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CALL TO ORDER

At 3:00 p.m., Deputy Speaker Vilma Santos-Recto called the session to order.

THE DEPUTY SPEAKER (Rep. Santos-Recto).
The session is now called to order.

THE DEPUTY SPEAKER (Rep. Santos-Recto).
Please rise for the Invocation to be delivered by
Hon. Lianda B. Bolilia of the Fourth District of
Batangas.

Everybody rose for the Invocation.

INVOCATION

REP. BOLILIA. Let us all put ourselves in the
presence of the Lord.

*Heavenly Father, we stand before You in this sacred
and august Hall to ask for your blessing upon the
Members of this House, the leaders of our country and
the citizens of this great nation.*

*Almighty God, thank you for today and for the
opportunity to serve the people that you love. You have
entrusted us to be stewards of your creation.*

*As we gather this afternoon, we ask that you lead
and guide us. Enlighten our hearts and minds and
help us to make decisions that will be pleasing to You.
Help us to listen and to fully understand the things to
be discussed so that we will find a common ground
upon which we can agree and come up with lasting
solutions.*

*Lord God, Counselor of all, may our eyes not be
blind to see the truth and obedience to Your will. May
You shower us with the courage to do what is right
no matter how difficult or unpopular. Give us Your
grace that we may effectively do our part as public
servants.*

*Bless our plans and programs for the common
good and for Your greater glory. Bless our only beloved
homeland, the Philippines.*

*All these we ask in Your glory and praise.
Amen.*

NATIONAL ANTHEM

THE DEPUTY SPEAKER (Rep. Recto-Santos).
Kindly remain standing for the singing of the Philippine
National Anthem.

*Everybody remained standing for the singing of the
Philippine National Anthem.*

THE DEPUTY SPEAKER (Rep. Santos-Recto).
The Majority Leader is recognized.

REP. COLLANTES. Mme. Speaker, I move to
defer with the calling of the roll.

THE DEPUTY SPEAKER (Rep. Santos-Recto). Is
there any objection? (*Silence*) The Chair hears none;
the motion is approved.

The Majority Leader is recognized.

REP. COLLANTES. Mme. Speaker, I move for
the deferment of the approval of the Journal.
I so move.

THE DEPUTY SPEAKER (Rep. Santos-Recto). Is
there any objection? (*Silence*) The Chair hears none;
the motion is approved.

The Majority Leader is recognized.

REP. COLLANTES. Mme. Speaker, I move that
we proceed to the Reference of Business.

THE DEPUTY SPEAKER (Rep. Santos-Recto). Is
there any objection? (*Silence*) The Chair hears none;
the motion is approved.

The Secretary General will please read the
Reference of Business.

REFERENCE OF BUSINESS

*The Secretary General read the following House
Bills and Resolutions on First Reading and Committee
Report, and the Deputy Speaker made the corresponding
references:*

BILLS ON FIRST READING

House Bill No. 5556, entitled:

“AN ACT PROVIDING FOR THE REMEDY OF FILING A PETITION FOR CERTIORARI TO THE SUPREME COURT TO REVIEW THE DECISIONS OF THE NATIONAL LABOR RELATIONS COMMISSION (NLRC), AMENDING FOR THE PURPOSE ARTICLES 223 AND 224 OF PRESIDENTIAL DECREE NO. 442, AS AMENDED, OTHERWISE KNOWN AS THE ‘LABOR CODE OF THE PHILIPPINES’ ”

By Representative Nograles (Jericho)
TO THE COMMITTEE ON LABOR AND EMPLOYMENT

House Bill No. 5557, entitled:

“AN ACT INTEGRATING THE TEACHING OF ROAD SAFETY EDUCATION AS PART OF THE CURRICULUM OF THE K+12 PROGRAM, AND FOR OTHER PURPOSES”

By Representative Babasa
TO THE COMMITTEE ON BASIC EDUCATION AND CULTURE

House Bill No. 5558, entitled:

“AN ACT DECLARING THE CITY OF PAGADIAN IN THE PROVINCE OF ZAMBOANGA DEL SUR AS THE REGIONAL CENTER OF REGION IX - ZAMBOANGA PENINSULA REGION”

By Representative Babasa
TO THE COMMITTEE ON LOCAL GOVERNMENT

House Bill No. 5559, entitled:

“AN ACT CREATING AN ADDITIONAL REGIONAL TRIAL COURT BRANCH IN THE PROVINCE OF ZAMBOANGA DEL SUR TO BE STATIONED IN THE MUNICIPALITY OF SAN MIGUEL, FURTHER AMENDING FOR THE PURPOSE SECTION 14 PARAGRAPH (j) OF BATAS PAMBANSABLG. 129, OTHERWISE KNOWN AS ‘THE JUDICIARY REORGANIZATION ACT OF 1980’, AS AMENDED, AND APPROPRIATING FUNDS THEREFOR”

By Representative Babasa
TO THE COMMITTEE ON JUSTICE

House Bill No. 5560, entitled:

“AN ACT REAPPORTIONING THE FIRST LEGISLATIVE DISTRICT AND SANGGUNIANG PANGLUNGSOD SEATS OF THE CITY OF CALOOCAN”

By Representative Malapitan
TO THE COMMITTEE ON LOCAL GOVERNMENT

House Bill No. 5561, entitled:

“AN ACT REGULATING THE PACKAGING, USE, SALE, DISTRIBUTION AND ADVERTISEMENTS OF TOBACCO PRODUCTS, ELECTRONIC NICOTINE DELIVERY SYSTEMS, ELECTRONIC NON-NICOTINE DELIVERY SYSTEMS, APPROPRIATING FUNDS THEREFOR, AND FOR OTHER PURPOSES”

By Representative Alonte
TO THE COMMITTEE ON TRADE AND INDUSTRY AND THE COMMITTEE ON HEALTH

House Bill No. 5562, entitled:

“AN ACT RATIONALIZING THE ADMINISTRATION OF ALL PUBLIC BASIC EDUCATION SCHOOLS NATIONWIDE, PROVIDING FOR TRANSPARENCY MECHANISMS, APPROPRIATING FUNDS THEREFOR, AND FOR OTHER PURPOSES”

By Representative Alonte
TO THE COMMITTEE ON BASIC EDUCATION AND CULTURE

House Bill No. 5563, entitled:

“AN ACT REORGANIZING THE COMELEC OFFICES”

By Representative Bagatsing
TO THE COMMITTEE ON SUFFRAGE AND ELECTORAL REFORMS

House Bill No. 5564, entitled:

“AN ACT CREATING A MANDATORY FREE SOUP KITCHEN ALLOCATING 3% OF THE INTERNAL REVENUE ALLOTMENT FOR EVERY IMPOVERISHED BARANGAY IN THE CITY OR MUNICIPALITY AND FOR OTHER PURPOSES”

By Representative Bagatsing
TO THE COMMITTEE ON LOCAL GOVERNMENT

House Bill No. 5565, entitled:

“AN ACT UPGRADING THE SERVICE CAPACITY OF THE HOSPITAL NG PARAÑAQUE IN THE CITY OF PARAÑAQUE, METRO MANILA FROM FIRST LEVEL TO SECOND LEVEL COMMUNITY HOSPITAL AND APPROPRIATING FUNDS THEREFOR”

By Representative Olivarez
TO THE COMMITTEE ON HEALTH

House Bill No. 5566, entitled:

“AN ACT TO ENSURE PUBLIC ACCESS TO OFFICIAL RECORDS, DOCUMENTS AND ANY OTHER INFORMATION OF PUBLIC CONCERN”

By Representatives Zarate, Gaité, Cullamat, Castro (France), Brosas and Elago
TO THE COMMITTEE ON PUBLIC INFORMATION

House Bill No. 5567, entitled:

“AN ACT AMENDING SECTION 5 OF REPUBLIC ACT NO. 8498 OR THE PHILIPPINE SCIENCE HIGH SCHOOL (PSHS) SYSTEM ACT OF 1997 IN ORDER TO ALLOW FOR THE ESTABLISHMENT OF MORE THAN ONE PSHS CAMPUSES WITHIN A REGION”

By Representative Flores
TO THE COMMITTEE ON SCIENCE AND TECHNOLOGY

House Bill No. 5569, entitled:

“AN ACT AMENDING SECTION 5, PARAGRAPH 3 OF REPUBLIC ACT NO. 9225 OTHERWISE KNOWN AS THE ‘CITIZENSHIP RETENTION AND REACQUISITION ACT OF 2003’ ”

By Representative Garcia (Pablo John)
TO THE COMMITTEE ON JUSTICE

House Bill No. 5570, entitled:

“AN ACT AUGMENTING THE EMPLOYEE BENEFITS FOR THE SOLICITORS OF THE OFFICE OF THE SOLICITOR GENERAL BY PROVIDING RETIREMENT, DEATH AND SURVIVORSHIP BENEFITS, AND APPROPRIATING FUNDS THEREFOR”

By Representative Revilla
TO THE COMMITTEE ON CIVIL SERVICE AND PROFESSIONAL REGULATION

House Bill No. 5571, entitled:

“AN ACT ESTABLISHING THE NUEVA ECIJA UNIVERSITY OF SCIENCE AND TECHNOLOGY (NEUST) ACADEMIC EXTENSION CAMPUS IN THE MUNICIPALITY OF STO. DOMINGO, PROVINCE OF NUEVA ECIJA AND APPROPRIATING FUNDS THEREFOR”

By Representative Suansing (Estrellita)
TO THE COMMITTEE ON HIGHER AND TECHNICAL EDUCATION

House Bill No. 5572, entitled:

“AN ACT EXEMPTING FROM THE INCOME REQUIREMENT THE CAPITAL TOWN OF A PROVINCE WITHOUT A CITY, AMENDING FOR THE PURPOSE SECTION 450 OF REPUBLIC ACT NO. 7160, AS AMENDED, OTHERWISE KNOWN AS THE LOCAL GOVERNMENT CODE OF 1991”

By Representative Hofer
TO THE COMMITTEE ON LOCAL GOVERNMENT

House Bill No. 5573, entitled:

“AN ACT PROVIDING FOR ADDITIONAL SUPPORT AND COMPENSATION FOR EDUCATORS IN BASIC EDUCATION”

By Representative Sy-Alvarado
TO THE COMMITTEE ON APPROPRIATIONS

House Bill No. 5574, entitled:

“AN ACT CONVERTING THE PROVINCIAL ROADS FROM THE NATIONAL HIGHWAY TO BARANGAY POBLACION, NAMELY: LAPU-LAPU, OSMENA, MALVAR, ESTRELLA, MAGSAYSAY, QUIRINO, MANGA, DALANDAN AND G.P. CRUZ STREETS, ALL IN THE MUNICIPALITY OF NARRA, PROVINCE OF PALAWAN, INTO NATIONAL ROADS AND APPROPRIATING FUNDS THEREFOR”

By Representative Abueg-Zaldivar
TO THE COMMITTEE ON PUBLIC WORKS AND HIGHWAYS

House Bill No. 5575, entitled:

“AN ACT CONVERTING THE TWO-KILOMETER (2-KM.) PROVINCIAL ROAD FROM SITIO TAPSAN TO SITIO ROLLING OF BARANGAY PANITIAN, MUNICIPALITY OF QUEZON, PROVINCE OF PALAWAN, INTO A NATIONAL ROAD AND APPROPRIATING FUNDS THEREFOR”

By Representative Abueg-Zaldivar
TO THE COMMITTEE ON PUBLIC WORKS AND HIGHWAYS

House Bill No. 5576, entitled:

“AN ACT CONVERTING THE PROVINCIAL ROAD FROM THE NATIONAL HIGHWAY TO BARANGAY BAGONG SIKAT CENTER, MUNICIPALITY OF NARRA, PROVINCE OF PALAWAN, INTO A NATIONAL ROAD AND APPROPRIATING FUNDS THEREFOR”

By Representative Abueg-Zaldivar
TO THE COMMITTEE ON PUBLIC WORKS AND HIGHWAYS

House Bill No. 5577, entitled:

“AN ACT CONVERTING THE PROVINCIAL ROAD FROM BARANGAY ESTRELLA VILLAGE PUBLIC MARKET TO ESTRELLA VILLAGE NATIONAL HIGH SCHOOL, MUNICIPALITY OF NARRA, PROVINCE OF PALAWAN, INTO A NATIONAL ROAD AND APPROPRIATING FUNDS THEREFOR”

By Representative Abueg-Zaldivar
TO THE COMMITTEE ON PUBLIC WORKS AND HIGHWAYS

House Bill No. 5578, entitled:

“AN ACT CONVERTING THE FIVE-KILOMETER (5 KM.) PROVINCIAL ROAD FROM THE NATIONAL HIGHWAY, KNOWN AS CONTRERAS STREET, PASSING THROUGH SITIO RACUB LEADING TO SITIO BUKID-BUKID IN BARANGAY RIO TUBA, MUNICIPALITY OF BATARAZA, PROVINCE OF PALAWAN, INTO A NATIONAL ROAD AND APPROPRIATING FUNDS THEREFOR”

By Representative Abueg-Zaldivar
TO THE COMMITTEE ON PUBLIC WORKS AND HIGHWAYS

House Bill No. 5581, entitled:

“AN ACT CODIFYING THE ALTERNATIVE CHILD CARE LAWS AND PROVIDING FUNDS THEREFOR”

By Representatives Romualdez (Yedda) and Romualdez (Ferdinand)
TO THE COMMITTEE ON WELFARE OF CHILDREN

House Bill No. 5582, entitled:

“AN ACT GRANTING CIVIL SERVICE ELIGIBILITY TO GOVERNMENT-PAID PERSONNEL WHO HAVE RENDERED AT LEAST TWELVE CONSECUTIVE YEARS OF EFFICIENT SERVICE UNDER TEMPORARY STATUS”

By Representative Almario
TO THE COMMITTEE ON CIVIL SERVICE AND PROFESSIONAL REGULATION

RESOLUTIONS

House Resolution No. 541, entitled:

“A RESOLUTION TO CORRECT THE CLERICAL ERROR ON THE RESOLUTION ENTITLED: A RESOLUTION APPEALING TO THE GOVERNMENT AND PRIVATE SECTOR TO IMPLEMENT ON AN EXPERIMENTAL BASIS, THE PROPOSAL OF A ‘FOUR-DAY WORK WEEK’”

By Representative Barzaga

TO THE COMMITTEE ON CIVIL SERVICE AND PROFESSIONAL REGULATION AND THE COMMITTEE ON LABOR AND EMPLOYMENT

House Resolution No. 542, entitled:

“RESOLUTION DIRECTING THE COMMITTEE ON INFORMATION AND COMMUNICATIONS TECHNOLOGY AND COMMITTEE ON BANKS AND FINANCIAL INTERMEDIARIES, AND OTHER APPROPRIATE COMMITTEES TO CONDUCT AN INVESTIGATION, IN AID OF LEGISLATION, ON THE SUPPOSED VIOLATIONS OF ONLINE LENDING INSTITUTIONS ON THE PROVISIONS OF REPUBLIC ACT NO. 10173, ALSO KNOWN AS THE DATA PRIVACY ACT OF 2012”

By Representatives Pineda and Romero
TO THE COMMITTEE ON RULES

House Resolution No. 543, entitled:

“A RESOLUTION EXPRESSING THE PROFOUND SYMPATHY AND CONDOLENCES OF THE HOUSE OF REPRESENTATIVES OF THE PHILIPPINES ON THE DEATH OF MR. JOHN L. GOKONGWEI, JR., A HIGHLY RESPECTED BUSINESS LEADER AND WELL-LOVED PHILANTHROPIST”

By Representative Lagon
TO THE COMMITTEE ON RULES

House Resolution No. 544, entitled:

“A RESOLUTION EXPRESSING PROFOUND CONDOLENCES OF THE HOUSE OF REPRESENTATIVES ON THE DEMISE OF JOHN LIM GOKONGWEI JR.”

By Representative Olivarez
TO THE COMMITTEE ON RULES

House Resolution No. 545, entitled:

“A RESOLUTION STRONGLY URGING THE PHILIPPINE CONGRESS TO APPROPRIATE FUNDS TO AVERT THE WORSENING CRISIS IN THE RICE INDUSTRY AND AMELIORATE THE SUFFERINGS OF OUR FARMERS DUE TO UNIMPEDED IMPORTATION OF RICE”

By Representative Cabatbat
TO THE COMMITTEE ON APPROPRIATIONS

House Resolution No. 546, entitled:

“A RESOLUTION DIRECTING THE COMMITTEE ON AGRICULTURE AND

FOOD TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, ON THE STATUS OF THE NATIONAL IRRIGATION ADMINISTRATION'S IRRIGATION PROJECTS THROUGHOUT THE COUNTRY AND ITS ABILITY TO EFFECTIVELY ADDRESS THE IRRIGATION NEEDS OF THE AGRICULTURE SECTOR”

By Representative Enverga
TO THE COMMITTEE ON RULES

COMMITTEE REPORT

Report of the Committee on Poverty Alleviation (Committee Report No. 91), re H.R. No. 551, entitled:

“RESOLUTION URGING THE DEPARTMENT OF SOCIAL WELFARE AND DEVELOPMENT (DSWD) TO ADDRESS SALIENT CONSIDERATIONS IN FURTHERANCE OF THE LEGISLATIVE INTENT AND SPIRIT OF THE LAW IN THE PROMULGATION OF THE IMPLEMENTING RULES AND REGULATIONS (IRR) OF REPUBLIC ACT NO. 11310, ALSO KNOWN AS THE ‘PANTAWID PAMILYANG PILIPINO PROGRAM (4Ps) ACT’ ”

recommending its adoption in substitution of House Resolution No. 402

Sponsor: Representative Malapitan
TO THE COMMITTEE ON RULES

THE DEPUTY SPEAKER (Rep. Santos-Recto).
The Majority Leader is recognized.

