

Notes for Philippines Committee Q1 Call

Date and Time: Wednesday, January 10, 2018, at 8:30 AM EST
(Wednesday, January 10, 2018, at 9:30 PM Manila Time)

Notes

1. Overview of developments in Philippines in 2017

- a. Philippines served as ASEAN Chair during 50th anniversary year
 - i. In November President Rodrigo Duterte hosted President Trump during the ASEAN Summit
- b. In May, Islamist militants took over parts of Marawi city in northern Mindanao
 - i. This resulted in clashes with the Philippine military that last five months
 - ii. After the city's liberation, focus has turned towards rebuilding
- c. Economics – the Philippines again boasted impressive economic fundamentals
 - i. Was the fastest growing economy of ASEAN-5
- d. Major initiatives of Government of the Philippines
 - i. Administration passed first package of its Comprehensive Tax Reform Program (TRAIN Act)
 - ii. With the start of 2018 the Government is talking about ways it can improve the business environment to encourage more FDI in the Philippines
- e. US-ASEAN Business Council in 2017
 - i. Conducted successful business missions to:
 - 1. Manila
 - 2. ASEAN Finance Ministers' and Central Bank Governors' Meeting (AFMGM)
 - 3. ASEAN Economic Ministers Meeting (AEM)
 - 4. ASEAN Ministers on Energy Meeting (AMEM)
 - ii. Council hosted several roundtables visiting Philippine Government officials
 - iii. Council held welcome events for
 - 1. The new U.S. Ambassador to the Philippines, Amb. Sung Kim
 - 2. The new Philippine Ambassador to the United States, Amb. Jose Manuel Romualdez

2. Review of 2018 Work Plan for Philippines Committee

- a. We wanted to make the major economic policy objectives of Government of the Philippines in 2018 the thematic areas of focus for the Philippines Committee this year
 - i. Major economic policy objectives of the Government of the Philippines:
 - 1. Passage of the second package of the Comprehensive Tax Reform Program
 - 2. Accelerate construction of infrastructure projects under the "Build, Build, Build" initiative
 - 3. Open up of certain economic sectors to greater foreign participation and ownership
 - ii. We will aim to use these policy objectives as a way to deepen engagement with the Government of the Philippines and other key stakeholders
- b. Themes and policy priorities for Philippines Committee in 2018

- i. Improvement of the overall business environment through structural reforms
 - 1. Open industry sectors up to greater foreign participation and ownership
 - a. Loosen foreign ownership restrictions in 1987 Constitution
 - b. Amendment of Public Service Act (Commonwealth Act 146)
 - i. Expand liberalization beyond telecommunications sector
 - c. Further reduction of sectors included in next (2019/20) Foreign Investment Negative List (FINL)
 - 2. Improve government procurement policies and practices
 - a. Share best practices on integrating best-value determination and life-cycle cost analysis into procurement systems
 - b. Share best practices on training professional workforce to use objective evaluation in procurement decisions
 - c. Partner with U.S. Trade and Development Agency's (USTDA) Global Procurement Initiative (GPI)
 - d. ****Question: Is the Council open to taking the position that the Philippines should participate as an observer in the WTO plurilateral Agreement on Government Procurement (GPA)?***
 - i. ***Reciprocity in opening up government procurement is established between those parties that are observers to the agreement***
 - e. ****Answer: The Council is definitely open to advocating that the Philippines take on observer status to the GPA.***
 - i. ***It could serve as a specific advocacy goal that we can include under the "Improve government procurement policies and practices" sub-theme***
 - 3. Increased private sector input in major legislation that affects business environment
 - a. Future packages of Comprehensive Tax Reform Program
 - i. For second package focus is on reduction of corporate income tax rate and rationalization of fiscal incentives for certain business sectors
 - ii. ****Comment: We support the Council monitoring on future tax reform packages***
 - 1. ***Provisions meant to be in later packages could be moved up to second one, as happened with the TRAIN Act (the sugar-sweetened beverage tax was not supposed to be introduced until a later tax package)***
 - 2. ***Talk of including a carbon tax in future tax packages***
 - 3. ***Also need to keep eye out for more populist provisions as 2019 midterm elections approach***

4. ***It is important to address this issue from multiple angles: Department of Finance, Department of Environment and Natural Resources, Congress***
 - b. Federalism
 - i. Opportunity to apply best practices and develop human capital in governance at Local Government Unit level
4. Sector/industry-specific reforms that affect business environment
 - a. Maintain momentum behind modernization of customs enforcement (Customs Modernization and Tariff Act (CMTA), smuggling crackdown)
 - i. ****Comment: ASEAN Single Window will be going live in several ASEAN countries in 2018, including the Philippines***
 1. ***It would be useful to connect advocacy language to the ASW***
 2. ***This will give a concrete example of how the Philippines can improve business environment***
 - ii. ****Comment: Important to keep up pressure on modernization of customs.***
 1. ***Still experiencing inefficiencies in the system (e.g., clearance of shipments delays) that are affecting business operations***
 - b. Continued build out of National Retail Payment System
 - i. ****Comment: There is "Ease of Doing Business" legislation making its way through in Congress***
 1. ***It would move government services online to reduce red tape***
 2. ***This would be a good item to include in this section***
 - ii. Promote U.S. company participation in "Build, Build, Build" infrastructure development initiative
 1. Encourage expansion of infrastructure development initiative beyond transportation infrastructure (e.g. to include energy, telecommunications infrastructure, etc.)
 2. Rebuilding/rehabilitation of Marawi
 3. Improving resiliency of communities to natural disasters
 - a. Opportunities to work with National Resilience Council (NRC)

3. Discussion of 2018 Work Plan

- a. ****Question: Will the Council include a point on the potential FTA between the United States and the Philippines in work plan?***
- b. ****Answer: If we did include it, it would likely be under the “improving the overall business environment” theme***
 - i. ***In the Council’s meetings with USTR, they have said that they will countenance DTI’s overtures for an FTA, but USTR is not interested in moving Philippines to the front of the line for FTA consideration at this time***
 - 1. ***USTR is focused on NAFTA right now; its priorities in Asia are China and Japan***
 - ii. ***We can discuss this matter further with the Philippines Committee***
 - 1. ***We can discuss how member companies are in the Council advocating for a Philippines-United States FTA?***
 - 2. ***We can look into organizing a roundtable with USTR so that they can give their perspective/opinion on the topic***

4. Upcoming events

- a. 2018 Philippines Business Mission
 - i. Mission will take place March 6-7
 - 1. Moved date of mission up to avoid start of campaign season for planned 2019 midterm elections
 - 2. Please plan to arrive in Manila by the afternoon of Monday, March 5, at the latest.
 - 3. There will be a pre-mission organizational meeting and briefing on the evening of March 5.
 - 4. The mission will end by the evening of Wednesday, March 7
 - ii. Registration dates
 - 1. Early bird registration ends by COB on February 20
 - a. If you register before February 20, mission price is \$5,000 for two company representatives
 - 2. After February 20, mission price increases to \$5,500
 - iii. Refund policy
 - 1. Once you initiate registration, you have the option to cancel your registration and receive a full refund up to COB on February 20
 - 2. After February 20, your registration cannot be canceled and you will be responsible for all registration fees.
 - iv. Themes are based on the 2018 Work Plan
 - 1. Two main themes
 - a. Improvement of the overall business environment through structural reforms
 - b. Promote U.S. company participation in the “Build, Build, Build” infrastructure development initiative
 - v. Invitation went out earlier this week
 - 1. Includes list of officials we aim to meet with
 - vi. If you have any questions about the mission, please feel free to contact me