



11 MAY 17 P5:10

SENATE  
P. S. Res. No. 476

RECEIVED BY:         

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INTRODUCED BY SENATOR VILLAR

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RESOLUTION

**URGING THE SENATE COMMITTEES ON TRADE AND COMMERCE AND ECONOMIC AFFAIRS, TO ASSESS, IN AID OF LEGISLATION, THE RETAIL TRADE LIBERALIZATION POLICY UNDER REPUBLIC ACT 8762 WITH THE INTENTION OF CREATING MORE FAVORABLE INVESTMENT CLIMATE, GENERATING EMPLOYMENT OPPORTUNITIES FOR FILIPINOS AND ENCOURAGING A ROBUST MARKET COMPETITION**

*Whereas*, the 1987 Philippine Constitution in Article XII, Section 1 provides, “[t]he goals of the national economy are a more equitable distribution of opportunities, income and wealth; a sustained increase in the amount of goods and services produced by the nation for the people; and an expanding productivity as the key to the raising the quality of life for all, especially the underprivileged. x x x”;

*Whereas*, in March 2000, the Philippines passed Republic Act Number 8762, otherwise known as the Retail Trade Liberalization Law;

*Whereas*, it has been a consistent policy declaration to promote consumer welfare in attracting, promoting and welcoming productive investments that will bring down prices for the Filipino consumer, create more jobs, promote tourism, assist small manufacturers, stimulate economic growth and enable Philippine goods and services to become globally competitive through the liberalization of the retail trade sector;

*Whereas*, through said Act, the Philippine retail industry was partially opened to foreign investment to encourage Filipino and foreign investors to forge an efficient and competitive retail trade sector in the interest of empowering the Filipino consumer through lower prices, higher quality of goods, better services and wider choices;

*Whereas*, the objectives of said law have yet to be achieved, given foreign direct investment (FDI) statistics. According to data from the Bangko Sentral ng Pilipinas, trade and commerce receive a meager portion  
, staying below the 3% mark through the years 2000 to 2010;

*Whereas*, currently, the law has a US\$2,500,000 capital requirement before a foreign entity may own a 100% of retail establishment. These requirements, together with other barriers and factors, have resulted in the Philippines ranking last in terms of attracting foreign investment, behind Singapore, Vietnam, Malaysia, Thailand, and Indonesia;

*Whereas*, countries such as Indonesia and Singapore allow FDI in the retail trade sector without setting minimum capital requirements and without limits on foreign equity participation. India and other Asian countries are also more welcoming to foreign investment in the retail sector than the Philippines;

*Whereas*, literature notes that foreign investment flows more to countries that have few restrictions on entry, ownership, and access to industries, as such barriers are often correlated with corruption and a larger informal economy (Medalla and Balboa 2006);

*Whereas*, according to reports, the UN Commission on Trade and Development (UNCTAD) said in its Global Investment Trends Monitor that the Philippines recorded a decline in foreign direct investment (FDI) in 2010, while most Southeast Asian economies doubled their FDI;

*Whereas*, over the last ten years five of the large ASEAN economies have increased their FDI many fold to record levels, the FDI of the Philippines has been stagnant at an average annual level of \$1.6 million, averaging only 4.5% of the total for the six largest ASEAN economies during the same period;

*Whereas*, according to the National Statistics Coordination Board, total investment in 2009 in the Philippines was less than 15% of GDP, while in competing economies in the region it is often higher than 30%, for example Vietnam 38%, Indonesia 31%, and Thailand 22%, also in 2009. Low investment in the Philippines makes future growth of the economy more problematic because the foundations for sustainable growth are not being built.

1 RESOLVED, AS IT IS HEREBY RESOLVED, TO URGE THE SENATE COMMITTEES ON  
2 TRADE AND COMMERCE AND ECONOMIC AFFAIRS, TO ASSESS, IN AID OF  
3 LEGISLATION, THE RETAIL TRADE LIBERALIZATION POLICY UNDER REPUBLIC  
4 ACT 8762 WITH THE INTENTION OF CREATING MORE FAVORABLE INVESTMENT  
5 CLIMATE, GENERATING EMPLOYMENT OPPORTUNITIES FOR FILIPINOS AND  
6 ENCOURAGING A ROBUST MARKET COMPETITION

Adopted,

  
MANNY VILLAR