REP. COLLANTES. Mme. Speaker, I move that we acknowledge the presence of the guests of AN WARAY Party-List Representative, Hon. Florencio G. Noel: the Masters in Management students of Leyte Normal University Graduate School.

THE DEPUTY SPEAKER (Rep. Santos-Recto).
The visitors of AN WARAY Party-List, kindly rise. We would like to welcome you to the House of Representatives. *(Applause)* Enjoy your stay.

The Majority Leader is recognized.

SUSPENSION OF SESSION

REP. COLLANTES. Mme. Speaker, I move to suspend the session.

THE DEPUTY SPEAKER (Rep. Santos-Recto).
The session is suspended.

It was 3:12 p.m.

RESUMPTION OF SESSION

At 3:25 p.m., the session was resumed with Deputy Speaker Mujiv S. Hataman presiding.

THE DEPUTY SPEAKER (Rep. Hataman). The session is resumed.

The Majority Leader is recognized.

REP. COLLANTES. Mr. Speaker, I move that we acknowledge the presence of the guests of Rep. Rozzano Rufino B. Biazon from the Lone District of Muntinlupa. They are Joehannah Lumaban from Bayanan Elementary School; Rohn Nathaniel Pacoma, Sucat Elementary School Annex; Danielle Reign Cruz, Maria Ferrari School; Rona Joy Tamondong, Muntinlupa National High School Main; Christopher Collado, Yasdo staff; Annabelle Buena, Yasdo staff; Annie Pesito, Coordinator; Maricel Merabuena, Coordinator; Rosemarie Taopo, Coordinator; and Joseph Opro, Coordinator.

THE DEPUTY SPEAKER (Rep. Hataman). The guests of Hon. Ruffy Biazon, please rise. Welcome to the House of Representatives. *(Applause)*

The Majority Leader is recognized.

REP. COLLANTES. Mr. Speaker, likewise, I move that we also acknowledge the presence of the guests of Hon. David “Jay-Jay” C. Suarez, namely, the barangay health workers of the Second District of Quezon Province headed by Jahmel Mora, Provincial President of the Barangay Health Workers of Quezon Province.

THE DEPUTY SPEAKER (Rep. Hataman). The guests of Hon. David “Jay-Jay” Suarez, please rise. Welcome to the House of Representatives. *(Applause)*

The Majority Leader is recognized.

CONSIDERATION OF H.B. NO. 78

Continuation

PERIOD OF SPONSORSHIP AND DEBATE

REP. COLLANTES. Mr. Speaker, under the Calendar of Business for the Day, I move that we resume the consideration of House Bill No. 78, under Committee Report No. 5, and request the Secretary General to be directed to read the title of the Bill or the measure.

I so move.

THE DEPUTY SPEAKER (Rep. Hataman). Is there any objection? *(Silence)* The Chair hears none; the motion is approved.

The Secretary General is directed to read only the title of the measure.

THE SECRETARY GENERAL. House Bill No. 78, entitled: ANACTPROVIDINGFOR THE DEFINITION OF PUBLIC UTILITY, FURTHER AMENDING FOR THE PURPOSE COMMONWEALTH ACT NO. 146, OTHERWISE KNOWN AS THE “PUBLIC SERVICE ACT”, AS AMENDED.

THE DEPUTY SPEAKER (Rep. Hataman). The Majority Leader is recognized.

REP. COLLANTES. The status of the Bill is that we are in the period of sponsorship and debate. I move to recognize Rep. Sharon S. Garin as the Sponsor of the Bill.

I so move, Mr. Speaker.

THE DEPUTY SPEAKER (Rep. Hataman). Rep. Sharon S. Garin is hereby recognized.

REP. GARIN (S.). Thank you, Mr. Speaker.

REP. COLLANTES. Mr. Speaker.

THE DEPUTY SPEAKER (Rep. Hataman). The Majority Leader is recognized.

REP. COLLANTES. Mr. Speaker, may we recognize Hon. David C. Suarez for his interpellation. I so move.

THE DEPUTY SPEAKER (Rep. Hataman). Hon. Jay-Jay Suarez is hereby recognized for his interpellation.

REP. SUAREZ (D.). Thank you very much, Mr. Speaker. Mr. Speaker, will the good Sponsor of the said Bill yield to a few clarificatory questions regarding the proposed measure?

REP. GARIN (S.). Yes, Mr. Speaker.

REP. SUAREZ (D.). Mr. Speaker, for the past few weeks and months, we have tackled this Bill vigorously, with a lot of comments coming from our distinguished colleagues in the House. This Representation would like to be clarified on a few issues that the Bill tackles, specifically the issue of public utilities and public service.

Would the good Sponsor please enlighten me as to the difference between public service and public utility?

REP. GARIN (S.). Mr. Speaker, public service has

a broader classification than public utility. All public utilities are public services, so, public services can actually cover transportation, telecommunications and historically, it even included ice storage, warehouses. Public utility, on the significance of the terminology, I would say it is more the significance of our constitutional provision which states that public utilities are limited to a 60-40 equity requirement in relation to foreign ownership, Mr. Speaker.

REP. SUAREZ (D.). It is therefore, Mr. Speaker, the objective of the Bill to redefine and give specific characteristics on what utilities are under public service. Is that correct, Mme. Sponsor?

REP. GARIN (S.). Mr. Speaker, in a way, it is not a redefinition of a certain concept but the clarification of definition because there have been different takes on its jurisprudence as well as from other sources, whether domestically or internationally. The term “public utility” in some occasions have been interchanged with public service and in some occasions; the definition of public utility has been different, depending on the generation as well as the source of the decisions.

So, just to be clear on it, the proponents of this Bill have set certain guidelines by which we define “public utility” as far as our legislative body is concerned, as far as our laws and the Constitution are concerned, Mr. Speaker.

REP. SUAREZ (D.). Kung sa ganoon, mahal na Tagapangulo, ano ngayon ang mapapabilang sa ilalim ng public utility sa isinusulong na batas?

REP. GARIN (S.). Mr. Speaker, the amendment proposed under the current Bill is actually not merely a list, but it is a definition of what a public utility is. It basically requires that there is a public service and if it meets all the four criteria, then it is classified as public utility. Hence, we define it as: number one, a person that regularly supplies, transmits and distributes to the public through a network a commodity or service of public consequence; two, that the commodity or service is a natural monopoly; three, that it is necessary for the maintenance of life and occupation; and lastly, that it is obligated to provide adequate service. Based on this definition, we have a list and what is definite are the four utilities that we have identified which are distribution of electricity, transmission of electricity, water pipeline distribution system and sewerage pipeline system, Mr. Speaker.

REP. SUAREZ (D.). Let me run through that again, Mr. Speaker. So, electricity transmission, electricity distribution and water distribution and sewerage systems.

REP. GARIN (S.). Correct, Mr. Speaker.

REP. SUAREZ (D.). So, everything else outside that will fall under public utility. Am I correct?

REP. GARIN (S.). If it falls, Mr. Speaker, under the definition, then, Congress can legislate and identify it as a public utility. It is not a closed list, Mr. Speaker. It is open to further additions or subtractions, let us say, in case the situation changes as the list is not closed. What is definite here is the definition of “public utility”, Mr. Speaker.

REP. SUAREZ (D.). In more specific terms, Mr. Speaker, so, telecom, transportation, port services, these will fall under public utilities?

REP. GARIN (S.). These four identified, no, Mr. Speaker, and based on the definition, they would not be considered public utilities. Public service, yes, but public utilities, no.

REP. SUAREZ (D.). So, under the Public Service Act, as regards what is being proposed, it is therefore possible that, if passed into law, 100-percent foreign ownership of these public services would be allowed?

REP. GARIN (S.). Yes, Mr. Speaker.

REP. SUAREZ (D.). Mr. Speaker, 100-percent foreign ownership of these public services—telecom, transportation and port services—but these touch on national security matters. For example, telecom, kung ang telecom natin po ay hahayaan natin ang mga dayuhan ang magpatakbo nito, paano po natin matitiyak na ang mga classified information na pinag-uusapan ng iba’t ibang mga ahensiya, ng ating military, ng ating gobyerno, ay secure at hindi napapakinggan ng kung sino man dito sa ating bansa?

REP. GARIN (S.). Mr. Speaker, if the concern is national security, then, let us flip the coin, what services are we giving to our fellow Filipinos? In terms of telecommunications, and I think everybody is a witness to this, telecommunication services in the Philippines is poor compared to other countries. We need to improve this and one way, although this is not the only solution to the problem, it is possible that the proposal to open up telecommunications to foreign investments would improve services and lower the costs and the major beneficiaries of that would be each and every Filipino.

Mr. Speaker, I understand the concerns of the good interpellator on national security and hence, in the Bill we are proposing there is a further amendment and we propose to add another section, I will read it for the consumption of the good interpellator:

In the interest of national security, the President after review, evaluation and recommendation of the relevant government department or administrative agency, may suspend or prohibit any proposed merger or acquisition, transaction or any investment in a public service that effectively results in the grant of control whether direct or indirect to a foreigner or a foreign corporation.

If there is a proposed merger or entry of any foreign investor that would give them control over telecommunications and transportation and there is a clear threat to our national security, then the President can validly intervene, suspend or prohibit said transaction. So, there is still a way to secure this in case there is an impending threat to our national security, Mr. Speaker.

REP. SUAREZ (D.). Mr. Speaker, again, the good Sponsor mentioned two vital topics: number one, improving service; and number two, national security. Again, on national security, the good Sponsor mentioned that the President has the authority to determine if national security so requires that he or she will intervene. But should we not, as Congressmen who pass the laws, ensure that national security is intact and protected even prior to the intervention of the President, Mr. Speaker?

REP. GARIN (S.). Mr. Speaker, I agree but the President also has the authority and the discretion. In fact, our Constitution empowers the President to intervene in such transactions in some cases of national emergency, Mr. Speaker. So, it is not unusual to empower the President. Of course, as legislators, Congress also has the power to intervene in any transaction that involves national security, Mr. Speaker.

REP. SUAREZ (D.). Mr. Speaker, kung ganoon ay hindi siguro masama na ipanukala na patatagin na muna natin ang seguridad ng ating bansa bago natin pag-usapan ang kung ano-ano pang mga bagay na maaaring maging ikatakot o ipangamba ng ating mga kababayan tungkol sa isyu ng seguridad ng ating bansa. Hindi po kaya pabor ang ating mga mahal na Sponsor sa pakiusap na ito?

What I am trying to say, Mr. Speaker is, is it not necessary that we put in first the necessary safety nets and safeguards because in opening up and liberalizing these public services, this comes with yes, number one, opportunities and also number two, threats and concerns. If we put these necessary safeguards or safety nets to protect national security, baka naman mauna pa nating maibigay ang biyaya kung hindi pa natin natitiyak na makikinabang ang ating bansa dito.

REP. GARIN (S.). Mr. Speaker, I understand the

concern of the good interpellator. In fact, if we view the other jurisdictions, for example, the European Union also has a committee that reviews the transactions that may affect, in fact, even the environment, the economy and the psychology of the Europeans, in the same way that the US also has the Committee on Foreign Investments which is tasked to review any mergers or acquisitions of foreign investors.

In this case, in our proposal, Mr. Speaker, we have adopted a similar but a little more general because going into the specifics on how to address or to tackle national security in terms of businesses and investments, it would be more prudent to have the parameters set by our economic managers, as well as the NEDA and the DOF. Hence, we have added here that should this Bill be passed, the NEDA, together with other administrative agencies like the PCC and the President & National Security Council, will set the rules and regulations. The authors deemed it more prudent to set this apart from the main Bill para mas thorough because we have to consider how we will handle those that are already here, those who are coming in, and any future situations that we will be having. I think our economic managers or economists and our National Security Council will be more in a position to set the parameters on how these foreign investors would come in, Mr. Speaker.

REP. SUAREZ (D.). Therefore, it is my understanding, Mr. Speaker, that we will entrust a lot of these responsibilities to our existing agencies and offices and other regulating bodies. Is that correct, Mme. Sponsor?

REP. GARIN (S.). Mr. Speaker, with the proposed amendments to the current Bill, they will be empowered and authorized as well as mandated to tackle or discuss the topic and set rules and regulations on such issues, Mr. Speaker.

REP. SUAREZ (D.). Let us understand, Mr. Speaker, that these agencies and regulatory bodies were formed and created following our Constitution where the 60-40 requirement on foreign ownership was strictly and specifically implied. My question is, Mr. Speaker, here we have a scenario that we are liberalizing a lot of these public services and allowing 100-percent ownership. However, the regulating bodies and agencies that are tasked to make sure that they are able to do their job were created following a Constitution that prescribes 60-40 ownership, how does the good Sponsor intend to meet those ends, Mr. Speaker?

REP. GARIN (S.). Mr. Speaker, the ERC is the administrative agency for electricity, for example, and the powers and functions of the ERC do not change whether this Bill passes or not, in the same

way that for the CAB and the CAAP, their powers and functions are still the same. If there is a requirement for a franchise, there will still be that requirement. If there is a requirement for any authority certificate or if ERC requires a certain electric company to submit their Capex or rate setting, then that will still apply whether this Bill will pass or not.

In the same way that in any public service, for example, for transportation, the LTFRB, the powers and functions of this agency will still stay the same regardless of the nature of ownership of the company. So, it has been specifically stated in the proposed Bill that the administrative agencies will still hold their authority over these industries. In fact, with the changes that we have proposed, more stringent laws will apply, their penalties as well as on their procedures. We have made changes in order to better protect not only the industry, but also the Filipino consumers, Mr. Speaker.

REP. SUAREZ (D.). What the good Sponsor is saying, Mr. Speaker—and she can correct me if I am wrong—she is saying that for transportation, for example, the LTFRB or the LTO are equipped enough to handle 100-percent foreign ownership; the Philippine Ports Authority is properly equipped to handle companies with 100-percent foreign ownership; national telecommunications agencies are equipped to handle companies with 100-percent foreign ownership. Is that correct, Mr. Speaker?

REP. GARIN (S.). Yes, Mr. Speaker, because the services will still be the same. It will be a service done here in the Philippines and serving the Filipino. The coverage will still be the same and only the ownership will change, Mr. Speaker.

REP. SUAREZ (D.). Sa nakikita natin ngayon, Mr. Speaker, itong mga ahensiyang nabanggit natin ay kasalukuyan pa nating pinalalakas para lang matiyak iyong pangangailangan ng Pilipino. Ngayon pa lang natin ito pinalalakas para sa pangangailangan natin. Paano po natin sasabihin na kapag pumasok na ang mga 100-percent ownership ng mga dambuhalang foreign corporations ay may kakayanan din na siguraduhin na handa din silang i-moderate, i-regulate ang mga ganitong mga pangyayari kung ang panukalang batas na ito ay mai-implement?

REP. GARIN (S.). Mr. Speaker, if a foreign company or a foreigner wants to operate an airline industry in the Philippines, it will still be subject to franchise requirements as well as route requirements by the CAAP or the CAB, and the same rules will still apply when it operates in the Philippines. Regardless of ownership, all the rules that are applicable to the current operators will still be applicable to the new

operators regardless of whether they are Filipinos or non-Filipinos, Mr. Speaker.

REP. SUAREZ (D.). Will the good Sponsor prescribe to my suggestion that maybe we should first strengthen, empower and equip these regulating bodies prior to liberalizing such services in our country?

REP. GARIN (S.). Mr. Speaker?

REP. SUAREZ (D.). Sorry, Mme. Sponsor, Mr. Speaker, kasi ang mangyayari po, parang maglalaro tayo ng basketball na walang rules. Tayo ay nasa junior's division pero oras na binuksan natin ito at papasok na ang professional players, ano po kaya ang mangyayari kasi hindi pa yata handa ang mga referees natin sa ganoong laro?

REP. GARIN (S.). Mr. Speaker, in basketball, you have five players and all these five players have to be harmonized and synchronized. In the same way, the NEDA through Secretary Pernia and the DOF through Secretary Dominguez had expressed the urgency, as well as the President during the SONA wherein he expressed that all these measures are essential for the growth of the Philippines. These are synchronized changes through different legislations—changes in the Retail Trade Act, changes in the Foreign Investments Act, changes brought about by the Tax Reform Package 1 to 4, including the PSA—all these have been mentioned by our Chief Executive as necessary elements for the growth of the Philippines to reach 6.8 percent or 7 percent GDP this year.

