

## RECORD OF THE SENATE

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**WEDNESDAY, MAY 15, 2002**

### RESUMPTION OF THE SESSION

*At 10:41 a.m., the session was resumed with the Senate President, Hon. Franklin M. Drilon, presiding.*

**The President.** The session is resumed. The Majority Leader is recognized.

**Senator Legarda Leviste.** Mr. President, I move that we proceed to the Fourth Additional Reference of Business.

**The President.** The Secretary will please read the Fourth Additional Reference of Business.

### FOURTH ADDITIONAL REFERENCE OF BUSINESS

#### BILL ON FIRST READING

**The Secretary.** Senate Bill No. 2129, entitled

AN ACT CONVERTING THE SULTAN KUDARAT POLYTECHNIC STATE COLLEGE IN THE CITY OF TACURONG, PROVINCE OF SULTAN KUDARAT, INTO A STATE UNIVERSITY, TO BE KNOWN AS CENTRAL COTABATO STATE UNIVERSITY, AND APPROPRIATING FUNDS THEREFOR

Introduced by Senator Lacson

**The President.** Referred to the Committee on Rules

#### RESOLUTIONS

**The Secretary.** Proposed Senate Resolution No. 304, entitled

RESOLUTION URGING THE SENATE COMMITTEES ON ENVIRONMENT AND NATURAL RESOURCES AND ON HEALTH AND DEMOGRAPHY TO INQUIRE, IN AID OF LEGISLATION, INTO THE MINING ACTIVITIES IN SIOCON, ZAMBOANGA DEL NORTE AND ITS POSSIBLE EFFECTS ON THE HEALTH OF THE PEOPLE WITHIN THE VICINITY AND ON THE ENVIRONMENT

Introduced by Senator Legarda Leviste

**The President.** Referred to the Committees on Environment and Natural Resources; and Health and Demography

**The Secretary.** Proposed Senate Resolution No. 305, entitled

RESOLUTION DIRECTING THE SENATE COMMITTEE ON ENERGY TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, INTO THE ALLEGED RIGGING OF THE BIDDING FOR THE MANAGEMENT OF THE WHOLESALE ELECTRICITY SPOT MARKET BY OFFICIALS OF THE DEPARTMENT OF ENERGY AND THE NATIONAL POWER CORPORATION RESULTING IN THE AWARD TO THE HIGHEST BIDDER

Introduced by Senator Osmeña III

**The President.** Referred to the Committees on Energy; and Public Services

**The Secretary.** Proposed Senate Resolution No. 306, entitled

RESOLUTION DIRECTING THE COMMITTEE ON ENERGY TO INQUIRE, IN AID OF LEGISLATION, ON THE IMPLEMENTATION OF REPUBLIC ACT NO. 7648, OTHERWISE KNOWN AS THE ELECTRIC POWER CRISIS ACT OF 1993, AND REPUBLIC ACT NO. 6957, OTHERWISE KNOWN AS THE BOT LAW AS AMENDED, WITH THE END IN VIEW OF DETERMINING AND IMPLEMENTING SAFEGUARDS TO ENSURE THAT THE SAID LAWS ARE NOT ABUSED TO THE DISADVANTAGE OF THE CITIZENRY AND THE GOVERNMENT OF THE REPUBLIC OF THE PHILIPPINES

Introduced by Senator J. Osmeña

**The President.** Referred to the Committees on Energy; and Public Services

**The Secretary.** Proposed Senate Resolution No. 307, entitled

RESOLUTION DIRECTING THE SENATE COMMITTEE ON AGRICULTURE TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, INTO THE STATUS OF THE RELEASE OF THE PROCEEDS FROM PUBLIC LAW 480 OF THE UNITED STATES DEPARTMENT OF AGRICULTURE AND INTO THE IMPLEMENTATION OF PROJECTS TO BE FUNDED THEREFROM

Introduced by Senator Angara

the Chinese ambassador remembers that in the past five years of the meetings of the WHO in Geneva, the Philippines always supported the position of the People's Republic of China. At this time that we are improving relationships between China and the Philippines, it may not sound very appropriate if we change our stand in favor of the admission of Taiwan. That is my report on the diplomatic side, Mr. President.

**The President.** Thank you, Sen. Blas F. Ople, for that very extensive report, although I did notice that, diplomatically, the gentleman did not reply to the question first.

**Senator Flavier.** Mr. President.

**The President.** Sen. Juan M. Flavier is recognized.

**Senator Flavier.** Mr. President, with the permission of the sponsor.

**Senator Ople.** Yes, Mr. President.

**Senator Flavier.** The whole issue has been simplified by an application as observer and therefore maybe more palatable, but the whole thing has moved to a point where the United States has supported that move. And also the European community has already supported that move and the bandwagon may increase in the days to come although, for the record, the People's Republic of China is adamantly objecting to this. In the Philippines...

