# The Philippines

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| **The Philippines’ Bogor Goals Progress Report (as at 3 September 2018)[[1]](#footnote-1)\*** |
|   | **Highlights of Achievements and Areas for Improvement** |

* Tariff rate quotas are still applied to some agricultural products. A wide range of goods continue to be subject to import licenses and permits.
* Export prohibitions and restrictions apply to some products due to safety, public health, food security and international commitments.
* Efforts to improve infrastructure to facilitate provision of services.
* Foreign ownership restriction was lifted for lending, financing and insurance adjustment companies. However, foreign investors are still subject to restrictions or prohibitions in many sectors.
* Implemented initiatives to promote investments in targeted areas like manufacturing and agriculture, and dispersing opportunities among MSMEs through tax breaks and duty-free importation of capital equipment.
* No specific trade concerns against the Philippines have been raised at WTO SPS and TBT Committees in recent years.
* Customs Modernization and Tariff Act took effect on 16 June 2016 to modernize customs laws, rules and procedures and improve efficiency in service delivery through automation, risk-based classification and higher penalties.
* Revisions to government procurement regulations to streamline procedures and encourage participation of non-governmental organizations.
* Foreign bidders face restrictions in the process of public procurement of goods and consulting services.

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|   | **Summary of Topics** |

Tariffs

The implementation of the Harmonized System (HS) 2017 increased the tariff lines from 9,551 in 2012 to 10,796 in 2017. This resulted in the average MFN tariff increasing from 6.36% to 7.19% between 2016 and 2017. Based on its commitments under the ASEAN Trade in Goods Agreement (ATIGA), the Philippines now offers duty-free access to almost 100% of the tariff lines originating in ASEAN. Currently, the Philippines also offers a high percentage of duty free tariff lines in the ASEAN-Australia-New Zealand FTA (94.37%), ASEAN-Korea FTA (86.79%) and ASEAN-China FTA (83.41%).

The Philippines is currently implementing its commitments under the expansion of the WTO Information Technology Agreement (ITA 2).

Non-Tariff Measures

The Philippines imposes tariff quotas on 172 tariff lines in the ASEAN Harmonized Trade Nomenclature 2017, which account for 1.6% of all lines (including sensitive agriculture products under E.O. 313, s. 1996 and E.O. 328, s. 1996). Some of the products subjected to tariff quotas are poultry, coffee, rice, and sugar. A wide range of goods are still subject to import licenses and permits. These include fishery and animal products, fertilizers, and wood products among others.

Export prohibitions and restrictions apply to some products due to commitments in international conventions and domestic interests such as safety, public health and food security. For example, certain wildlife species, raw rattan, logs from naturally grown trees and matured coconuts cannot be exported. Corn, rice, sugar, fish, coffee, bamboo and copper concentrates, among others, are subject to export restrictions.

Services

Efforts to improve infrastructure seek to facilitate the provision of services. In that regard, the Philippines launched a National Government Portal for all public services in June 2017. Integrating the websites into a single portal reduces costs for the government and enables simplified browsing for the users. As of December 2017, there are 120 online services in this portal. The National Broadband Plan was issued in June 2017 to allow for fair competition, investment, innovation, and efficient management of resources, and promote open access network. A successive National Tourism Development Plan 2016-2022 was developed to improve travel facilitation, transport infrastructure and quality standards.

Restrictions on foreign ownership have been eased in some service sectors. In July 2016, the foreign ownership ceiling was lifted for adjustment companies, investment houses, and lending and financing companies. However, some foreign ownership restrictions still remain. For instance, in the telecommunications and restaurant sectors, it is still capped at 40% and 60% respectively.

Investment

The Philippines implemented the new Investment Priorities Plan 2017-2019 with the aim of encouraging more investments in manufacturing and MSME-oriented activities through inclusive business models in agriculture and tourism, innovation driven activities, health and environmental protection activities, and dispersion of opportunities in the countryside. Duty-free importation of capital equipment and tax exemptions are provided to projects with new investments.

The Foreign Investment Negative List (FINL) is under review. The intention is to ease restrictions on foreign participation in certain investment areas, which include, retail trade enterprises, domestic market enterprises, and construction of public works. The current FINL includes 11 sectors where no foreign investments are allowed and 22 sectors with foreign investment caps, 15 of them as mandated by the Constitution and the remaining sectors due to issues concerning security, defense, health risk, morals and protection of SMEs.

In May 2018, the Philippines passed a new law, the Ease of Doing Business and Efficient Government Service Delivery Act, to further improve and speed up the delivery of government services particularly for investors. The law prescribes maximum processing times for simple business transactions to 3 working days, complex transactions to 7 working days, and highly technical applications to 20 working days in all government agencies.

The Philippines has 41 international investment treaties in force as of March 2018.

