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| **The Philippines’s Bogor Goals Progress Report (as at 30 September 2016)**[[1]](#footnote-1)\* |
|   | **Highlights of Achievements and Areas for Improvement** |

* As of 2014, the average MFN applied tariff rate was equal to 6.3 percent. However, agricultural products are subject to higher tariffs, with a tariff average of 9.9 percent.
* Tariffs reduced for several types of machinery under the APEC Environmental Goods List.
* Quotas applied for the import of certain agricultural products under the Minimum Access Volume system.
* The Foreign Investment Negative List includes activities in 11 sectors where no foreign equity is allowed.
* The financial sector has been liberalized further allowing full entry of foreign banks.
* Majority of domestic standards aligned with international standards (79.6 percent).
* Foreign ships now allowed to transport cargo directly to and from any local port. Rates charged by domestic ship operators are deregulated.
* Sustained efforts in intellectual property rights protection resulted in the Philippines being removed from the USTR Special 301 Review Watch List in 2014 and 2015.
* The Philippine Competition Act came into force in 2015, prohibiting anticompetitive activities and establishing the Philippine Competition Commission.
* Visa-free entry to the Philippines was extended from 21 days to 30 days for passport holders of 157 economies. ABTC validity extended from three years to five years.

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|   | **Summary of Topics** |

**Tariffs**

The Philippines continues reducing tariffs applied to FTA partners as stated in the FTAs’ tariff liberalization schedules[[2]](#footnote-2). Duty free access is offered to more than 90 per cent of the tariff lines being imported from parties in four out of the seven in-force FTAs. The Philippines implemented its commitments under the APEC Environmental Goods List by issuing Executive Order (EO) 185 in June 2015, reducing tariffs on several types of industrial machinery, such as furnaces and centrifuges. The Philippines also participated in the Expansion of the Product Coverage of the Information Technology Agreement (ITA-II) which was concluded in Nairobi in December 2015[[3]](#footnote-3).

**Non-Tariff Measures**

A type of tariff-rate quota is currently applied to certain agricultural products, through the Minimum Access Volume (MAV) system. This system allows to import products within a quota, such as rice, corn and pork, among others, at a lower tariff than those products out of the quota. In July 2014, the Philippines secured a waiver from the WTO to continue quantitative restrictions on rice until June 2017. In April 2013, Fisheries Order 146 was issued suspending all processing and approval of all permits to import live shrimps and other crustaceans from economies affected with Early Mortality Syndrome/Acute Hepatopancreatic Necrosis Syndrome and Infectious Myonecrosis Virus.

**Services**

The Philippines passed Republic Act (RA) 10641 liberalizing the financial sector to foreign banks, allowing full entry of foreign banks through ownership of 100 percent of the voting stock of a domestic bank (whether newly incorporated or existing) or through the establishment of a branch with full banking authority. The law also increases the total share of banking industry assets that may be held by foreign bank branches and subsidiaries to 40 percent. The Bangko Sentral ng Pilipinas promulgated several circulars facilitating access to foreign exchange market resources and aligning regulations with Basel III requirements with the intention of further strengthening the banking industry towards foreign participation and competition.

In the energy sector, the Philippines provided more incentives for the renewable energy sector by increasing the target for solar energy generation from 50 megawatts (MW) to 500 MW under the Feed-In Tariff (FIT) System[[4]](#footnote-4). In the maritime transportation sector, the Philippines passed RA 10668, allowing foreign ships to transport import or export cargo directly to and from any local port. In the air transportation sector, the Philippines was able to negotiate more liberal air service agreements with Australia; Korea; Mexico; Oman; Russia; Singapore; Chinese Taipei; Turkey; and the United Arab Emirates.

**Investment**

The Philippines introduced e-government initiatives to facilitate procedures for investing and starting a business. According to World Bank’s Doing Business, it took 16 procedures and 29 days to start a business in the Philippines in 2015. The Philippines’ 2016 APEC Individual Action Plan indicates that it now takes 6 steps and 8 days to start a business.

The Foreign Investment Negative List (FINL) includes the sectors where foreign investors are not allowed or limited as dictated by the Constitution or specific laws (List A), as well as sectors in which foreign investments are limited for security, defense, risk to health and morals, and protection to SMEs (List B). Based on EO 184 promulgated on 29 May 2015, List A includes 11 sectors where no foreign investments are allowed and 15 sectors with a restricted percentage of foreign equity. List B includes seven sectors with restrictions on the percentage of foreign equity.

**Standards and Conformance**

A total of 9,602 Philippine National Standards have been developed, with 79.6 percent of them aligned with international standards. Between December 2013 and December 2015, the Philippines developed 1,133 new standards, of which 934 were aligned with international standards.

The Philippines is a member of International Accreditation Forum, International Laboratory Accreditation Cooperation, Pacific Accreditation Cooperation (PAC) and Asia Pacific Laboratory Accreditation Cooperation (APLAC). It is also a signatory member of the Multilateral Recognition Arrangement for Quality Management System and Environment Management System of PAC and Mutual Recognition Arrangement for testing and calibration of APLAC. The Philippines also participates actively in the International Electrotechnical Commission, the International Organization for Standardization and Codex Alimentarius Commission committees.

By end of 2015, two specific trade concerns raised against the Philippines at the WTO SPS Committee, pertaining to imports of fruits and fresh meat, had not reported a resolution.

**Customs Procedures**

The Philippines has automated and simplified procedures for transacting with the Bureau of Customs and the Philippine Export Processing Zone Authority. It has also harmonized standards and processes for *arrastre* (merchandise loading or unloading) operators, off-dock container yard/freight stations, customs bonded warehouses, and warehouses at the Ninoy Aquino International Airport in Manila.