In the same way, Mr. Speaker, this is not just amendments to the PSA that is necessary as we also need good infrastructure, thus, the Ease of Doing Business Act. All these are essential for our growth. It is not just because we need to do one, we need to abandon the other one, as we have to do all of these together at the same time. Now, if we need to strengthen all these agencies, it should be in harmony and it should not be the reason to abandon the amendments for the PSA, the amendments for the Retail Trade Act, because these are priority bills that have been expressed by our economic managers, our economic experts, that are essential for our economic growth. Among other things, one is not more important than the other but everything has to be done in a synchronized manner, Mr. Speaker.

REP. SUAREZ (D.). Therefore, Mr. Speaker, may I ask the good Sponsor if there are any pending bills in the House of Representatives right now that will strengthen and empower these agencies and regulating bodies in relation to the proposed measure that she is pushing?

REP. GARIN (S.). Mr. Speaker, I cannot cite any in particular, but we have 50 committees in Congress and all these committees are always reviewing the powers and functions of many of these administrative agencies. In the same way, in our economic team, we have tackled as well the reforms on the NIRC, the reforms on the Retail Trade Act, as well as the Foreign Investments Act and many more, Mr. Speaker. These legislative actions are ongoing and some are about to finish, some are about to start, and this Bill is still ongoing, Mr. Speaker.

REP. PALMA. Mr. Speaker.

THE DEPUTY SPEAKER (Rep. Hataman). The Majority Leader is recognized.

SUSPENSION OF CONSIDERATION OF H.B. NO. 78

REP. PALMA. Mr. Speaker, with the indulgence of our distinguished Sponsor and the Gentleman from Quezon, I move that we temporarily suspend the consideration of House Bill No. 78.

THE DEPUTY SPEAKER (Rep. Hataman). Is there any objection? (*Silence*) The Chair hears none; the motion is approved.

ROLL CALL

REP. PALMA. Mr. Speaker, I move that we call the roll.

THE DEPUTY SPEAKER (Rep. Hataman). Is there any objection? (*Silence*) The Chair hears none; the motion is approved.

The Secretary General will please call the roll.

*The Secretary General called the roll, and the result is as follows, per Journal No. 31, dated November 26, 2019.**

THE SECRETARY GENERAL. Mr. Speaker, the roll call shows that 221 Members responded to the call.

THE DEPUTY SPEAKER (Rep. Hataman). With 221 Members responding to the call, the Chair declares the presence of a quorum.

The Majority Leader is recognized.

APPROVAL OF THE JOURNAL

REP. COLLANTES. Mr. Speaker, I move that we approve Journal No. 29, dated November 20, 2019. I so move.

* See ANNEX (printed separately)

THE DEPUTY SPEAKER (Rep. Hataman). Is there any objection? (*Silence*) The Chair hears none; the motion is approved.

The Majority Leader is recognized.

REP. COLLANTES. Mr. Speaker, I move that we acknowledge the presence of the guests of Hon. Angelica Natasha Co, BHW Party-List, the 50 barangay health workers from Quezon Province.

THE DEPUTY SPEAKER (Rep. Hataman). The guests of Congresswoman Co, please rise. Welcome to the House of Representatives. (*Applause*)

The Majority Leader is recognized.

REP. COLLANTES. Mr. Speaker, I move that we acknowledge the presence of the guests of Cong. Edgar M. Chatto of the First District of Bohol, the Koro Seraphim delegation from the province of Bohol to the National Music Competition for Young Artists 2019 headed by their conductor, Ms. Mari Aleli Inting and the musical director, Emmanuel Dela Rosa.

I so move.

THE DEPUTY SPEAKER (Rep. Hataman). The guests of Congressman Chatto, please rise. Welcome to the House of Representatives. (*Applause*)

The Majority Leader is recognized.

CHANGE OF REFERRAL OF CERTAIN MEASURES

REP. PALMA. Mr. Speaker, I move for the change of referral of the following measures:

1. House Bill No. 2950 – declaring January 18 of every year a special nonworking holiday for all kasambahay in the entire country to be known as “Araw ng Kasambahay,” from the Committee on Labor and Employment to the Committee on Revision of Laws;

2. House Bill No. 3451 – authorizing the grant of a full crop insurance coverage to qualified beneficiaries of the Comprehensive Agrarian Reform Program, from the Committee on Agriculture and Food to the Committee on Agrarian Reform;

3. House Bill No. 3735 – providing stronger protection for children against sexual abuse, from the Committee on Welfare of Children to the Committees on Revision of Laws, and Welfare of Children;

4. House Bill No. 2972 – amending Articles 99, 121, and 122 of Presidential Decree No. 442, otherwise known as the Labor Code of the Philippines, from the Committee on Labor and Employment to the Committees on Labor and Employment, and Civil Service and Professional Regulation;

5. House Bills Nos. 652, 663, 1031, 2535, 2738, 2785, and 4558 – providing for a comprehensive nuclear regulatory framework, creating for the purpose, the Philippine Nuclear Regulatory Commission, from the Committees on Government Reorganization, and Science and Technology to the Committees on Government Reorganization, Science and Technology, and Energy;

6. House Bill No. 4267 – creating the Philippine Nuclear Regulatory and Research Commission, from the Committee on Energy to the Committees on Government Reorganization, Science and Technology, and Energy; and

7. House Bill No. 5570 – augmenting the employee benefits for the solicitors of the Office of the Solicitor General by providing retirement, death and survivorship benefits, from the Committee on Civil Service and Professional Regulation to the Committee on Justice.

I so move, Mr. Speaker.

THE DEPUTY SPEAKER (Rep. Hataman). Is there any objection? (*Silence*) The Chair hears none; the motion is approved.

The Majority Leader is recognized.

REP. COLLANTES. Mr. Speaker, I move that we acknowledge the presence of the guests of Hon. Ferdinand Martin Romualdez—I am sorry—the guests of our Deputy Speaker, Cong. Luis Raymund “Lray” F. Villafuerte Jr. from the Second District of Camarines Sur. They are Councilor Jorge Bengua, Councilor Edsel Dimaiwat, Councilor Christian Echipare, Councilor Alejo Francis Sayson, Councilor Alex Camacho, Councilor Donna Ann Roy Oñate, Councilor Marlene Raymundo, Councilor Christopher Jacinto, Councilor Jonas Soltes, Councilor Alexander Mendoza, Councilor Ruel Troy Espiritu, Councilor Roy Credo, Councilor Rodolfo Ruel Jimenez, Councilor Jose San Buenaventura Jr., Councilor Gerymar Atienza and Punong Barangay Vilmore Pannelos.

I so move, Mr. Speaker.

THE DEPUTY SPEAKER (Rep. Hataman). The guests of Hon. Lray Villafuerte, please rise. Welcome to the House of Representatives. (*Applause*)

The Majority Leader is recognized.

CONSIDERATION OF H.B. NO. 78

Continuation

PERIOD OF SPONSORSHIP AND DEBATE

REP. PALMA. Mr. Speaker, I move that we resume the consideration of House Bill No. 78, under Committee Report No. 5, and request that the Secretary General be directed to read the title of the measure.

I so move, Mr. Speaker.

THE DEPUTY SPEAKER (Rep. Hataman). Is there any objection? (*Silence*) The Chair hears none; the motion is approved.

The Secretary General is so directed.

THE SECRETARY GENERAL. House Bill No. 78, entitled: AN ACT PROVIDING FOR THE DEFINITION OF PUBLIC UTILITY, FURTHER AMENDING FOR THE PURPOSE COMMONWEALTH ACT NO. 146, OTHERWISE KNOWN AS THE "PUBLIC SERVICE ACT", AS AMENDED.

THE DEPUTY SPEAKER (Rep. Hataman). The Majority Leader is recognized.

REP. PALMA. Mr. Speaker, to continue with the interpellation, I move that we recognize the Sponsor, Hon. Sharon S. Garin, and to continue with the interpellation, Hon. David "Jay-Jay" C. Suarez.

I so move, Mr. Speaker.

THE DEPUTY SPEAKER (Rep. Hataman). Hon. Sharon Garin is recognized for her sponsorship.

REP. GARIN (S.). Thank you, Mr. Speaker.

THE DEPUTY SPEAKER (Rep. Hataman). Likewise, Hon. David Suarez is recognized for his interpellation.

REP. SUAREZ (D.). Thank you very much, Mr. Speaker. Mr. Speaker, to continue, prior to the calling of the roll, we were talking about agencies and regulating offices. May I ask, Mr. Speaker—will there be a need to create new agencies or new regulations for these foreign-owned companies upon the passage of this law?

REP. GARIN (S.). Mr. Speaker, there is no need to create new agencies. Maybe, there is a need to strengthen or review their powers and functions but, as far as I see, there is no need to create new agencies, Mr. Speaker.

REP. SUAREZ (D.). If the position of the good Sponsor, Mr. Speaker, is that we need to strengthen these agencies and regulating bodies, should we not first do that, should we not first empower them prior to the enactment of the said law? It would be the most prudent course of action, Mr. Speaker.

REP. GARIN (S.). Mr. Speaker, I understand the concern of the good interpellator but like any other bill that we are tackling for the improvement of the economy of the Philippines, one law should not hinder the passage of another. It should be simultaneous and in

fact, if we could pass them all together at the same time, then that would be most ideal. Considering that even just the deliberations on this Bill take two months, I do not think we can pass all of them together but the effort should be lodged with the legislative so that we can have a more synchronized and organized direction towards the improvement of the economy of the Philippines. I disagree, though, Mr. Speaker, that we should hold in abeyance one law for the passage of another because all of these, the passage or not of the others, will still be for the benefit of the Filipino people.

Thank you, Mr. Speaker.

REP. SUAREZ (D.). The reason I emphasized this point, Mr. Speaker, is that we are dealing with the matter very seriously, which is public service, which is public interest and, of course, national security. Kung siguro ang pinag-uusapan natin ay hindi isang bagay na hindi masyadong makakaapekto sa pang-araw-araw na buhay ng ating mga mamamayan, walang pananakot sa seguridad ng ating bansa, siguro, bakit hindi. Kaso lang, sa batas pong isinusulong na ito, palagay ko po, mahal na Tagapangulo, nararapat lamang na siguraduhin natin na ang mga ahensiya at ang regulating bodies are properly equipped and, as the good Sponsor mentioned, strengthened to ensure that we are prepared for any eventuality once this Bill is approved and implemented, Mr. Speaker.

REP. GARIN (S.). Mr. Speaker, yes, the concern of the good interpellator is very valid and is very possible but, Mr. Speaker, as regards the agencies, I do believe that if they do perform their functions and their mandates properly, then the interest of the Filipino people, as well as the interest of our national security, will be well protected.

In addition to that, we have the National Security Council, we have the Privacy Act, we have the PCC—we have many agencies that are, in general, also watching over the national security and interest of the country. Hence, Mr. Speaker, I do believe there is a valid reason for the amendment of the NSA as we do have things in place already. It is just a matter of implementation—strong implementation of their mandate.

REP. SUAREZ (D.). If so, Mr. Speaker, can I ask the good Sponsor, has our Secretary of the Department of National Defense and the National Security Adviser given any comments and opinions on the said Bill?

REP. GARIN (S.). Mr. Speaker, considering that this Bill is about the amendment of the Public Service Act, which was enacted about 80 years ago, this amendment of the PSA is a priority bill mentioned by the President. It was no less than the President who mentioned this in his SONA. In fact, Secretary Pernia,

the head of the NEDA, also mentioned it as well as the Secretary of Finance, Secretary Dominguez. This is an administration bill and like any administration bill, it is assumed that the administration has done their own research, their own consultations, and all of the agencies are in support of the passage of the proposed amendments, Mr. Speaker.

REP. SUAREZ (D.). So, it is right for me to understand, Mr. Speaker, that the Department of National Defense and our National Security Adviser support the said measure?

REP. GARIN (S.). Yes, Mr. Speaker.

REP. SUAREZ (D.). One hundred percent.

REP. GARIN (S.). Yes, Mr. Speaker.

REP. SUAREZ (D.). Do we have any letter of recommendation or any document that would support such statement, Mr. Speaker, Mme. Sponsor?

REP. GARIN (S.). No, Mr. Speaker, but with the communications from the Department of Finance, as well as from the NEDA and all the other economic managers of the country and no less than the President, those are sufficient enough because it is an administration bill, Mr. Speaker.

REP. SUAREZ (D.). So, it is only right for us to ask that, Mr. Speaker, if the good Sponsor is confident about her statement regarding this issue, can we ask the Department of National Defense and our National Security Adviser to come up with a document fully supporting the Public Service Act.

REP. GARIN (S.). Should the good interpellator wish to do so, then the Committee can request that from the departments, Mr. Speaker.

REP. SUAREZ (D.). Ilagay po natin, Mr. Speaker, sa sitwasyon. Sa ngayon ay mayroon pong isinusulong na national broadband ang DICT. Assuming country X wins the bid and operates this national broadband, knowing for a fact, all the national agencies are connected to this broadband—the Army, the Marines, the Navy, all the agencies, the Palace, everybody is connected to this national broadband—does that not give a certain level of concern and threat to our national security?

REP. GARIN (S.). Mr. Speaker, we should not equate the increasing competition in investments of foreign investors as a threat to national security. There are good investors and there are bad investors, in the

same way that there are good and bad foreign investors, but, Mr. Speaker, that is why we have safeguards in place already in terms of foreign investments, whether those be the takeover power of the President, the powers under Section 17 of the 1987 Constitution, also the National Security Council, under Administrative Code of 1987, and National Competition Policy, and many more and, in fact, also the PCC. What we also have, again, in addition, the proponents of this Bill have also included a national security clause in which the President can intervene.

So, we understand the many concerns of the many colleagues, hence, we have addressed the issues by adding the cost on the national security concerns, Mr. Speaker.

REP. SUAREZ (D.). So, I touched, Mr. Speaker, on the issue of transportation, a little bit on telecommunications. Does this proposed Bill also cover port services, Mr. Speaker?

REP. GARIN (S.). Port services?

REP. SUAREZ (D.). Port services.

REP. GARIN (S.). Yes, Mr. Speaker, the port services will be public services and not public utilities, hence, open for foreign investment at 100 percent ownership.

REP. SUAREZ (D.). What about transportation?

REP. GARIN (S.). Also, Mr. Speaker, they are not public utilities, they are public services.

REP. SUAREZ (D.). What about public markets?

REP. GARIN (S.). The same, Mr. Speaker.

REP. SUAREZ (D.). So, all of these can be owned by a foreign company following the consequence of the said Bill.

REP. GARIN (S.). Yes, Mr. Speaker, but they will still be subject to regulation by the administrative agencies that are mandated to oversee the industries, Mr. Speaker.

REP. SUAREZ (D.). May I ask, Mr. Speaker, what were the reasons for declassifying these services from being public utilities?

REP. GARIN (S.). Mr. Speaker, there is a set definition, which I mentioned earlier, and in the definition, all these industries do not fall under the definition of public utility; only electricity, water

and sewerage would fall under the public utility classification. Hence, all others will be open to foreign ownership. By not classifying them as public utilities, it will basically be welcoming foreign investors into these industries.

Now, yes, they will be a threat to our local investors, but all these industries basically—transportation, for example, we have one of the most expensive in sea transport. Our agricultural products, when we transport them from one island to another, 50 percent of the cost of our agricultural products goes to transportation. In terms of land transportation, the traffic in EDSA is enough evidence of how poor our land transportation is. The LRT, MRT—all these rail transportation systems are proof enough that we have one of the worst services for Filipinos. Telecommunications, we still have the most expensive and the slowest and in fact, our broadband is the slowest in the region.

In Indonesia, Mr. Speaker, they are about 200 million consumers, 200 million in population, but they have about 30 operators in telecommunications. In the airline industry, we only had Philippine Airlines then, air travel was expensive and their flights were very much delayed. Now came Tiger Air, Cebu Pacific, Air Asia and the rates and the services are better now. Competition is good, maybe not for our local investors, but it is good for each and every Filipino. If we want better services for Filipinos, then we need to open our industries to foreign investment. It is not to replace the domestic investors. Our domestic investors are very capable but are lacking. We need foreign investors to supplement what is needed to improve the basic services for each and every Filipino. *Kung gusto nating mag-improve ang telecommunications, faster internet, better land transport, better rail transport and better sea transport, then we need foreign investors because we are lacking in these investments. It is not because we want to replace domestic investors, but it is because we need more, and in doing such, we are helping our kababayans, the Filipino people who are suffering everyday from the poor but very expensive services that we have today because there is a lack of investment in the Philippines, Mr. Speaker.*

REP. SUAREZ (D.). Mr. Speaker, was that not the same promise that we heard when we deregulated the oil industry?

REP. GARIN (S.). Ano po?

REP. SUAREZ (D.). When we allowed more players to participate in the oil industry with the entry of Caltex, Shell and Petron, we were all promised that once deregulated, we can be assured of better services, cheaper petroleum prices. Do we see that now, Mr. Speaker?