Standards and Conformance

As of August 2017, a total of 10,092 Philippine National Standards have been developed, of which 79.91% are aligned with international standards. 653 standards were developed or adopted between November 2015 and August 2017 and 80.55% of them are aligned to international standards. As of November 2017, the Philippine Accreditation Bureau had implemented 10 accreditation schemes.

In November 2016, a special order was released requiring SPS import permits for agricultural products to be signed by the Secretary or the Chief of Staff in an attempt to combat the use of recycled import permits or technical smuggling.

In recent years, no specific trade concerns have been raised against the Philippines in the WTO SPS and TBT Committees. However, no resolution has been reported regarding one specific trade concern against the Philippines in 2011 at the WTO SPS Committee relating to restrictions on imported fresh meat.

Customs Procedures

The Customs Modernization and Tariff Act was enacted on May 2016 to modernize customs rules and improve efficiency in service delivery through activities like mandating automation of almost all customs transactions and pre-shipment inspections of bulk and break bulk cargo, organizing shipments by their risk level to better plan their clearance times, and introducing higher penalties for corruption and misclassification.

The Bureau of Customs developed customer assistance and response services called BOC CARES to allow stakeholders to monitor the status of shipments.

Intellectual Property Rights

The Intellectual Property Office of the Philippines launched electronic filing systems for trademarks in April 2016 and for industrial design in November 2016. To improve the utilization of the IP system, “Juana Make a Mark” incentive project was launched. The project waived trademark registration fees for MSMEs for a period of 1 year lasting till 14 February 2018 or until 1,000 applications had been filed.

Competition Policy

The Philippines Competition Commission (PCC) was established in February 2016 and promulgated transitory rules on the review of mergers and acquisitions. Rules on Merger Procedure were enacted in November 2017 and the Rules of Procedure of the PCC were promulgated in September 2017.

Government Procurement

In 2016, the Implementing Rules and Regulations (IRR) of the Government Procurement Reform Act went through a second revision to further streamline, standardize and clarify procedures in order to improve the ease of the process and encourage participation of non-government organizations. The review includes simpler eligibility checks and reduction of disqualification of bidders, among others.

With regard to participation in public procurement, there continues to be restrictions on foreign-owned entities. At least 60% Filipino ownership is required for the procurement of goods and consulting services. The requirement is even higher at 75% for the procurement of infrastructure projects. Foreign bidders are only allowed to participate in specific circumstances, for example, because of commitments in international treaties or when the goods to be procured are not available from local suppliers.

Deregulation/Regulatory Review

The approved Philippine Development Plan 2017-2022 intends to enact a National Transport Policy which will pave the way for the creation of independent regulatory bodies for railway, airport and maritime transport sectors to streamline the transportation sector and efficiently implement the identified development strategies. With regard to the water sector, the Development Plan also supports the enactment of a law that will create an Apex body for the water resources subsector that will oversee and coordinate all related policies and programme implementation.

The Philippine government launched ‘Project Repeal: The Philippine Red Tape Challenge’ in March 2016, an initiative aiming to review and clean up regulations to reduce regulatory compliance costs. The Third Repeal Day which was held in December 2017 noted 976 rules and issuances being repealed by the 13 participating agencies. Currently, the Government is promoting the use of Regulatory Impact Assessments to improve the quality of regulations.

Dispute Resolution

The Department of Labor and Employment mandated a thirty day conciliation-mediation service for all labor cases to strengthen conciliation-mediation mode of settlement. The revised guidelines for the Continuous Trial of Criminal Cases require the civil aspect of certain criminal cases to be referred to the mediation center after the conduct of arraignment and pre-trial.

The Mines and Geosciences Bureau has adopted a two-step Alternative Dispute Resolution process that includes mediation followed by arbitration to improve the speed of resolution and access to justice in mining cases.

RTA/FTAs

The Philippines currently has seven RTA/FTAs in force[[2]](#footnote-2). As a member of ASEAN, it has signed the ASEAN-Hong Kong Free Trade agreement and ASEAN-Hong Kong Investment agreement which is expected to enter into force in January 2019. The Philippines is currently participating in the negotiations of the Regional Comprehensive Economic Partnership (RCEP) and has ratified the Philippines-European Free Trade Association (PH-EFTA) FTA in March 2018.

1. \* This brief report was prepared with information from the Philippines submission of 2018 APEC Individual Action Plan (IAP) template; UNCTAD Investment Policy Hub; the 2018 WTO Trade Policy Review - Report by the Secretariat – Philippines; National Government Portal; Senate of the Philippines; Department of Information and Communications Technology; The Philippines Board of Investments; The Official Gazette; Department of Agriculture, Bureau of Customs; Intellectual Property Office of the Philippines; The National Economic and Development Authority; Government Procurement Policy Board, Mines and Geosciences Bureau; Department of Labour and Employment and Philippine Judiciary websites. [↑](#footnote-ref-1)
2. The Philippines’ 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-2)