

## The Philippines's Bogor Goals Progress Report (as at 8 August 2014)\*

### Highlights of Achievements and Areas for Improvement

- 57.5 per cent of the tariff lines are charged with MFN tariffs equivalent to five per cent or less. However, MFN tariff peaks between 30 to 65 per cent remain for sensitive agricultural products.
- Quotas applied for the import of certain agricultural products under the Minimum Access Volume system.
- Reforms continue in the financial sector. More flexible rules for participation of foreign investors in rural banks.
- Approval of 2013 Investment Priorities Plan. Several preferred sectors included.
- The Foreign Investment Negative List includes activities in 11 sectors where no foreign equity is allowed. Many other sectors have restrictions in the percentage of foreign equity allowed.
- The Philippines reported a high level of domestic standards aligned with international standards (79.2 per cent) in its 2014 Individual Action Plan update.
- Good efforts to strengthen the intellectual property system via amendments or new regulations, and enforcement.
- Efforts to increase transparency in government procurement.
- Flexible visa system and a new online application system in securing the Alien Employment Permit.

### Summary of Topics

#### Tariffs

The Philippines continues reducing tariffs applied to FTA partners as stated in the FTA's tariff liberalization schedules. Currently, the Philippines offer duty free access to more than 90 per cent of the tariff lines being imported from parties in four out of the seven in-force FTAs.

The MFN tariff structure in the Philippines for the period 2014-2015 shows that five per cent of the tariff lines are duty free and 52.5 per cent are charged with MFN tariff rates between one to five per cent. Products that are not produced locally or those used as inputs for manufacturing products free or charged with low tariffs.

36.1 per cent of them, mostly comprised by semi-processed locally manufactured products, face MFN tariff rates between 7 to 15 per cent. 4.3 per cent of the tariff lines such as those for cars and auto parts and chemical wastes, are charged with MFN tariff rates between 20 and 30 per cent. High tariffs ranging from 30 to 65 per cent are used for sensitive agricultural products (2.1 per cent of the tariff lines).

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\* This brief report was prepared with information from the Philippines' submission of 2014 APEC Individual Action Plan (IAP) template; and the Philippine Tariff Commission, Department of Agriculture, Board of Investments, Securities and Exchange Commission, and Customs websites.

### **Non-Tariff Measures**

A type of tariff-rate quota is 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. There have been no changes in the implementation of the MAV system in recent years. The automated application for the MAV license and the MAV Import Certificate have been in operation since 2012.

### **Services**

In the financial sector, amendments to regulations on foreign exchange transactions were implemented in 2013 to facilitate access to foreign exchange resources to cover financial transactions. Non-residents have more options to fund their onshore peso requirements, and reconvert onshore pesos to foreign currency without prior Central Bank approval under certain circumstances. Also, foreigners can now acquire up to 60 per cent of the voting stock of rural banks and they can become members of the Board of Directors of a rural bank to the extent of the foreign participation in the bank's equity.

In the air transport sector, enhanced air services agreements, particularly in the ASEAN region, are providing better connectivity. Capacity entitlements on passenger and cargo has increased.

### **Investment**

The 2013 Investment Priorities Plan was approved. The Plan includes a list of preferred sectors such as agriculture/agribusiness and fishery, creative industries, shipbuilding, mass housing, iron and steel, energy, infrastructure, research and development, green projects, motor vehicles, hospital/medical services, and disaster prevention, mitigation and recovery projects, among others.

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). List A includes 11 sectors where no foreign investments are allowed and 18 sectors with a restricted percentage of foreign equity. List B includes seven sectors with restrictions on the percentage of foreign equity. There are proposals being considered, without the need for changes in the constitution, to make the FINL less negative in order to increase investments and generate more employment.

### **Standards and Conformance**

A total of 8,469 Philippine National Standards have been developed so far. 79.2 per cent of them are aligned with relevant international standards. Between November 2011 and November 2013, the Philippines aligned 782 domestic standards with international standards.

The Philippines is a member of International Accreditation Forum (IAF), International Laboratory Accreditation Cooperation (ILAC), Pacific Accreditation Cooperation (PAC) and Asia Pacific Laboratory Accreditation Cooperation (APLAC). It is also a signatory member of the Multilateral Recognition Arrangement (MLA) for Quality Management System (QMS) and Environment Management System (EMS) of PAC and Mutual Recognition Arrangement (MRAs) for testing and calibration of APLAC.

The Philippines also participates actively in the International Electrotechnical Commission (IEC), the International Organization for Standardization (ISO) and Codex Alimentarius Commission committees.

The Food and Drug Administration Philippines streamlined some requirements to facilitate the entry of imported goods.

### **Customs Procedures**

The Philippines has been implementing measures to modernize customs procedures. The Enhanced Customs Trans-shipment System was implemented to combat illegal activities and monitor cargo. A GPS tracker is integrated into a security lock for ISO shipping containers, which will trigger an alarm as soon as the container door is opened.

Among the measures, the Philippine National Single Window continues to be implemented and currently includes 30 government agencies. An e-Payment module has been set to allow the payment of fees for license/permit applications through banks. In December 2013, the rules and regulations for the Authorized Economic Operator (AEO) Program were established.

### **Intellectual Property Rights**

In recent years, the Philippines has implemented measures to strengthen the IPR system, such as the amendments of the Implementing Rules and Regulations on Patents, Utility Model, and Industrial Design; and the implementation of the Trademark Applications with Priority Right Claim, to facilitate the registration of trademark applications in certain circumstances.

The Philippines also signed some international IP treaties, such as the Patent Prosecution Highway, the Madrid Protocol (international registration of marks), the Beijing Treaty (protection of audiovisual performances) and the Marrakesh Treaty (to facilitate access of published works to people with disabilities).

Inter-agency cooperation is vital to enforce the IPR regulations. In this sense, the competent IP authorities are collaborating in border control, investigation and prosecution of money laundering cases, protection of IP of indigenous people, enhancement of capacity-building among government officials, and awareness campaigns.

Efforts on enforcement resulted into the delisting of the Philippines in December 2012 from the Notorious Markets in cases of piracy and counterfeit products determined by the Office of the United States Trade Representative (USTR).

### **Competition Policy**

On 1 March 2013, the guidelines governing the implementation of the Executive Order that designated the Department of Justice as the competition authority were put in force. A Sector Regulations Council has been established in recognition to the role by sector regulators in developing comprehensive competition policy and law.

### **Government Procurement**

To improve procurement processes, the Agency Procurement Performance Indicators was implemented as a self-assessment tool for procuring entities to identify their strengths and

weaknesses. In addition, to improve transparency, Guidelines on E-Bidding were enacted and the E-bidding system was implemented as a pilot in two government agencies.

### **Deregulation/Regulatory Review**

In the transport sector, reforms to separate the regulatory and operational functions, and eliminate overlaps between transportation and other agencies are ongoing.

### **Mobility of Business People**

The Philippines has implemented an online application system in securing the Alien Employment Permit. In terms of visas, visa-free entry has been extended from 21 to 30 days to passport holders of 151 economies. The long-stay visitor visa has been extended from six months to the expiration of the authorized stay in order to decrease the application of visa extensions.

A trusted traveler program has been institutionalized for frequent international travelers in the processing of clearance by providing dedicated counters in international airports.

### **Transparency**

Public hearings are conducted in the formulation of policies.

### **RTA/FTAs**

The Philippines has reported seven RTA/FTAs in force<sup>1</sup> and it is participating in the negotiations of the Regional Comprehensive Economic Partnership.

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<sup>1</sup> 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).