REP. GARIN (S.). Mr. Speaker, we can cite many examples. I can also cite an example in telecommunications wherein when we only had the PLDT, the service was very expensive and very poor. Now, came Globe and Smart, there was also Sun which competed with the giants of telecommunications and offered unlimited calls and unlimited texts, and then the services improved and the prices decreased. So, that is also a success story in terms of competition. Competition, in the same way that happened in the airline industry, did well for the common Filipino. So, Mr. Speaker, there are examples here. There are bad stories, there are good stories, but this is what our administration, our economic managers, as well as the President is betting on that will improve the services for every Filipino, Mr. Speaker.

REP. SUAREZ (D.). So, am I correct, Mr. Speaker, that the good Sponsor is saying that if passed, Filipinos can finally have Utopia, where we can have better services, where we are ensured of efficiency, where we are ensured of better services for all Filipinos? Am I correct in my understanding of that, Mr. Speaker?

REP. GARIN (S.). Mr. Speaker, the Public Service Act or the amendment to the Public Service Act is not the end-all and be-all of the problems of the Philippines. We still have to reform our taxation. We still have to strengthen, for example, all the administrative agencies. We still have to make reforms in the many departments that we have, as well as in the legislations and regulations that we have. This is just one of the variables that have been seen by our economic managers that will help alleviate Filipino lives as well as reach the target growth of the Philippines by the end of the year or the following year, Mr. Speaker.

REP. SUAREZ (D.). So, therefore, no. Is that correct, Mme. Sponsor?

REP. GARIN (S.). I would not say that it is not or...

REP. SUAREZ (D.). Categorically.

REP. GARIN (S.). ... it will not improve but it will be one of the variables because this is a synchronized amendment of all the other laws that we have at present. Without one or without the other, then it might not be as effective. We have seen that, with the changes in many of these laws, it is possible that we will reach a certain level of improvement that will be happily acceptable for all Filipinos, Mr. Speaker.

REP. SUAREZ (D.). Thank you very much, Mme. Sponsor. Earlier today, while reading the papers, I came

across an article that interviewed Mr. Nestor Tan, the 2019 MAP Management Man of the Year. He was talking a lot about international principles in economics. He mentioned that maybe it is time for us to revisit how we see the markets and how we see the economy, that what works for developed nations may not work for developing nations. He mentioned the case of Korea. The Korean model, he said: “They nurture national champions, champions in different industries so that they can compete regionally and globally.”

What I am trying to say, Mr. Speaker, is maybe this is another way for us to revisit how we can further improve services in our country—not at looking for foreign assistance, not at looking for foreign partners but focusing on strengthening, providing more impetus, raising up our champions so that they do not only meet the demands of the Filipinos today but they can also compete regionally and globally. Is that approach not more nationalistic and more patriotic, Mr. Speaker?

REP. GARIN (S.). Mr. Speaker, what might work in Korea might not work in the Philippines or in any other country as it would be a case-to-case basis. I would defer to the expertise of our economic managers and the different departments that are involved here that have researched and studied the situation in the Philippines more closely than any other economies in any other country.

So, Mr. Speaker, I would trust our economic managers in the decision-making in terms of how amendments on certain laws would benefit the Filipino people. Hence, we currently have a package of different laws that we have to amend in order to address the situation in the Philippines, not in any other country, Mr. Speaker.

REP. SUAREZ (D.). Would the good Sponsor agree with me that that is a better arrangement for the Philippines?

REP. GARIN (S.). Mr. Speaker, ...

REP. SUAREZ (D.). Strengthening Filipinos, empowering Filipinos, lifting up Filipinos, making Filipinos globally competitive—is that not the beauty of being a Filipino?

REP. GARIN (S.). Mr. Speaker, we are globally competitive. We are very capable, and I do trust that some Filipinos are even more capable. In fact, we send many professionals or even investors to other countries. There is no question as to our ability, but bringing in competition from foreign investors does not mean that we are not patriotic or we do not believe in the ability of the Filipinos. Currently, if we will be very practical about it, we need to protect the Filipino people in terms of giving them basic services. If we are not able to do

so, if the government is unable to do so, then, we need to find ways in order for us to better protect the Filipinos and look for the best ways to find foreign investors but still subject them to the laws and regulations of the Philippines, Mr. Speaker.

REP. SUAREZ (D.). The reason I mentioned that, Mr. Speaker, is that one positive consequence of the Korean model that Mr. Nestor Tan mentioned in the article that I read is that we can be assured that, yes, income will be generated by providing these public services. Money will be derived from the provision of these services to the Filipinos. Better yet, Mr. Speaker, *iyon perang kikitain nila ay iikot dito sa ating bansa at hindi dadalhin sa ibang bansa kung saan located iyong kumpanya na nagpapatakbo ng transportasyon, na nagpapatakbo ng airlines, na nagpapatakbo ng bus, tricycle at jeepney kung itong batas ay atin pong ipatutupad. Iyon po ang kagandahan, Mr. Speaker, ng aking iminumungkahi sa ating ginagalang na Sponsor.*

If we allow foreign nationals to own utilities here other than the threat to national security, we can be assured that the money that they will generate will be brought back to their motherland and the ones which will benefit will not be Filipinos, but their own countries. What would be the comment of the good Sponsor?

REP. GARIN (S.). Mr. Speaker, equally, I admire the nationalistic view of the good interpellator, but it is also a nationalistic view that currently, today, we need to improve the basic services to our fellow Filipinos. It is, I think, not nationalistic if we let them suffer long lines just to get into a train to go to work or commuting to work from Commonwealth to Makati for two hours. We need to address these problems and one of these variables that had been found by our administration is to open up to foreign investors. It is not because we belittle the abilities of the Filipinos, but we need foreign investments in order to improve the services because we need more players in these industries, Mr. Speaker.

REP. SUAREZ (D.). Thank you very much, Mr. Speaker. I do also admire the love that our good Sponsor has for the welfare of our Filipinos.

Another point, Mr. Speaker, I would like to raise regarding the Bill—*may oras pa ba ako? Kaya pa?*

REP. GARIN (S.). *Kaunti na lang.*

REP. SUAREZ (D.). Mr. Speaker, with regard to public service and public utility, can there be a reciprocity clause?

REP. GARIN (S.). Mr. Speaker, should the good interpellator have any recommendation on reciprocity, then we will gladly consider it, Mr. Speaker.

REP. SUAREZ (D.). Reciprocity is, if country A will run and manage our telecoms, Filipinos should not be hindered or should not be stopped from running that country's telecommunications as well. If that country wants to run and operate our ports, Filipinos should also have the freedom to run their ports. If country Y wants to run our railway systems, Filipinos should also be provided the same avenue to run the railway systems in their country. Can that be included in the Bill, Mr. Speaker?

REP. GARIN (S.). Mr. Speaker, I would even consider a more stringent way—that we only allow them to invest here if they will allow us there.

REP. SUAREZ (D.). Can you repeat that, again, Mme. Sponsor?

REP. GARIN (S.). We only allow foreign investors to invest here if they will allow us as well in their country, Mr. Speaker.

REP. SUAREZ (D.). So, meaning, there would be reciprocity 100 percent.

REP. GARIN (S.). Reciprocity, Mr. Speaker, yes.

REP. SUAREZ (D.). So, meaning, if China, for example, decides to invest and operate our railways, we can be assured that any Filipino passing specific guidelines will also operate the railway of that country? If the US for example, invests in our telecoms, meaning, can any Filipino run and operate the telecommunications system of the United States of America?

REP. GARIN (S.). Mr. Speaker.

REP. SUAREZ (D.). Japan—would Japan allow the same in their country, Mr. Speaker?

REP. GARIN (S.). Mr. Speaker, I would go through it the other way around. The limitations on foreign investments are embedded in our laws as well as their laws, so, it is not as easy as somebody investing here and then they will allow us there. What would be more logical is, we will only allow—for example, if there is a Taiwanese or Malaysian investing in telecommunications in the Philippines, they will only be allowed to invest in the Philippines if a Filipino is allowed to invest in Malaysia.

REP. SUAREZ (D.). In any specific industry?

REP. GARIN (S.). In any...

REP. SUAREZ (D.). In any public utilities and services as well?

REP. GARIN (S.). Or, if they do not allow us there, then we do not also allow them to invest here.

REP. SUAREZ (D.). That is enshrined in the proposed Bill?

REP. GARIN (S.). That is a proposal that we are seriously considering because you have requested it, Mr. Interpellator.

REP. SUAREZ (D.). I was going through the Bill, Mme. Sponsor and I did not see that. Okay, thank you very much, Mme. Sponsor.

Mme. Sponsor, on a final note I would like to thank you for answering a few of my concerns but let me just reiterate and go back to a few of my—sa Tagalog ang tawag namin dito ay “agam-agam.” Mas maganda siguro na bago natin buksan ang ating bansa ay siguraduhin muna natin na nandoon, buhay at malakas ang mga institusyon na magbabantay sa interes ng Pilipinas. Pangalawa, sana bago natin buksan ang ating bansa ay hayaan muna natin palakasin kung may kakayahan naman, at naniniwala akong may kakayahan, ang kakayanan ng Pilipino.

Yes, there is a need to improve the service. Yes, there is traffic. Yes, there is gridlock, but I do not think that simply opening up, adding competition and allowing foreign nationals to come in is the solution to improve this. I think there is another way and maybe that other way can also be looked into. If countries have proven well in doing that, I do not see any reason we cannot.

My fear is, and I hope this is wrong, my colleagues in Congress, baka naman abusuhin nila ang kahinaan ng ating bansa upang pagkakitaan. Bakit hindi natin muna siguraduhin na malakas at matatag ang Pilipino bago natin ito buksan sa iba?

So with that, Mr. Speaker, I would like to thank the good Sponsor for allowing me to interpellate and give a few of my ideas on the said measure.

Maraming salamat.

THE DEPUTY SPEAKER (Rep. Hataman). Maraming salamat.

The Majority Leader is recognized.

REP. COLLANTES. Mr. Speaker, I move that we acknowledge the presence of the guests of Hon. Josephine Veronique R. Lacson-Noel. They are members of the LGBT Sector Colours de Malabon headed by their head coordinator, Kagawad Lorie Simon.

I so move, Mr. Speaker.

THE DEPUTY SPEAKER (Rep. Hataman). The guests of Hon. Josephine Veronique R. Lacson-Noel, please rise. Welcome to the House of Representatives. *(Applause)*
The Majority Leader is recognized.

REP. COLLANTES. Mr. Speaker, I move that we recognize Rep. Sarah Jane I. Elago of Party-List KABATAAN for her interpellation.

THE DEPUTY SPEAKER (Rep. Hataman). Congresswoman Elago is recognized for her interpellation.

REP. ELAGO. Thank you, Mr. Speaker. Will the good Sponsor yield to interpellation?

REP. GARIN (S.). Yes, Mr. Speaker.

REP. ELAGO. Maraming salamat po. Earlier, Mr. Speaker, the good Sponsor mentioned that House Bill No. 78, being an administration bill, the concerned agencies have conducted their own research and series of consultations to support the passage of this Bill. May we know, Mr. Speaker, from the good Sponsor, what were the sectors or who were consulted in the conduct of the research on this Bill?

REP. GARIN (S.). Mr. Speaker, the amendment to the Public Service Act is part of the report of the NEDA on the Philippine economic development—I am not sure of the definite term, but it is part of their report which was submitted and this is one of the priorities, Mr. Speaker.

REP. ELAGO. Mr. Speaker, sino-sino na po ang mga nakonsulta pagdating sa pagpapasa nitong House Bill No. 78? Sinabi po ng ating Sponsor kanina na dito naman ay mayroong isinagawa na mga konsultahan sa buong bansa na nagsasabi na ito nga ay para sa nakabubuting layunin na mas magandang serbisyo para sa ating mga kababayan.

REP. GARIN (S.). Mr. Speaker, because this is a report from the administration and presuming that they have been doing their mandate, then I would not question their procedure as I assumed that in drafting or crafting the Philippine Development Plan, the NEDA has been consulting the proper agencies as well as interest groups. If the question refers to the Committee, then all the agencies had been consulted and communicated with, as well as those industries that are concerned, be it in transportation, telecommunications, airline—many of the industries had been informed and many of them also had submitted their position papers, Mr. Speaker.

REP. ELAGO. G. Ispiker, maaari ba tayong humingi ng kopya nitong mga position papers at mga resulta noong mga konsultahan mula sa iba't ibang grupo na may interes sa ating pinag-uusapan ngayong hapon?

REP. GARIN (S.). Yes, Mr. Speaker, we can submit

to the good Interpellator the position papers and the minutes of the deliberations in the TWG as well as in the Committee hearings, Mr. Speaker.

REP. ELAGO. Mr. Speaker, itinatanong ko po ito dahil nais maintindihan mabuti ng Representasyon ng KABATAAN ang layunin at ang malinaw na batayan ng pagbabagong ito sa ating mga batas na may kinalaman sa public service at ang pagbibigay ng kahulugan sa public utility. May we know, Mr. Speaker, from the good Sponsor, how does House Bill No. 78 define a public utility?

REP. GARIN (S.). Mr. Speaker, the public utility, first and foremost, is that it is a public service. Now, for a public service to become a public utility, we have set the parameters in its definition in the proposed Bill. All of these four parameters have to be met, not only one, in order for a certain industry to become a public utility:

1. The person regularly supplies and directly transmits and distributes to the public through a network a commodity or service of public consequence—so, a regular supply and there should be a network.

2. The public service is a natural monopoly, and a natural monopoly exists when a market's demands for a commodity or service can be supplied by a single entity at a lower cost than by two or more entities. That is how we define natural monopoly.

3. The commodity or service is necessary for the maintenance of life and occupation of the public.

4. The person is obligated to provide adequate service to the public on demand. Hindi lang iyong kung kailan nila gusto but it has to be delivered all the time, Mr. Speaker.

REP. ELAGO. Mr. Speaker, this proposed definition limits the number of public utilities to only four by enumeration under House Bill No. 78, namely: the distribution of electricity, transmission of electricity, water pipeline distribution system and sewerage pipeline system.

REP. GARIN (S.). Yes, Mr. Speaker.

REP. ELAGO. So, it is only three public utilities?

REP. GARIN (S.). Yes, and includes water pipeline distribution and sewerage pipeline systems, so, that is why some say there are four.

REP. ELAGO. Maraming salamat, Mr. Speaker. Iyong bagong kahulugan na ito, it significantly narrows the definition of “public utilities” to only cover the distribution of the said public services. Now, Mr. Speaker, sa palagay po at pag-aaral ng Representasyon

na ito mula sa KABATAAN, ito po ay napakalayo doon sa dating napakaraming mga serbisyo na dating kinokonsidera din natin bilang mga public utilities at nang sa gayon ay mayroon ding istrikto na regulasyon pagdating sa presyo ng serbisyo o kung paano natin tinitiyak iyong kalidad ng mga partikular na mga serbisyon ito.

Mr. Speaker, may we know from the distinguished Sponsor the services which were previously included as public utilities but are now not considered as public utilities under House Bill No. 78?

REP. GARIN (S.). Mr. Speaker, the Public Service Act does not define “public utility” and in fact, it does not list thereat the industries that are public utilities. It merely listed the industries that are public services. Wala pong definition ang public utility under the Public Service Act. The Public Service Act or Commonwealth Act No. 146 enumerated common carrier, railroad, street railway, traction railway, steamboat or steamship, shipyard, marine railway, among others. Those are public services but it does not state that these are public utilities.

What has been happening is that, whenever there is a question as to what public utility is, such industry will go to court and then the court will rule whether it is a public utility or not. So, there has never been a definite list of what a public utility is, Mr. Speaker.

REP. ELAGO. Mr. Speaker, napakahalaga sa atin noong mga industriya at mga serbisyo na nakapailalim bilang mga public utilities dahil nga mayroon mga requirements pagdating sa pagmamay-ari nito at gayundin iyong paghihigpit natin sa regulasyon ng mga serbisyon ito. Nais nating malaman, Mr. Speaker, itong House Bill No. 78, pinapayagan nito ang 100-porsiyento ng pagmamay-ari at kontrol nito ng mga dayuhan, halimbawa, sa transportasyon, sa komunikasyon, sa broadcasting, ito po ang magiging epekto ng ...

REP. GARIN (S.). Broadcasting is limited under the Constitution, so, that will not be affected but, yes, transportation and telecommunications will be open to 100-percent ownership of foreigners, Mr. Speaker.

REP. ELAGO. Kung gayon, G. Ispiker, papayagan din nito ang mga dayuhang kumpanya na mayroon na ngayong 100-porsiyento ng pagmamay-ari at kontrol sa naturang mga negosyo na makipag-kompetensiya doon naman sa mga Pilipino sa naturang mga negosyo.

At this juncture, Deputy Speaker Hataman relinquished the Chair to Deputy Speaker Pablo John F. Garcia.

REP. GARIN (S.). Yes, Mr. Speaker.

