAS, due to persistent fiscal constraints stemming from the country's high level of debt and chronic tax leakage, the country has consistently under-invested in infrastructure important to both domestic and foreign investors, such as roads and railroads, utilities, healthcare and education;

WHEREAS, according to foreign investors, other areas of concern include the relatively high energy costs in the Philippines and the potential for power shortages in the middle of the year;

WHEREAS, the report also lauded the Philippines for taking economic challenges seriously, recognizing the government's effort in liberalizing the power sector through the sale of assets, and is supporting alternative energy sources to reduce dependence on imported fuels;

WHEREFORE, be it resolved, as it is hereby resolved by the Philippine Senate, to conduct an inquiry, in aid of legislation, on the declining comparative advantage of the Philippines in attracting foreign investments.

Adopted,


MIRIAM DEFENSOR SANTIAGO

/dpm