**Intellectual Property Rights**

In recent years, the Philippines has implemented measures to strengthen the IPR system through a whole-of-government approach as well as expanding its network of partners locally and internationally. The Philippines’ sustained efforts in IPR protection and enforcement resulted in it being removed from the USTR Special 301 Review Watch List in 2014 and 2015.

**Competition Policy**

In August 2015, the Philippine Competition Act (RA 10667) took effect, prohibiting anticompetitive agreements, abuses of dominant positions, and mergers and acquisitions that limit, prevent, or restrict competition and establishing the Philippine Competition Commission (PCC)[[5]](#footnote-5).

**Government Procurement**

The Construction Industry Authority of the Philippines has updated the list of blacklisted contractors as of July 2015. The Government Procurement Policy Board (GPPB) maintains an online list of blacklisted suppliers and contractors through its website. In May 2016, the GPPB revised procurement rules and regulations, further streamlining, standardizing, and clarifying the procurement rules and procedures in government. The GPPB also established a sustainable procurement training program to professionalize and strengthen the cadre of public procurement practitioners in the Philippines.

**Deregulation/Regulatory Review**

In the maritime sector, the Philippines allowed domestic ship operators to establish their own shipping rates provided that effective competition is fostered and public interest is served. In the energy sector, the wholesale aggregator scheme was discontinued in the Wholesale Electricity Spot Market (WESM), eliminating middlemen and allowing distributors to directly compete and participate in the WESM. Moreover, distributors were enjoined to adopt a competitive selection process in the procurement of electricity supply for their captive markets.

**Dispute Resolution**

Since July 2012, EO 78 has mandated the inclusion of Alternative Dispute Resolution (ADR) provisions for Public-Private Partnership projects, Build-Operate-Transfer projects, and joint venture agreements between government and private entities[[6]](#footnote-6).

**Mobility of Business People**

In 2014, the Foreign Service Circular 95-2014 was implemented, extending temporary visitors’ visa-free entry to the Philippines from 21 days to 30 days for passport holders of 157 economies. In August 2015, the Department of Labor and Employment (DOLE) revised the rules for the issuance of Alien Employment Permits (AEP) to foreign workers mandated to obtain it. The revised rules impose a more rigorous Labor Market Test prior to approving the AEP[[7]](#footnote-7). In September 2015, the Philippines extended ABTC validity from three years to five years.

**Transparency**

Public hearings are conducted in the formulation of policies. Announcements, statements, documents, policies, and laws are regularly published in the online Official Gazette. Also, receipts and disbursements of foreign aid are published through the online Foreign Aid Transparency Hub.

**RTA/FTAs**

The Philippines has reported seven RTA/FTAs in force[[8]](#footnote-8), concluded Philippines-European Free Trade Association (EFTA) FTA negotiations, and is participating in the negotiations of the Regional Comprehensive Economic Partnership and the ASEAN-Hong Kong, China FTA.

**Other voluntary reporting areas: Women and the Economy**

The Philippines continues to implement initiatives aimed at improving women’s economic opportunities. These include the Women’s Economic Empowerment Project 2014-2020; the National MSME Development Plan 2011-2016 with activities aimed at women entrepreneurs; a 2012 circular mandating all local government units to allocate at least 5 percent of total appropriations for Gender and Development activities, the *Balik Pinay! Balik Hanapbuhay*! (Returning Filipinas! Returning Livelihood!) program for returning overseas Filipina workers, the Sari-Sari Store Training and Access to Resources Program, and the repeal of Article 130 and 131 of the Labor Code prohibiting night work for women, among others. The Philippines is also one of the pilot economies for the implementation of the Healthy Women, Healthy Economy Policy Toolkit.

1. \* This brief report was prepared with information from the Philippines’ submission of 2016 APEC Individual Action Plan (IAP) template; and the Official Gazette, Department of Agriculture, Department of Labor and Employment, United States Trade Representative, World Bank *Doing Business 2015*, and World Trade Organization websites. [↑](#footnote-ref-1)
2. E.g., Executive Order 191, issued in November 2015, accelerated tariff concessions on certain agricultural products under the ASEAN-Australia-New Zealand Free Trade Agreement. [↑](#footnote-ref-2)
3. Under the agreement, the Philippines agreed to reduce tariffs on covered IT goods starting July 2017, eliminating 69 percent of tariff lines, 92 percent of tariff lines by 2019, 99 percent of tariff lines by 2021, and all tariff lines by 2023. [↑](#footnote-ref-3)
4. The FIT System gives a preferential rate to electricity producers using certain renewable energy technologies in the sale of electricity into the grid. [↑](#footnote-ref-4)
5. The PCC is a quasi-judicial body that is mandated to conduct inquiries, investigations and impose penalties on firms that engage in unfair business practices. [↑](#footnote-ref-5)
6. The Securities and Exchange Commission (SEC) is in the process of formulating ADR rules. Meanwhile, the Philippine Supreme Court continues to take a liberal stance towards ADR in its decisions. [↑](#footnote-ref-6)
7. The Labor Market Test requires the publication of an applicant’s name, position, employer, employer’s address, functions, qualifications, monthly salary range, and other benefits. This information will be published for 30 days during which time the public may lodge objections or information against the hiring of the foreigner. Categories of foreign workers such as intra-corporate transferees, contractual service suppliers, and foreign workers with no employee-employer relationship, or those without commercial presence in the Philippines are excluded from the AEP requirement and are therefore exempt from the Labor Market Test. [↑](#footnote-ref-7)
8. The Philippines’s RTA/FTAs in force are the following ones: ASEAN (1992), ASEAN-China (2005), ASEAN-Korea (2007), Philippines-Japan (2008), ASEAN-Japan (2009), ASEAN-Australia-New Zealand (2010), and ASEAN-India (2010). [↑](#footnote-ref-8)