REP. ELAGO. Nababahala tayo dahil, Mr. Speaker—sa madaling salita, ito iyong pangarap na maipasa ang probisyon sa maraming mga efforts at marami na ring mga tangka na baguhin ang naturang probisyon pagdating sa pagmamay-ari ng mga serbisyon mahahalaga sa taumbayan na nakasaad sa ating Konstitusyon. Ito po ay kaiba at labag doon sa itinatadhana mismo ng ating Konstitusyon pagdating sa pagmamay-ari ng mga naturang public utilities dahil itinatadhana ng ating Konstitusyon na malimitahan ang pag-operate ng mga ito doon lamang sa ating mga Filipino citizens o kaya naman mga pribadong kumpanya na 60 percent o 60 bahagdan ay pagmamay-ari ng mga Filipino.

Itinatadhana rin na ang karapatan o kontrata ng mga public utilities na ito ay maaaring baguhin ng Kongreso kung kinakailangan, sang-ayon pa rin, G. Ispiker, sa interes ng publiko o kung nakasaad sa ating Konstitusyon, sa common good. Itinatadhana rin na ang partisipasyon ng mga dayuhang investors ay ayon lamang sa kanilang capital share na hindi lalagpas sa 40 percent, gayundin ang pamamahala sa isang public utility ay para lamang sa mga Filipino citizens.

The provision states, Mr. Speaker, that:

No franchise, certificate, or any other form of authorization for the operation of a public utility shall be granted except to citizens of the Philippines or to corporations or associations organized under the laws of the Philippines at least sixty per centum of whose capital is owned by such citizens, nor shall such franchise, certificate, or authorization be exclusive in character or for a longer period than fifty years. Neither shall any such franchise or right be granted except under the condition that it shall be subject to amendment, alteration, or repeal by the Congress when the common good so requires.

The State shall encourage equity participation in public utilities by the general public. The participation of foreign investors in the governing body of any public utility enterprise shall be limited to their proportionate share in its capital, and all the executive and managing officers of such corporation or association must be citizens of the Philippines.

Ang sa atin lang po dito, lahat tayo nagkakaisa na nais natin ng mas magandang serbisyo at mas mababang presyo ng mga serbisyo na kinakailangan ng taumbayan sa pang-araw-araw na buhay, na kinakailangan para sa mga negosyo na yumabong, ngunit kinakailangan din nating protektahan pagdating sa kung sino ba ang makikinabang, sino ba ang kikita, at sa kalaunan, sino ba ang yayabong ang kabuhayan at ang buhay pagdating sa mga ipinapasa nating mga batas.

Now, Mr. Speaker, hayaan ninyo po akong malaman naman ang naging pag-aaral o ang pananaliksik ng ating good Sponsor at ng lahat po ng proponents ng Bill na ito pagdating sa sinasabi na ang House Bill No. 78 o ang paglilimita ng bilang ng mga public utilities at pagbubukas nito sa 100-porsiyento na pagmamay-ari at kontrol ng mga dayuhan ay magbubunsod ng mas maraming pagpipilian, mas mabuting serbisyo at mas mababang mga presyo. Ano po ang mga naging batayan ng mga pangakong ito na magiging bunga raw ho ng pagpasa ng House Bill No. 78 at pagpapapasok pa ng dayuhang kapital sa ating bansa?

REP. GARIN (S.). Mr. Speaker, Section 11 of the Constitution addresses public utility and unfortunately, over the years, there were some cases where the terms have been interchanged—public service, public utility, and the lists thereof—or the assumed public utilities have been changed over the years. In fact, under the EPIRA, power generation which used to be public utility has been, by legislature, changed so as not to be considered a public utility anymore. Under the ruling on the JG Summit case, the Supreme Court upheld the removal of shipyards from the ambit of public utility. Also, in the *NPC vs. Provincial Government of Bataan*, power generation is no longer considered a public utility. There have been many inconsistencies in terms of the list, so, there should be a definition in the law. If we go back to the Constitutional Commission, and in fact, according to one of the luminaries of the Constitutional Commission, Fr. Bernas, he even said that there is no intention to protect Filipino industries from foreign competition at the expense of consumers.

What we are trying to do here is protect the consumers, protect the Filipino people. Hindi po ito na we are undermining or underestimating the ability of domestic investors but it is borne out of our need to protect our consumers. Be they passengers of transportation industries or users of our telecommunications, it is our way of protecting the Filipino people. Kaya going back to the earlier statement of the good interpellator on “Are we trying to violate the sanctity of our Constitution?”—I would like to disagree to that because the Constitution or the framers of the Constitution were, in fact, not definite on how a public utility should be defined.

Over the years, the Supreme Court has interchanged the terms “public service” with “public utility” and in fact, added or subtracted industries from the definition of public utility and so, it has not been consistent in that sense. So, it is fine as it is a right or a mandate of the legislature to pass a bill to clarify such ambiguity. Kaya po this is not a violation and we are not saying that public utility is not anymore covered under the 60-40 ownership limitation. What we are merely doing here is defining what is a public utility and should that industry fall under that definition, then it is a public utility; but all public utilities will still

stay under the limitations in the Constitution. On the 60-40 limitation on foreign ownership, the industries will still be under the authority and regulation of the administrative agencies, by DENR, DOTr, DOST or CAAP or LTFRB, so that limitation will still be in place, Mr. Speaker.

REP. ELAGO. Mr. Speaker, tayo po ay sumasang-ayon na kailangan ngang maglinaw hinggil sa kung ano ba ang public utilities para malinaw din sa atin kung ano ang ating poprotektahan na mga serbisyo na may kinalaman hindi lamang sa pang-araw-araw na mga kinakailangan na serbisyo ng ating mga kababayan, kung hindi maging iyong mga sektor na may kinalaman sa ating pambansang seguridad at gayundin sa soberaniya ng ating bansa. Kaya nga ho tinatanong natin sa ating good Sponsor, Mr. Speaker, kung ano po iyong mga naging batayan ng kanilang mga sinabi dito sa kanilang Explanatory Note na magbubunsod at magbunga ang pagpapapasok ng 100-porsiyento ng pinagmamay-arian at kinokontrol ng mga dayuhan, lalong-lalo na po sa transportasyon at sa komunikasyon, pagdating sa mas maraming pagpipilian, mas mabuting serbisyo at mas mababang presyo.

Halimbawa po, pagdating sa serbisyo ng Internet, lahat po tayo ay naglalayon na magkaroon ng mabilis, maaasahan at may security na serbisyo ng Internet, ngunit ang nais po nating malaman ay hindi lang sa Internet kung hindi pagdating sa transportasyon at lahat ng serbisyo ng komunikasyon. Paano po natin nasabi na ang sagot doon sa ating sinasabing problema na kontrolado lamang ng iilan ang negosyo sa transportasyon at sa komunikasyon kaya mataas ang presyo, mababa ang kalidad ng serbisyo, ay ang pagpapapasok ng mga dayuhang mamumuhunan na may 100-porsiyento na kontrol at pagmamay-ari sa mga mahahalagang sektor na ito? Ang ayaw po natin dito, Mr. Speaker, ay tayo po ay magpapasa ng batas na naglalaman ng mga misleading na mga promises. Kaya ang mga sinabi na ito na mga magagandang maidudulot diumano ng batas ay kailangan nating malinaw kung ano ang naging batayan sa pagsasabi na muli ito ay magbubunsod ng mas maraming pagpipilian, yes, pero ito ba ay magbubunsod talaga ng mas magandang serbisyo at mas mababang presyo?

REP. GARIN (S.). Mr. Speaker, Article XII, Section 1 of the Constitution states that the State shall protect Filipino enterprises against unfair foreign competition and trade practices. We are not eliminating the possibility of foreign investors but we are protecting the Filipinos from unfair foreign investors. It does not do away with foreign investments in the Philippines, Mr. Speaker.

Now, why is the assumption, as stated by the good interpellator, that the influx of foreign investors would improve services? For example, Mr. Speaker, what we have seen are added competition and

improved basic services. We have seen that locally, with telecommunications in terms of the price, noong pumasok ang Sun Cellular, nag-adjust rin ng service and rates iyong ibang companies. When the new players in the air transport industry came in, this influx improved the rates and services of the Philippine Airlines as well. That is why in other countries like in New Zealand as well—I just need to find the data on this—but when other countries also practiced this, their services and rates improved.

In fact, for example, in telecommunications, the Philippines is the worst performing in the region. We are at 40 percent in terms of foreign equity while Indonesia, which is within the area, allows 60 percent ownership. There is an average of 57 percent of foreign ownership among countries in our region. Malaysia allows 100 percent. Singapore allows 100 percent. Thailand allows 49 percent. In fact, they do not only allow, but it is an average that they have. There is an average of 60 percent in Taiwan and 53 percent in Vietnam compared to the Philippines—compared to all these countries with telecommunications industries, we are lagging behind all these countries.

One of the observations of our economic managers is that there is a healthier competition in these other countries due to the influx of other investors from other countries because it supplements, you know, it adds more capital into the country since telecommunications and transportation require big investments. Foreign investors are welcome in these industries, so, competition is stiffer there but the services have improved, Mr. Speaker.

REP. ELAGO. G. Ispiker, halimbawa po, nais kong magbahagi rin sa ating good Sponsor ng karanasan ng Representasyon na ito pagdating sa sinasabi na ang mas matindi at ang mas malakas na kompetisyon ay maaaring magbunsod ng mas mababang presyo o mas mababa ang halaga ng isang serbisyo. Halimbawa po, sa mga eskuwelahan, kung saan ang karapatan sa edukasyon ay nagkaroon na ng presyo sa anyo ng tuition at iyong mga other school fees, imbes po sa taon-taon, at regulasyon ng CHED na ito ay mapapababa, iyong tuition po ay hindi po iyan bumababa, ano, sa pagpapapasok o sa pagtatayo ng mas maraming mga eskuwelahan, kundi, sa karanasan po natin—at ito ay masusuportahan noong karanasan ng mga dumadalo na iba't-ibang sektor pagdating sa mga konsultasyon ng pagtataas ng tuition at other school fees at iyan po ang mga estudyante, ang mga non-teaching personnel, ang kanilang mga magulang, at ang kanilang faculty—nakikita po natin na imbes na ito ay mapababa, ang mas nananatili pa rin na main consideration kung bakit sila magtataas at kung bakit natutuloy iyong pagtataas mismo ng tuition at other school fees ay may dalawa pong malaking factors.

Una, ay iyong sinasabing necessity ng eskuwelahan. Ano ba iyong mga plano para sa expansion o kaya naman ay ano ba iyong mga plano pagdating sa mga improvement ng mga facilities sa loob ng eskuwelahan? Pangalawa ay iyong mismong regulasyon ng Commission on Higher Education. Pagdating sa pagtataas ng tuition at other school fees, ang mga butas po sa regulasyon diyan ay—opo, mayroong konsultasyon pero sinasabing ito ay bogus lamang dahil kahit pa lahat ng mga stakeholders, lahat ng mga sektor na nagpa-participate sa mga consultation ay nagsasabi ng tutol sila sa pagtataas ng tuition, ang regulasyon o ang polisiya ay payagan pa rin ang pagtataas basta may konsultasyon kahit pa lahat ng mga sectors at stakeholders ay tumututol, ay natutuloy pa rin po iyong tuition and other school fee increases.

Ibinahagi natin ito, G. Ispiker, dahil maaaring ang kailangan naman natin ay hindi iyong pagpapapasok ng mas maraming kompetisyon o kung maaari din, puwedeng magpapasok ng kumpetisyon, ngunit kung marami pa ring butas at kahinaan pagdating sa regulasyon at pagtitiyak na ang ipinangakong kalidad at mababang presyo ay hindi naman natin matitiyak sa pamamagitan ng pagpapalakas ng ating mga regulatory bodies, ay wala rin pong bisa itong nilalayan natin na pagbubukas ng ating ekonomiya ng 100-porsiyento na pagmamay-ari at control sa mga dayuhan. Bagkus, puwede pang masamantala ang sitwasyon na ito na mahina ang regulasyon at monitoring sa quality at presyo para palobohin pa iyong kita ng mga dayuhan.

Ang nakakabahala po sa ganito, ang kumikita ay ang mga dayuhan sa sarili nating bansa. Imbes na palakasin natin iyong ating mga regulatory bodies at tiyakin na iyong mga kinikita ng mga nagnenegosyo dito sa ating bansa ay hindi lang naiipon sa kung sino ang may-ari o kung sino ang may kontrol ng mga iilan na mga negosyo, kundi mapapababa natin at pantay na naibabahagi ito sa mga manggagawa doon sa kanilang sariling management team at sa lahat ng mga tumutulong para maitaguyod ang ating mga lokal na serbisyo at industriya.

Sa gayon, Mr. Speaker, nais nating tanungin ang ating Sponsor, dahil sinabi rin sa House Bill No. 78 na magkakaroon ho ng mekanismo sa pagtatalaga ng rates para naman iyong mga sisingilin sa mga naturang public services, na hindi na ngayon ang public utilities o iyong mga dating itinuturing natin na public utilities, na may mahigpit na requirements pagdating sa pagmamay-ari ay maiiwasan naman natin iyong profiteering mula doon sa mga much-needed na mga serbisyo ng ating mga kababayan, lalong-lalo na sa transportasyon at komunikasyon. Maaari po ba nating malaman kung ano iyong sa tingin ng ating good Sponsor ang pinakamainam na rate-setting methodology para matiyak natin na magiging rasonable itong mga

sisingilin ng mga magnenegosyo na dayuhan dito sa ating bansa?

REP. GARIN (S.). Mr. Speaker, addressing the previous statements of the good interpellator, an example of the effect of liberalization would be Myanmar when they opened or liberalized the electronic communications industry. Before, a SIM card costs \$300 in 2012 but now it is \$1.50; mobile penetration increased from 7 percent to 100 percent by 2018; Internet penetration increased from 0.3 percent in 2010 to 26 percent. The increase in competition in the telecommunications industry in Myanmar resulted in falling data prices and the lowering of average revenue per user.

Dito po sa Pilipinas, if we speak about telecommunications, the study of our economic managers, as well as those of the World Bank and all the other economic scholars that we have, a 10 percent increase in broadband penetration leads to 1.38 percent increase in the GDP. This translates to P14.4 billion as contributing to the GDP kung ma-increase natin to 10 percent, sa 10 percent lang na dagdag. On the other hand, on the shipping industry, if we open shipping to foreign investors, it is estimated that there will be P18 million in private sector investments at ang epekto po nito, the freight rates will likely fall by 20 percent and will increase the demand by 1.1 million additional metric tons.

The entry of foreign investors will increase competition and this will not only benefit the foreign investors. Kikita sila, of course, but kikita rin iyong Pilipino. The GDP will increase and that will trickle down to each and every Filipino na nangangailangan talaga ng tulong on our basic services. Now, I do not want to say that this is the end-all and be-all solution to what our fellow Filipinos are going through relative to the basic services but this is one way of improving our basic services. As I had stated earlier, our economic teams in the administration had done their consultations and their studies and this is how they arrived at the amendment to the Public Service Act as being one of the factors that will benefit our economy as well as each and every Filipino.

Well, in fact, if we look at it from the education sector, ano, we would not be able to, probably, improve the tuition, but with the onset of better telecommunications, a better broadband, mas maayos na iyong access of our students on information that are right now not accessible to them because of the limitations of our telecommunications industries. Makakatulong po ito sa kanila, hindi lang po pang-Facebook, but it will help them in accessing data that are essential to improve the quality of education among our teachers as well as among our students.

With the last question of the good interpellator as regards the fixing of rates, we have addressed the

fixing of rates in the proposal, but we have followed actually the ruling in the Meralco case which stated that:

The only standard which the legislature is required to prescribe for the guidance of the administrative authority is that the rate be reasonable and just. It has been held that even in the absence of an express requirement as to reasonableness, this standard may be implied. What is a just and reasonable rate is a question of fact calling for the exercise of discretion, good sense, and a fair, enlightened and independent judgment.

So, following that, with the indulgence of the good interpellator, I can read the proposed amendment on rate setting, the additional provision stating that:

THAT WHEN THE PUBLIC INTEREST REQUIRES, THE ADMINISTRATIVE AGENCY MAY ESTABLISH AND ENFORCE A METHODOLOGY FOR SETTING RATES, TAKING INTO ACCOUNT ALL RELEVANT CONSIDERATIONS, INCLUDING THE EFFICIENCY OF THE REGULATED PUBLIC SERVICE. THE RATES MUST BE SUCH AS TO ALLOW THE RECOVERY OF PRUDENT AND EFFICIENT COSTS AND A REASONABLE RATE OF RETURN TO ENABLE THE PUBLIC SERVICE TO OPERATE VIABLY AND EFFICIENTLY. THE ADMINISTRATIVE AGENCY MAY ADOPT ALTERNATIVE FORMS CONSISTENT WITH INTERNATIONALLY ACCEPTED RATE-SETTING METHODOLOGY. THE ADOPTED RATE-SETTING METHODOLOGY SHALL ENSURE A REASONABLE PRICE OF THE COMMODITY OR SERVICE AND THAT THE RATES PRESCRIBED SHALL NOT BE DISCRIMINATORY.

THE PROVISION SHALL NOT BE INTERPRETED AS MANDATING RATE REGULATION NOR AMENDING OR REPEALING LAWS PROVIDING FOR A DEREGULATION POLICY.

It goes on and on. So, it is just a guidance na dapat may standards tayo, and it has to be reasonable and it has to be prudent and efficient costs, Mr. Speaker.

REP. ELAGO. G. Ispiker, manghihingi po tayo sa ating mabuting Sponsor ng kopya ng kanyang binasa na magiging pagbabago sa Bill na ito.

Bagamat mayroon po tayong gagamitin na rasonable na methodology pagdating sa rate setting, ang

ikinababahala lang po natin dito ay nare-reinforce po natin iyong paggamit sa profitability bilang kondisyon sa pag-offer ng public service na very basic necessities na para sa taong bayan. Imbes na profitability, ang mas hinahanap natin ay iyong sustainability ng offering ng mga serbisyong ito. Mahirap pong hanapin iyong ganooong tipo ng layunin at objective kung ang interes nga noong dayuhang papasok dito sa ating bansa ay hindi naman talaga para pabutihin iyong buhay ng bawat isa sa atin, kung hindi, ang pangunahin pa rin niyang magiging layunin ay ang kumita—so, iyong ganoon lang po na pagtingin na pagdating sa pag-offer ng isang public service na kailangang matiyak muna na profitable iyong isang venture para siya ay tumuloy sa pagpasok sa ibang bansa.

Gayundin, Mr. Speaker, tayo po ay maraming katanungan pagdating doon sa maaaring maging mga panganib ng...

REP. GARIN (S.). Mr. Speaker, just to address the rate setting and I thank the good interpellator for addressing the topic. What we have tried to do is not to override what is the power of the administrative agency kasi sila po ang nagre-rate setting. Like, for example, the ERC, sila po ang nagse-set ng guideline that the rate has to be reasonable and the cost should be prudent and efficient. Those are economic terms that we have adopted kasi iyon pala talaga ang guidelines in the international arena, as well as the common practice in the different industries. We did not go into specifics because each industry has its own rate-setting policies. In fact the objective, just to emphasize the objective of these amendments, in rate setting, the impact of which should be performance-based rate regulation, such that the companies have performance standards that they may have to comply with for the price they charge.

Ang objective po, yes, the investors will profit but not more than the competitive profit. This should be a win-win scheme for Filipino consumers kasi magbe-benefit sila with the lower price and higher quality. We do not want a losing company, but rather a reasonable one at ito dapat ang babantayan ng mga regulators natin like the ERC or any other regulating administrative agency for that matter. Yes, I would like to restate for the record in this debate that it would not be exorbitant or confiscatory, na ang gusto po natin ay reasonable and prudent lang ang cost—reasonable and prudent cost will be included in the rate setting methodology that would be applied by the administrative agencies. This is to disallow any excessive or exorbitant fees that would be charged by any industry, Mr. Speaker.

Thank you.

REP. ELAGO. Mr. Speaker, at present, do we have an assessment of these rate-setting policies of our regulatory agencies or bodies?

REP. GARIN (S.). Mr. Speaker, it is a very complex system that they have. For example, if an electric company wants to increase its rates, it has to go through many processes, procedures, and the ERC would require a hearing for rate setting. What they apply there is what is normally applied by the agency. What the PSA is doing is that dapat reasonable rates and in the guidelines, very generic ang nilagay dito for them to be guided that they cannot overcharge or hindi puwede na unreasonable.

If the ERC actually takes, I do not think it is just months, iyong iba nga mga taon ang inaabot just to finish their hearings, pero in the same way lang, the other agencies have their own system of rate-setting. It is very complicated to be very specific in the PSA kasi we are dealing with different industries here. Hence, we decided to have a more general statement and leave it up to the administrative agencies to decide. Kaya wala po iyan sa batas, the specific details of rate setting, just a general statement lang on the guidelines, Mr. Speaker.

REP. ELAGO. G. Ispiker, sa ngayon ay wala po tayong pag-aaral kung gaano kaepektibo itong mga ginagamit na rate-setting policies ng ating mga ahensiya? Kung wala, kung nahihirapan na tayo dito pa lang sa local players natin, paano pa kapag pumasok iyong mga malalaki na mga dayuhang maaari nilang ka-kompetensiya? Kaya dito natin makikita kung gaano talaga kinakailangan na palakasin muna natin ang sistema ng regulasyon para matiyak po itong layon ng ating butihing Sponsor na mas magandang serbisyo, hindi naman pagkakakitaan ng ating taumbayan pagdating sa pag-fix ng fees na sisingilin sa iba't ibang negosyong ito.

REP. GARIN (S.). Mr. Speaker, just because an investor is a foreigner does not mean that he will not be subject to the regulations of the ERC or any other agency. Pare-pareho lang iyan. It is the same treatment whether you are a Filipino or a non-Filipino. If you perform a public service, then you will still be subject to all the regulations. Ang difference lang siguro, you would not speak Tagalog to them, but they will still be subject to the same rules and regulations, rate-setting regulations as required by the administrative agency. Wala pong difference iyan. I do not think that the amendment we are applying or the difficulty of application of the different agencies, will still apply whether they are Filipinos or not.

Wala pong danger in the rate-setting methodology. What we are merely trying to do here is may standards lang na pare-pareho among all industries, but I refer to it as being difficult because it is hard to harmonize everything in one bill when the industries are all different and numerous. Kaya mahirap po na i-articulate

dito sa Bill na isa-isahin iyong regulations. We made a general statement or a standard on how to do rate-settings in each and every industry, Mr. Speaker.

REP. ELAGO. Mr. Speaker, pagdating lang doon sa mga benepisyo na sinabi ng ating good Sponsor, opo, may mga benepisyo pero nandoon nga rin iyong mga panganib ng pagpapapasok ng mga polisiyang ito para sa mamamayang Pilipino. Kaya iyong ganoong duality na idudulot ng pagbubukas sa dayuhang pagmamay-ari at kontrol ng mga importanteng mga serbisyo dito sa ating bansa, tulad na lamang ng transportasyon at komunikasyon, ay nangangailangan talaga ng mahigpit na regulasyon.

Opo, hindi naman ito kikilala ng kung sinuman ang nag-o-operate ng mga negosyong ito. Pantay-pantay ang turing pero at the onset, iyong ganoon ba talagang mekanismo ay nandiyan na at ito ba ay gumagana? Iyon po iyong nais sana natin na malaman mula sa ating butihing Sponsor, at kung maaari na sumama siya sa aming panawagan sa mga regulatory agencies na magpakita dito sa harap ng ating mga Mambabatas pagdating sa kung gaano ba kaepektibo iyong mga polisiya na mayroon tayo ngayon sa pag-o-offer ng mas mabuting serbisyo sa mas mababang presyo para sa ating mga kababayan.

Ngayon, G. Ispiker, nais ko lang maibahagi din sa ating good Sponsor, kahit pa sa ngayon ay may mga limitasyon tayo pagdating sa pagpapapasok ng mga dayuhang kapital sa mga importanteng pampublikong serbisyo sa iba't ibang mga pamamaraan na sila ay nakakapasok na rin. Halimbawa, pagdating sa communications, ang Tsina, sa pamamagitan ng kanilang Chinese Ministry of Public Security ay nagte-train na ng ating mga law enforcement personnel sa Pilipinas pagdating sa surveillance ng mamamayan. Gayon din, sa pamamagitan ng China International Publishing Group at ng China State Counsel of Information Office at kanilang Ministry of Commerce, mayroon nang mga ino-offer na mga training at mayroon nang mga natapos na 21 journalists, mga alagad ng media na nag-train para sa pag-i-improve ng ating communications.

Gayon din, mayroong ilang milyon na mga donasyon ng mga equipment. Nanggaling sa kanila ang teknolohiya and we welcome the donation dahil alam nating kung gaano kasalat tayo dahil kulang na kulang ang mga available equipment natin para sa mas magandang communication, at gayundin sa mas magandang pagpapalaganap ng information. Mayroon na ring mga lungsod sa Pilipinas na gumagamit ng surveillance system technology tulad ng mga camera na ginagamit sa mga central command center ng mga siyudad. Ang pinakahuli, ang mismong installation o iyong surveillance project ng DILG in partnership with HUAWEI, isang korporasyon mula sa China, na nag-install ng 12,000 CCTV cameras dito sa ating

bansa. Ito din ay kaugnay ng pagpapatupad ng State Philippines Project na nitong nakaraang linggo lang ay naipabalita na nakatindig na sa iba't ibang mga siyudad dito sa Pilipinas.

Mr. Speaker, sa ngayon, sa tingin ninyo po ba ang bodies na dapat nagre-regulate pagdating sa information at communication ay maaari na makapag-intervene para matiyak na sa mga developments na ito, sa mga technologies na ito na pinapapasok natin sa iba't ibang industriya para ma-improve ang ating serbisyo, kasabay po ng mga benepisyo ay matitiyak din natin na mapo-protektahan ang interest ng mga Pilipino sa kanilang karapatan sa privacy, at ating maipapagtanggol at mapo-protektahan at hindi naman makokompromiso pagdating sa pagwe-welcome naman natin ng mga donasyon at ng mga teknolohiya na ito?

REP. GARIN (S.). Mr. Speaker, the Committee is going to propose an additional section when it comes to national security. It would state that: "In the interest of national security, the President, after review, evaluation and recommendation of the relevant government department or administrative agency, may suspend or prohibit any proposed merger or acquisition, transaction or any investment in a public service that effectively results in the grant of control, whether direct or indirect, to a foreigner or a foreign corporation." That is one of the measures that we have to protect our national interest, and our Constitution actually allows the President a takeover power under Article XII, Section 17 of the 1987 Constitution which states that:

In times of national emergency, when public interest so requires, the State may, xxx temporarily take over or direct the operation of any privately-owned public utility or business affected with public interest." Puwede pong gawin ng Presidente iyan kahit wala ito sa batas na ito. In the PSA, those businesses no longer classified as public utilities are still considered businesses affected with public interest. So, puwede pa rin ang Presidente mag-intervene in cases of national emergency.

Now, the National Security Council, under the Administrative Code of 1987, has the authority to formulate and coordinate the implementation of policies on matters of common interest to the various departments and agencies of the government concerned, where the NSC will make recommendations to the President in connection therewith and ensure that policies adopted by the said agency on national security are effectively and efficiently implemented.

In Section 7 of the Data Privacy Act of 2012, it delegates the following powers to the National Privacy Commission in relation to national security:

a. to issue cease-and-desist orders, to impose a temporary or permanent bond on the processing of

personal information upon finding that the processing will be detrimental to national security and public interest; and

b. to compel or petition any entity, government agency or instrumentality to abide by its orders or take action on matters affecting data privacy.

Marami po tayong batas at marami pang agencies that are mandated, authorized and in fact, have the obligation to secure our national security and national interest.

In addition to the provisions, I have mentioned as well agencies such as the PCC and all other regulatory agencies mandated to have authority over the different industries. This is in place but the matter of implementation is another question and we are not lacking in legislation in terms of protecting our national interest and national security, Mr. Speaker.

REP. ELAGO. G. Ispiker, bilang panghuli ko pong katanungan sa ating good Sponsor, ay nais ko ding kunin ang kanyang komento tungkol dito sa balitang ito—ito po ay lumabas kahapon patungkol sa pagmamay-aring State Grid Corporation ng China ng 40 bahagdan or 40 percent stake sa National Grid Corporation of the Philippines. Ang pinaka-cause of worry po ng Representation na ito pagdating sa balitang ito ay ang sinabi mismo sa ulat, and I quote: “The Philippines power grid is under the full control of the Chinese government and could be shut off in time of conflict.”

Ngayon, G. Ispiker, bagamat hindi pa natin nakikita at nababasa ang kabuuang ulat na ito, ang sinasabi po dito na 40 percent pa lamang iyong kanilang kontrol pero may kakayahan na sila na patayin sa panahon ng conflict ang power dito sa ating bansa. Paano pa kaya kung pahihintulutan natin ang isang 100 porsiyento, hindi lang pagmamay-ari, kundi, pati kontrol pagdating sa mga napakahalagang utilities, transportation, communications na hindi lang po ginagamit at crucial sa indibidwal na kaunlaran, kundi sa pagpo-protékta ng interes at ng soberaniya ng ating bansa.

REP. GARIN (S.). Mr. Speaker, the Constitution states, and I will read Section 11, “No franchise certificate or any other form of authorization for the operation”—hindi po ownership—“of public utility shall be granted except to citizens of the Philippines or corporations, or associations, organizations under the laws of the Philippines xxx.”

In the *Tañada* case, fortunately or unfortunately, it has separated ownership from operation. In the *Francisco Tatad vs Jesus Garcia* case, there it says:

The right to operate, in law, there is a clear distinction between operation of public utility and the ownership of the facilities and equipment used to serve the public. Ownership is defined as “a relation of law by virtue of

which a thing pertaining to one person is completely subjected to his will and everything not prohibited by law or concurrence with the rights of another.”

The Constitution in no uncertain terms requires a franchise for the operation of public utilities; however, it does not require a franchise before one can own facilities needed to operate a public utility so long as it does not operate them to serve the public. Meaning, Mr. Speaker, currently, with or without the amendment to the Public Service Act, na-separate po iyong ownership from operation.

Now, as you can observe what is happening with China Telecom or whatever their name is, they could own the facilities already. This is not because of the Public Service Act or the amendment to the Public Service Act but by jurisprudence and this has been allowed already. The right to operate the public utility may exist independently and separately from the ownership of the facilities thereof. Kaya nandiyan na po iyan and maybe, if we do another legislation to amend or change, to clarify or alter such jurisprudence, then let it be so.

Sa ngayon po that is not applicable because of Public Service Act. Yes, there may be threats but I would not want to concentrate only on China kasi marami din, baka if it comes to Europe, from European investors, it could be a threat as well. We do have safeguards in place and should these safeguards be properly implemented, I think our industries and our fellow Filipinos will be well protected, basta lang po ma-implement lang nang maayos ng mga agencies na ito iyong responsibilities nila.

REP. ELAGO. G. Ispiker, totoo po na ligal ang ginawa ng Tsina pagdating dito ngunit kung ito naman ay magiging sagabal pagdating sa pagtatanggol ng interes ng ating bansa at sa pagtatanggol ng ating interes ng mga mamamayang Pilipino, kailangan na po nating magdalawang-isip pagdating sa pagsusulong nito. Gayon din, ang Sponsor na rin ang nagbanggit kung gaano kahalaga dito ang maayos na implementasyon, regulasyon at pagpapalakas ng mga ahensiya na magtitiyak na tunay na magkakaroon ng mas maayos na serbisyo, mas mababang presyo, at kung ano man ang kikitain mula sa pagpapayabong ng mga negosyong ito ay mapapakinabangan ng bayan muna natin at mapapakinabangan ng mamamayang Pilipino.

Maraming salamat sa pagkakataon na ito, Mr. Speaker. Maraming salamat sa ating good Sponsor.

Muli, nananawagan po tayong pagdating sa pagpapasa ng batas na ito o hindi pagpapasa ng batas na ito, kailangan po nating maging mas mahigpit pa at masusi itong pag-aralan.

Maraming salamat, G. Ispiker.

REP. GARIN (S.). Thank you, Mr. Speaker.

THE DEPUTY SPEAKER (Rep. Garcia, P.). The Majority Leader is recognized.

SUSPENSION OF CONSIDERATION
OF H.B. NO. 78

REP. PALMA. Mr. Speaker, I move that we suspend the consideration of House Bill No. 78 under Committee Report No. 5.

I so move, Mr. Speaker.

THE DEPUTY SPEAKER (Rep. Garcia, P.). Is there any objection? (*Silence*) The Chair hears none; the motion is approved.

The Majority Leader is recognized.

ELECTION OF MEMBERS TO COMMITTEES

REP. VILLAR. Mr. Speaker, may I move for the election of the following Members to various Committees:

Rep. Villar read the names of the House Members elected to the various Committees, per Journal No. 31, dated November 26, 2019.

COMMITTEE ON PUBLIC INFORMATION

As Chairperson:
Rep. Ron P. Salo

As Vice Chairpersons:
Rep. Amihilda J. Sangcopan
Rep. Alfred Vargas
Rep. Michael T. Defensor

As members, for the Majority:
Rep. Sol Aragones
Rep. Ed Christopher S. Go
Rep. Jose “Pingping” I. Tejada
Rep. Braeden John Q. Biron
Rep. Ramon “Mon-Mon” V. Guico III
Rep. Ian Paul L. Dy
Rep. Faustino Michael Carlos T. Dy III
Rep. Allan Benedict S. Reyes
Rep. Allan U. Ty
Rep. Cesar “Jawo” L. Jimenez Jr.
Rep. Jake Vincent Villa
Rep. Vincent Franco “Duke” D. Frasco
Rep. Esmael G. Mangudadatu
Rep. Gavini “Apol” C. Pancho
Rep. Princess Rihan M. Sakaluran

COMMITTEE ON PUBLIC ACCOUNTS

As Vice Chairpersons:
Rep. Rodante D. Marcoleta

Rep. Eleandro Jesus F. Madrona

As member:
Rep. Presley C. De Jesus

COMMITTEE ON ACCOUNTS

As Vice Chairperson:
Rep. Florida “Rida” P. Robes

As members:
Rep. Jose “Bong” J. Teves Jr.
Rep. Ansaruddin Abdul Malik A. Adiong

COMMITTEE ON TRADE AND INDUSTRY

As Vice Chairman:
Rep. Allan U. Ty

COMMITTEE ON LABOR AND EMPLOYMENT

As members:
Rep. Allan U. Ty
Rep. Romeo S. Momo Sr.

COMMITTEE ON AGRICULTURE AND FOOD

As Vice Chairperson:
Rep. Ansarudin Abdul Malik A. Adiong

As member:
Rep. Macnell M. Lusotan

SPECIAL COMMITTEE ON BASES CONVERSION

As Vice Chairperson:
Rep. Geraldine B. Roman

COMMITTEE ON HIGHER AND TECHNICAL
EDUCATION

As Vice Chairpersons:
Rep. Macnell M. Lusotan
Rep. Ansaruddin Abdul Malik A. Adiong

SPECIAL COMMITTEE ON EAST ASEAN
GROWTH AREA

As Vice Chairperson:
Rep. Shirlyn L. Bañas-Nogralles

COMMITTEE ON AGRICULTURE AND FOOD

As members:
Rep. Shirlyn L. Bañas-Nogralles
Rep. Josephine Ramirez-Sato

COMMITTEE ON AQUACULTURE AND FISHERIES RESOURCES

As member:
Rep. Shirlyn L. Bañas-Nogales

COMMITTEE ON TOURISM

As member:
Rep. Shirlyn L. Bañas-Nogales

COMMITTEE ON HEALTH

As member:
Rep. Shirlyn L. Bañas-Nogales

COMMITTEE ON GAMES AND AMUSEMENTS

As member:
Rep. Shirlyn L. Bañas-Nogales

COMMITTEE ON HOUSING AND URBAN DEVELOPMENT

As member:
Rep. Shirlyn L. Bañas-Nogales

COMMITTEE ON INDIGENOUS CULTURAL COMMUNITIES AND INDIGENOUS PEOPLES

As member:
Rep. Shirlyn L. Bañas-Nogales

COMMITTEE ON VETERANS AFFAIRS AND WELFARE

As member:
Rep. Shirlyn L. Bañas-Nogales

COMMITTEE ON BASIC EDUCATION AND CULTURE

As members:
Rep. Shirlyn L. Bañas-Nogales
Rep. Macnell M. Lusotan

COMMITTEE ON NATURAL RESOURCES

As members:
Rep. Shirlyn L. Bañas-Nogales
Rep. Josephine Ramirez-Sato

COMMITTEE ON TRANSPORTATION

As member:
Rep. Shirlyn L. Bañas-Nogales

COMMITTEE ON MICRO, SMALL AND MEDIUM ENTERPRISE DEVELOPMENT

As member:
Rep. Shirlyn L. Bañas-Nogales

COMMITTEE ON SCIENCE AND TECHNOLOGY

As member:
Rep. Shirlyn L. Bañas-Nogales

COMMITTEE ON SOCIAL SERVICES

As member:
Rep. Shirlyn L. Bañas-Nogales

COMMITTEE ON TRADE AND INDUSTRY

As member:
Rep. Shirlyn L. Bañas-Nogales

COMMITTEE ON WOMEN AND GENDER EQUALITY

As member:
Rep. Shirlyn L. Bañas-Nogales

COMMITTEE ON HIGHER AND TECHNICAL EDUCATION

As member:
Rep. Shirlyn L. Bañas-Nogales

SPECIAL COMMITTEE ON WEST PHILIPPINE SEA

As member:
Rep. Macnell M. Lusotan

I so move, Mr. Speaker.

THE DEPUTY SPEAKER (Rep. Garcia, P.). Is there any objection? (*Silence*) The Chair hears none; the motion is approved.

The Majority Leader is recognized.

REP. PALMA. Mr. Speaker, I move that we recognize the Deputy Minority Leader, Hon. Jose Christopher “Kit” Y. Belmonte.

THE DEPUTY SPEAKER (Rep. Garcia, P.). Honorable Belmonte is recognized.

REP. BELMONTE. Thank you very much, Mr. Speaker. Mr. Speaker, on behalf of the Minority, I move for the election of the following Members:

COMMITTEE ON PUBLIC INFORMATION

As Senior member:
Rep. Gabriel H. Bordado Jr.

As members:
Rep. France L. Castro
Rep. Arnolfo “Arnie” A. Teves Jr.

THE DEPUTY SPEAKER (Rep. Garcia, P.). Is there any objection? (*Silence*) The Chair hears none; the motion is approved.

WITHDRAWAL OF NOMINATIONS
TO COMMITTEES

REP. BELMONTE. Likewise, Mr. Speaker, I move to withdraw the nomination of Hon. Victoria “Bing” V. Umali, from the Committee on Public Accounts and replace her—in lieu of Hon. Bing Umali—with Hon. Bayani F. Fernando as senior member for the Minority. I so move, Mr. Speaker.

THE DEPUTY SPEAKER (Rep. Garcia, P.). Is there any objection? (*Silence*) The Chair hears none; the motion is approved.

REP. BELMONTE. Likewise, Mr. Speaker, I move to withdraw the nomination of Hon. Isagani S. Amatong to the Committee on Foreign Affairs and replace him with Hon. Argel Joseph T. Cabatbat. I so move, Mr. Speaker.

THE DEPUTY SPEAKER (Rep. Garcia, P.). Is there any objection? (*Silence*) The Chair hears none; the motion is approved.

REP. BELMONTE. Furthermore, Mr. Speaker, I move to withdraw the nomination to the Committee on Veterans Affairs and Welfare of Hon. Isagani S. Amatong, and in lieu of him, I move that we elect Hon. Victoria “Bing” Umali. I so move, Mr. Speaker, Your Honor.

THE DEPUTY SPEAKER (Rep. Garcia, P.). Is there any objection? (*Silence*) The Chair hears none; the motion is approved.

REP. BELMONTE. Thank you very much, Mr. Speaker.

THE DEPUTY SPEAKER (Rep. Garcia, P.). The Majority Leader is recognized.

PRIVILEGE HOUR

REP. PALMA. Mr. Speaker, with leave of the House, I move that we open the Privilege Hour.

THE DEPUTY SPEAKER (Rep. Garcia, P.). Is there any objection? (*Silence*) The Chair hears none; the motion is approved.

The Privilege Hour is hereby opened.

REP. PALMA. Mr. Speaker, I move that we recognize Hon. Gabriel “Gabby” H. Bordado Jr. to avail of the Privilege Hour.

THE DEPUTY SPEAKER (Rep. Garcia, P.). Honorable Bordado is recognized for his privilege speech.

REP. BORDADO. Okay.

THE DEPUTY SPEAKER (Rep. Garcia, P.). Please proceed.

PRIVILEGE SPEECH OF REP. BORDADO

REP. BORDADO. Thank you, Mr. Speaker.

Mr. Speaker, everybody expected it. Yet, when President Rodrigo Roa Duterte fired Vice President Leni Gerona Robredo as Co-chair of the Inter-agency Committee on Anti-Illegal Drugs or ICAD in the early evening of November 24th, a lot of people were stunned and saddened. Mr. Speaker, it may be recalled that most of the allies and supporters of the Vice President urged her to reject outright the offer of the President for her to head the ICAD but then, she accepted it, reassuring her countrymen that, to quote her, “I’m ready to bear all of these. Because if I can save one innocent life, my principles and heart are telling me that I should give it a try.” Vice President Robredo wasted no time in settling into her new role.

Mr. Speaker, within a brief period of 19 days, Vice President Robredo, as pointed out by a major media outlet, convened all government agencies under ICAD; met with officials of the United Nations Office on Drugs and Crime and Community-based Drug Rehabilitation Alliance, otherwise known as COBRA, and the United States Embassy including the Federal Bureau of Investigation, drug enforcement agencies, Department of State, and the United States Agency for International Development; the Department of the Interior and Local Government; the Philippine National Police; the Department of Health; the Philippine Drug Enforcement Agency; and the Dangerous Drugs Board to discuss pertinent matters on the war versus illegal drugs. She also visited various communities and sent two letters to the President. By all indications, Mr. Speaker, the Vice President did take seriously her earlier pronouncement of “tweaking” the anti-illegal drugs program.

Then came the bombshell last Sunday night. The President fired the Vice President less than three weeks

after her appointment as ICAD Chief. Yesterday, the Vice President, in a media meeting right after she visited a drug rehabilitation center in her home province of Camarines Sur, stated that, and I quote, “If they think this is over, they don’t know me. I have just begun.”

Mr. Speaker, for his part, Justice Secretary Menardo Guevarra said, “Personally, I feel so sad about what happened. There was an opportunity for the administration and even the opposition to bond together and put up a united front against a common enemy which is illegal drugs. But you know, circumstances caused this venture to crash before it could even take flight so I feel sad about it.”

Mr. Speaker, at the end of the day, however, regardless of the President’s most recent decision, the opportunity for all of us—not only the President and the Vice President—to shed our differing opinions and affiliations in order to scuttle, once and for all, the drug menace in the country still stands.

Thank you very much, Mr. Speaker.

THE DEPUTY SPEAKER (Rep. Garcia, P.). The Majority Leader is recognized.

REP. PALMA. Mr. Speaker, I move that the privilege speech of Hon. Gabriel Bordado be referred to the Committee on Rules for appropriate action.

I so move, Mr. Speaker.

THE DEPUTY SPEAKER (Rep. Garcia, P.). Is there any objection? (*Silence*) The Chair hears none; the motion is approved.

REP. PALMA. Mr. Speaker, I move that we terminate the Privilege Hour.

I so move, Mr. Speaker.

THE DEPUTY SPEAKER (Rep. Garcia, P.). Is there any objection? (*Silence*) The Chair hears none; the motion is approved.

The Privilege Hour is terminated.

CONSIDERATION OF H.B. NO. 59

Continuation

PERIOD OF SPONSORSHIP AND DEBATE

REP. PALMA. Mr. Speaker, I move that we resume the consideration of House Bill No. 59, under Committee Report No. 73, and request the Secretary General be directed to read only the title of the measure.

I so move, Mr. Speaker.

THE DEPUTY SPEAKER (Rep. Garcia, P.). Is there any objection? (*Silence*) The Chair hears none; the motion is approved.

The Secretary General is directed to read only the title of the measure.

THE SECRETARY GENERAL. House Bill No. 59, entitled: AN ACT SETTING THE MINIMUM PAID-UP CAPITAL AND LOCALLY PRODUCED STOCK INVENTORY REQUIREMENTS FOR FOREIGN RETAIL BUSINESS ENTERPRISES, AMENDING FOR THE PURPOSE REPUBLIC ACT NO. 8762, OTHERWISE KNOWN AS THE “RETAIL TRADE LIBERALIZATION ACT OF 2000.”

THE DEPUTY SPEAKER (Rep. Garcia, P.). The Majority Leader is recognized.

REP. PALMA. Mr. Speaker, to sponsor the said measure, I move that we recognize Hon. Weslie T. Gatchalian of the First District of Valenzuela as well as Hon. Victor A. Yap of the Second District of Tarlac.

THE DEPUTY SPEAKER (Rep. Garcia, P.). Honorable Gatchalian and Honorable Yap are hereby recognized for their sponsorship of the measure.

REP. PALMA. Mr. Speaker, the parliamentary status of our Bill is that we are in the period of sponsorship and debate and with that, I move that we recognize Hon. Stella Luz A. Quimbo of the Second District of Marikina City to interpellate our Sponsors.

THE DEPUTY SPEAKER (Rep. Garcia, P.). Hon. Stella Quimbo is recognized for her interpellation.

REP. QUIMBO. Mr. Speaker, will the Sponsor yield to a few questions?

REP. YAP (V.). Yes, Mr. Speaker.

REP. QUIMBO. Mr. Speaker, just for context. Can the good Sponsor confirm that the purpose of the Bill is to open up the retail sector to foreign competition, thereby increasing foreign investments, generating jobs, reducing prices and increasing or widening choices for consumers?

REP. YAP (V.). Yes, Mr. Speaker, that is correct.

REP. QUIMBO. Mr. Speaker, Mr. Sponsor, is there any particular reason it is the retail sector that you wish to be opened up to foreign competition? Mr. Sponsor, for example, why not the manufacturing sector or why not the services sector?

REP. YAP (V.). Mr. Speaker, the Trade Liberalization Act was already passed into law. Somehow, through the years, we have gotten data on the actual experience

of our country that it did not really push through with the model that was passed before. That is why we are here, Mr. Speaker, together with the Chairman of Trade and Industry Committee to correct and improve the situation for the retail sector but more importantly for the consumer sector and the entire Filipino citizen, Mr. Speaker.

REP. QUIMBO. Mr. Speaker, Mr. Sponsor, thank you for that background information. Would you agree that one reason it is the retail sector that needs to be opened up is in recent times, particularly over the last year, the retail sector has been growing so fast and in fact, overtaking the manufacturing sector. Like, for example, in 2017, the manufacturing sector grew at 8.42 percent while the retail sector grew at 7.23 percent but by 2018, that was reversed. Manufacturing grew at 4.93 percent, but retail overtook manufacturing and grew at 6 percent. So, could it be that we really need to open up the retail sector so as not to pass up on further opportunities to increase growth in the retail sector?

REP. YAP (V.). If the statement of the Madam Interpellator is on the affirmative that we need to open up retail to improve the position of our exports, then I totally agree, Mr. Speaker. Thank you for that.

REP. QUIMBO. Mr. Speaker, Mr. Sponsor, under the current law, would you agree that despite the Retail Trade Liberalization Act of 2000, it is quite difficult for a foreign entity to participate in our retail sector? For example, if a foreign entity wishes to participate in the retail sector, it would need a minimum paid-up capital of \$2.5 million and in addition, a per store investment requirement of \$830,000. Moreover, retail businesses that would require less than \$2.5 million in paid-up capital or those that do not have access to such an amount cannot in any way participate in the local retail market. So, these very restrictive entry conditions are what the good Sponsor wishes to change through this Bill. Am I correct, Mr. Speaker?

REP. YAP (V.). Yes, for many reasons, Mr. Speaker, but the gist would be that.

REP. QUIMBO. So, Mr. Speaker, Mr. Sponsor, the Bill proposes to change the paid-up capital threshold from \$2.5 million to \$200,000 or P10 million?

REP. YAP (V.). Yes, Mr. Speaker, that is the one passed by the Committee and it is just the same level or amount that we passed a month ago with the Foreign Investments Act, Mr. Speaker.

REP. QUIMBO. So, Mr. Speaker, Mr. Sponsor,

can you enlighten us as to what is really wrong with the current law? We might wish to note that when the Retail Trade Liberalization Act was passed in 2000, FDIs or foreign direct investments actually increased from virtually nothing to \$31.33 million one year after the passage of that law. However, FDI inflows saw an abrupt decline in the following year to only \$1.83 million in 2002.

Moreover, in a position paper by the Joint Foreign Chamber of the Philippines, they noted that over the last 19 years, only 43 foreign retail investments had been recorded by the DTI, creating only around 22,000 jobs. So, Mr. Speaker, can you tell us on what is wrong with the current law?

REP. YAP (V.). Mr. Speaker, that is a very good point that was raised by our dear interpellator, that the Retail Trade Liberalization Act or R.A. No. 8762 passed in 2000 was enacted to promote both Filipino and foreign investors to forge an efficient and competitive retail trade in the interest of empowering the Filipino consumers through lower prices, higher quality goods, better services and wider choices. The initial success of R.A. No. 8762, as mentioned, resulted in foreign direct investments in the retail sector surging to \$31 million in 2000 from a zero base the previous year. However, inflows saw an abrupt decline the following year at only \$1.83 million. There are many reasons for these, Mr. Speaker, but I guess your inference on this matter would be as good as mine: one would be taxes; two is gaano kadali ba talaga gumawa ng business, lalo na kung maliit ka lang na negosyanteng pumapasok at \$2.5 million and not the bigger ones. What more kung mas maliit iyong capital mo? If you cannot afford to lose—it is a gamble to go into the Philippines to invest. Why not other ASEAN countries that also have markets?

It is for this reason, Mr. Speaker, that we wish to change and amend the, I would say, not really outdated 2000 law, but some of its sections that were previously mentioned are. For example, in the arena of ASEAN countries, marami po rito talaga ay halos walang limit at open na. Mayroon pa ring foreign capitalization limit of 40 percent, siyempre, pero ang mangyayari dito ay liniliitan lang natin. Sa ibang bansa, and I would like to mention Brunei, there is no restriction on FDI, and in Cambodia and Indonesia, only in large-scale retail.

So, iyong medyo kinatakat ng iba ng ating mga kasamahan, natatakot sila na baka tamaan iyong mga sari-sari stores, Mr. Speaker. For that matter, may I argue, Mr. Speaker, that hindi po sila tatamaan. Ang talagang intention dito would be kapag naglalagay tayo ng mga restrictions, iyong mga katulad ng \$2.5 million, tapos 40 percent, ang nangyayari ho ay kawawa ang Pilipino at the end of the day. Bakit? Kasi wala silang talagang totoong choice, hindi ba?

Actually, kung kinakatakot natin na ang mga maliliit na produkto na sinasabi natin na posibleng manggaling sa iba't-ibang probinsiya, sa iba't-ibang lalawigan, iyong mga pagkain na ginagawa sa Ilocos, Quezon, Laguna at sa iba pang mga lugar, makakabuti nga na papasukin itong mga maliliit na retailers coming from different countries at talagang maaalis natin iyong perception sa Pilipinas na ang hirap magtayo ng negosyo—kukuha ka pa lamang ng permit sa barangay ay mahirap na. Of course, I congratulate the Seventeenth Congress for passing the Law on the Ease of Doing Business and sana talagang sa pagkakataon na ito ay magbago ang perception. So, ibinaba at ito po ang recommendation ng DTI.

Kung ako ang personal na tatanungin, ayaw ko na ngang lagyan pa ng P200,000, but that is, putting it aside, just my personal opinion. Kung talagang gusto natin ng mas mababang presyo, palagay ko naman ay bubuksan natin ang ating isipan na talagang for the past years, which is about 18 to 19 years, wala pong nangyayari sa investments natin samantalang sa ibang mga bansa, nagsilakihan sila. If I may cite, by contrast, the ASEAN Region, as a whole, received the highest FDI. So, talagang ASEAN ang target; malaking market tayo.

So, this was \$38.9 billion in the wholesale and retail trade sector for the year 2017 alone, growing 75 percent from \$22 billion and thereby, overtaking the traditional main recipients of FDIs, namely, the finance and manufacturing sectors, as indicated or among those mentioned by our dear interpellator. In this amount, however, the Philippines was only able to garner \$83.1 million or a dismal 0.2 percent of the total FDI to the ASEAN wholesale and retail sector.

Mr. Speaker, I can go on for many minutes to talk about the benefits of consumer choice and competition. Bababa ang presyo pero ang tingin ko naman, ang retail trade o ang trade in general is not only one way and we should not be afraid na papasok lahat lang ang goods nila. For example, Thailand lowered its investment commitment to 500,000 baht. Tayo, n-lower natin ito ngayon sa \$200,000, which is about P10 million, but 500,000 baht is only P850,000. What happened to Thailand? All over the world, iyong kanilang produktong maliliit na nanggagaling sa iba't-ibang probinsiya nila ay lumabas. Kung ako trader, papasok ako sa Pilipinas, sasaliksikin ko rin iyong mga competitive products nito at dadalhin ko sa ibang bansa. Iyan din ang gusto nating mangyari rito at the end of the day, consumer choice—kung talagang masarap iyong potato chips ng Amerikano.

By the way, Mr. Speaker, without saying, lumabas po sa Committee hearing dito na karamihan ho ng nagbebenta o against dito sa Bill na ito are large retailers, the Philippine Retailers Association, at karamihan sa kanilang ibinibenta ay imported na rin. Why not at

the end of the day allow each and every country to enter? To date, Mr. Speaker, no country has disallowed Filipino products to enter their markets but without those traders, without those retailers seeking and knowing the Filipinos, coming here and learning the ropes of Filipino ways and manufacturing para ma-improve o mapaganda ang ating produkto, sa palagay ko, tulad ng Vietnam at Thailand, lalabas at gaganda pa lalo ang mga produkto natin, Mr. Speaker.

REP. QUIMBO. Mr. Sponsor, magandang nabanggit ninyo na wala naman talaga sa listahan ng complaints ng foreign investors ang minimum paid-up capital requirements. If you look at that list, what is mentioned there would be, for example, too many permits or maybe high taxes or perhaps, corrupt government agencies or corrupt regulators. Wala naman po doon sa listahan ang high minimum paid-up capital requirements. However, alam naman natin na napakaliit ang nakukuhang share ng Pilipinas sa FDIs sa buong ASEAN. As you mentioned, Brunei has a lower threshold as well as Indonesia. May I share, Mr. Sponsor, some more information on the ASEAN countries. We can see here—so, you are proposing that we reduce our threshold to \$200,000 pero sa totoo lang po, sa Indonesia mas mababa, at the moment, it is \$177,000; in Thailand, it is only \$66,000; Vietnam has the lowest threshold at \$10,000; Malaysia has \$120,000; and Singapore is at \$36,700.

So, malaki talaga, Mr. Sponsor, ang pagbaba from \$2.5 million to \$200,000 as you are proposing. Looking at this matrix and including Brunei, ano kaya ang basis po natin, Mr. Sponsor, why you chose it to be at \$200,000?

REP. YAP (V). We are just setting it to be consistent. In fact, it is the same value as that in the Foreign Investments Act, just to be consistent with the law. I share, Mr. Speaker, as I said a while ago, my personal opinion would be to do away with any minimum investment. At the end of the day, it will create more entrepreneur Filipinos. Why? Under the law, foreign ownership should be restricted to about 40 percent and so, kukuha siya ng partner na Pilipino, kukuha siya ng mga taga-Ilocos or possibly taga-Mindanao o Visayas kung may magandang produkto at ma-develop ito. I think the dynamics of that does not happen overnight, Mr. Speaker, pero, nangyayari sa ibang bansa at nahuhuli tayo.

To answer, again, \$200,000, Mr. Speaker, iba iyong sa personal ko pero ito po ang isinusugod ng Committee on Trade and Industry na backed-up ng ating mga executive agencies sa government, namely: the DTI, the BOI and of course, the Department of Finance, Mr. Speaker.

REP. QUIMBO. Thank you, Mr. Sponsor, Mr. Speaker. Iyon pong proposed \$200,000 threshold, may mga sectors po tulad ng Philippine Retailers Association na mukhang nababahala at ang tingin nila ay baka masyadong mababa. In fact, in a position paper, they state, and I quote, “The proposal intends to strip the protection extended by law to micro-, small- and medium-sized retail enterprises against foreign competition, of which many are unprepared x-x-x.” So, natatakot po sila na unprepared ang ating mga maliliit na retailers. So, I am wondering, Mr. Sponsor, would you agree with this statement? Talaga bang matatamaan ang karamihan na mga local retail establishments?

REP. YAP (V.). Mr. Speaker, I thank the good interpellator for a very good question, a valid question, and that is iyong maliliit ba natin ang tatamaan? Hindi naman kaduda-duda. Ang napansin ko lamang doon sa mga Committee hearings na ginawa ng Department of Trade and Industry, wala naman hong maliit na retailer ang pumunta. Ang dumating ho doon iyong malalaki.

In other words, Mr. Speaker, I think there are many studies to cite, and I think the good interpellator knows this, being an economist, that kapag naglalagay ka ng mas maraming barriers to entry katulad niyang \$2.5 million, samantalang ang labanan ho, tulad ng nasabi niya, mukhang mataas pa tayo sa \$200,000. Kanina lamang ho, sa aking opisina, ang BOI ay tinanong ko personally: Anong mali sa batas dito sa personal na opinyon ninyo? Ang sabi nila, “Dapat \$300,000.” Sabi ko, “Mali kayo diyan. Pinasa ninyo sa amin iyong Foreign Investments Act at \$200,000, pagkatapos, sasabihin ninyong dapat \$300,000.”

Mr. Speaker, ang tatamaan ho rito talaga na nakakatakot ay iyong dumating sa hearing at iyan ho ang Philippine Retailers Association. Ang tatamaan ho dito ay iyong malalaki, sapagkat efficiency-wise, puwedeng labanan noong maliliit. Ngayon, kung ang pinag-uusapan natin is inclusivity, magti-trickle down ito. We know that this law is better because we have lesser capital, and we will partner it with Filipino entrepreneurs having less capital. In fact, \$200,000, Mr. Speaker, personally, maliit pa ng. Iyong \$2.5 million by data, but our experience showed that the Philippine Retailers Association, karamihan ng binebenta rin nila, marami rin, lahat ng imported nandoon. Talaga ba nilang napo-proteksiyunan ang mga maliliit nating retailers? Baka sila pa nga iyong kalaban ng mas maliliit na mga negosyante rito.

So, kung ganoon na lang din, i-open up na natin for competition and at the end of the day, Mr. Speaker, I can guarantee, not only by economic laws, that competition will give the entire Filipino consumers better choices, things of better quality, from amongst the different nations that can enter, whether it is big or small.

REP. QUIMBO. Thank you, Mr. Sponsor. Based on this next slide, based on this slide here, would you agree that if you think about it, less than one percent of all retail establishments will be adversely affected by the proposed amendments? So, if you look at this table, there are over one million establishments in the retail sector. If you look at the first row which would pertain to the micro establishments, there are 887,000 and their asset size is up to P3,000,000. Clearly, this is only one-third of your proposed threshold. Clearly, your micro establishments would not be directly affected by your proposal. If you look at the numbers, this is 89 percent of all establishments. In addition, Mr. Speaker, there is a provision in the law that states that all of the paid-up capital, meaning all of the P10 million, will have to be fully utilized by the business and will therefore constitute part of the asset base. Clearly, you will need more assets to run your business. You will need, for example, in your inventory, goods to sell, which means the asset base of your potential entrant would far exceed the threshold of P10 million and in which case, if you look again at the slide, because your small establishments would have an asset size of up to P15 million, more or less, your micro and small establishments would be still protected despite your proposal to considerably reduce the threshold from \$2.5 million to \$200,000.

So, sa tingin ko lang po, Mr. Sponsor, Mr. Speaker, ang puwedeng maapektuhan nang pagbaba ng threshold ay iyon lang pong 0.48 percent or 0.49 percent of all establishments, meaning, just less than one percent of the retail establishments.

Is this a statement that you would agree with, Mr. Sponsor?

REP. YAP (V.). I think that data coming from the Philippine Statistics Authority, Mr. Speaker, is unassailable and I thank the good interpellator for actually giving me this data that indeed there are measures under this and hopefully, it is the wise choice to set it at \$200,000. So, therefore, Mr. Speaker, I totally agree with the interpellator.

REP. QUIMBO. Mr. Speaker, it is not a perfect analogy pero siguro puwede nating isipin iyong panahon noong dumating po ang Puregold sa ating mga distrito. Hindi naman po naapektuhan ang mga sari-sari stores at hindi po naman sila nagsara. Sari-sari stores still thrive because they provide service, they provide accessibility to families and not only that, they also provide a credit line—an informal credit line. Ang natamaan lang po ng pagdating ng Puregold, at least sa aming distrito, ay iyong mga medium-sized groceries. Kaso nga lang po, ang tanong ay, ano ang magagawa natin, mas mataas talaga ang presyo ng mga bilihin sa medium-sized groceries? So, talagang panahon na para

buksan ang ating retail sector to competition dahil ang makikinabang talaga diyan ay ating mga consumers.

So, Mr. Speaker, I would like to move on to my next question. Section 4 refers specifically to high-end products and in particular, it removes certain qualifications for foreign retailers of high-end products. I think it also calls for monitoring by the NEDA of foreign retailers again of high-end products. So, I am wondering, Mr. Sponsor, is there any particular reason Section 4 is limited to high-end products?

REP. YAP (V.). Mr. Speaker, again, that is a very good point highlighting the changes that we are attempting to make. Actually, this Bill was already passed in the Seventeenth Congress, Mr. Speaker, however, we note and I think it is in the interest of the interpellator to hear that the initial intention was to limit the requirements under Section 8 to foreign retailers of high-end goods. With the proposed deletion of requirements under Section 8 from 8(a) to 8(c), in the title, the phrase "USE OF FOREIGN RETAILERS OF HIGH-END GOODS" will be deleted during the period of amendments and hopefully, the old phrase "QUALIFICATION OF FOREIGN RETAILERS" in the title will be included.

Mr. Speaker, nag-decide na ang Komite na iyong mga amendments, ipo-propose na lang dito sa Plenaryo sapagkat ginamit iyong Section 48 doon sa Committee, Mr. Speaker. So for the information of our interpellator ay papalitan na po ito ng "QUALIFICATION OF FOREIGN RETAILERS," it will be restored after the proposed amendments in Section 8. What will remain is the reciprocity requirement which will apply to all foreign retailers, not just retailers of high-end goods, Mr. Speaker.

REP. QUIMBO. Thank you, Mr. Sponsor, for that clarification. I would also like to clarify, Mr. Sponsor, if Section 8 still has this provision on the pre-qualification of foreign retailers. That has not been deleted, am I right, Mr. Sponsor?

REP. YAP (V.). Yes, Mr. Speaker. I think the wisdom of the old law until now that will be carried with this. We will still have to set some requirements, especially siguro on checking on the capital, ano iyong intensiyon, kasi mayroong mga kinakailangang masunod sa ating batas. So, while the point being taken by the interpellator is, bakit pa tayo maraming inilalagay na mga requirements kaya sa bandang huli, iyong mga investors ay nate-turn-off. Mr. Speaker, in the IRR, I think we will be able to propose or I am very much open to any proposed amendment to reduce the requirements so as to limit iyong dami ng mga hinihingi kapag sa Pilipinas ka nagbubukas ng negosyo, unlike sa ibang lugar.

REP. QUIMBO. Mr. Speaker, I am happy to hear that response from the good Sponsor. Ayaw naman natin na binuksan nga natin ang retail sector sa pamamagitan ng pagbaba ng threshold para sa paid-up capital pero dinagdagan naman natin o pagkahaba-haba naman po ang listahan ng qualifications.

So, thank you, Mr. Sponsor, for that clarification and yes, I may give you some proposals on that.

REP. YAP (V.). In due time, Mr. Speaker, I think that I, too, agree that some of those imposed in the IRR should be removed, Mr. Speaker.

REP. QUIMBO. Thank you, Mr. Speaker, Mr. Sponsor. Under the same Section 4, the amended provision states that, "Only nationals from or juridical entities formed or incorporated in countries which allow the entry of Filipino retailers shall be allowed to engage in retail trade in the Philippines." So, iyong reciprocity nga po, do we have information on the countries that currently do not allow the entry of Filipino retailers?

REP. YAP (V.). Actually, we have asked the BOI and the DTI on this but personally, I also asked the representatives of the BOI, but they do not know of any country that does not allow any of our goods not to be sold. So far, that is the best answer I can make but, Mr. Speaker, I will furnish our good interpellator the copies when the data from DTI officially arrives.

REP. QUIMBO. Thank you, Mr. Sponsor. So, it is good to hear that information that there is no country at this point that does not allow the entry of Filipino retailers.

That was actually my last question, Mr. Speaker. I would just like to end by thanking the good Sponsor and congratulating him on this Bill. I really pray for the swift passage of this measure so that this could actually spur a more dynamic retail sector, and I guess I really also want to say that competition is always good for our country. I also wish to manifest a caveat that the desired intent of this measure to attract more foreign investors may not be immediately realized because there are still many anti-competitive structures, particularly in the retail sector. For example, you have mall owners that are also owners of retail brands being sold in their own malls. So, mahirap naman po na kapag pumasok ang isang bagong foreign brand, baka naman pahirapan siya ng mga mall owners at bigyan siya, halimbawa, puwedeng i-deny siya ng retail space o puwede namang pagbigyan siya, bigyan siya ng retail space pero ang ibibigay na location sa kaniya ay napakapangit naman po.

So, since the Philippine Competition Commission which has jurisdiction actually over that matter which is called abuse of dominant position, and since the PCC is under the jurisdiction of the Committee on Trade

and Industry, it has oversight functions over the PCC at sana naman po ay tulungan ng Committee or bigyan ng direction at guidance ng Committee ang PCC para matugunan ang ganitong klaseng competition concerns.

So, iyon lang po. Muli, my congratulations po. It is really high time that we promote competition in our retail markets as more competition would force our firms to be more efficient and also, more importantly, to be more mindful of quality. It should also force our government to help businesses become more productive by properly choosing market niches where they can compete more effectively. Government should help business that way rather than protect them by way of high minimum paid-up capital for foreign businesses. So, iyon lang po.

Thank you very much po.

REP. YAP (V.). Thank you, Madame Interpellator, for your very good and timely discussion on the matter. Mr. Speaker, being a staunch advocate of open competition, I think this Bill will really bring down the prices for the betterment of all Filipinos.

THE DEPUTY SPEAKER (Rep. Garcia, P.). The Majority Leader is recognized.

SUSPENSION OF CONSIDERATION OF H.B. NO. 59

REP. PALMA. Mr. Speaker, I move that we suspend the consideration of House Bill No. 59.

I so move.

THE DEPUTY SPEAKER (Rep. Garcia, P.). Is there any objection? (*Silence*) The Chair hears none; the motion is approved.

The Majority Leader is recognized.

ADJOURNMENT OF SESSION

REP. PALMA. Mr. Speaker, I move that we adjourn the session until tomorrow, November 27, at three o'clock in the afternoon.

I so move, Mr. Speaker.

THE DEPUTY SPEAKER (Rep. Garcia, P.). The session is adjourned until tomorrow, November 27, at three o'clock in the afternoon.

It was 6:30 p.m.