**Senator Ople.** Eventually the assembly is now over, Mr. President. It was held yesterday, May 14 in Geneva.

**Senator Flavier.** Yes, not only that, I think they even succeeded not to put it in the agenda, and therefore we have to wait for the next meeting. In the Philippines my final remark will be that the Philippine Medical Association has officially supported the admission as observer of Taiwan.

**The President.** Is it as an observer or as a public health entity? Is that how it is called, Senator Ople?

**Senator Ople.** Yes. There were applications to be accepted as an observer, as a public health entity not as a country.

**The President.** All right.

**Senator Flavier.** That is correct.

**The President.** Is there any other interpellation? *[Silence]* There being none, the period of interpellations is terminated.

**Senator Legarda Leviste.** There are no committee amendments, Mr. President. I move that we close the period of committee amendments.

**The President.** Is there any objection? *[Silence]* There being none, the motion is approved.

**Senator Legarda Leviste.** There are also no individual amendments, Mr. President, I move that we close the period of individual amendments.

**The President.** Is there any objection? *[Silence]* There being none, the motion is approved.

#### APPROVAL OF P. S. RES. NO. 297 ON SECOND READING

**Senator Legarda Leviste.** Mr. President, I move that we vote on Second Reading on Proposed Senate Resolution No. 297 under Committee Report No. 44.

**The President.** Is there any objection? *[Silence]* There being none, we shall now vote on Second Reading on Proposed Senate Resolution No. 297 under Committee Report No. 44.

As many as are in favor of the resolution, say *aye*.

**Several Members.** *Aye*.

**The President.** As many as are against the resolution, say *nay*. *[Silence]*

Proposed Senate Resolution No. 297 is approved on Second Reading.

#### SUSPENSION OF CONSIDERATION OF P. S. RES. NO. 297

**Senator Legarda Leviste.** I move that we suspend consideration of Proposed Senate Resolution No. 297.

**The President.** Is there any objection? *[Silence]* There being none, the motion is approved.

#### BILL ON SECOND READING S. No. 2101 — Instituting a *Balikbayan* Program (Continuation)

**Senator Legarda Leviste.** Mr. President, I move that we resume consideration of Senate Bill No. 2101 as reported out under Committee Report No. 38.

**The President.** Is there any objection? *[Silence]* There being none, resumption of consideration of Senate Bill No. 2101 is now in order.

**Senator Legarda Leviste.** I move that we recognize the sponsor, Sen. Noli "Kabayan" De Castro. We are in the period of interpellations.

**The President.** The sponsor, Sen. Noli "Kabayan" De Castro, is recognized.

**Senator Legarda Leviste.** I move that we recognize Sen. Edgardo J. Angara to interpellate.

**The President.** Sen. Edgardo J. Angara is recognized.

**Senator Angara.** With the permission of the distinguished sponsor, Mr. President.

**Senator De Castro.** It is an honor, Mr. President, from the gentleman of Quezon and Aurora.

**Senator Angara.** Thank you, Mr. President.

Mr. President, I am completely in favor of this bill. The points that I will ask are simply for clarification in order to strengthen this provision. I am also in favor of creating a right on the part of the *balikbayan* to buy *kabuhayan* tools. But can the gentleman just indicate, for the record, Mr. President, what would consist of the *kabuhayan* tools. Would they consist of carpenters' tools and the like? What are they exactly?

**Senator De Castro.** Mr. President, maybe we can explain this by giving the gentleman the definition. *Ang* definition *po ng* "livelihood tools." We define "livelihood tools" as instruments used by hand or by machine necessary to a person in the practice of his trade, vocation or profession such as hand tools, power tools, precision tools, farm tools, even tools for dressmaking or shoe repair, beauty parlor, barber shop and the like, as may be determined by OWWA.

**Senator Angara.** I accept that definition, Mr. President. But would, for instance, computers be included in these *kabuhayan* tools? And if not, should we not include computers? Because many of the returning Filipinos would love very much to buy a computer perhaps.

**Senator De Castro.** Yes, Mr. President. As a matter of fact, considered *itong* electronics. *May mga* electronic product *sa* Duty Free Philippines. I do not know if they have computers, but I think they have some electronic products.

**Senator Angara.** Because if we put that as part of the *kabuhayan* tools, Mr. President, I can predict very quickly that they will stock up on computers.

**Senator De Castro.** Yes, Mr. President. Maganda po na isama natin iyon. Sapagkat kailangan ng isang balikbayan kahit sa kaniyang maliit na kabuhayan ay ang isang computer.

**Senator Angara.** Opo. Noong magkaroon ng consultation sa Hong Kong ay nabanggit ko nga na marami sa kanila ang

computer literate. Nagsa-surf sila sa Internet at nalalaman nila ang presyo ng halos lahat ng kailangan through the Internet. Especially the small entrepreneurs here will be helped greatly kung mayroon silang computer, laptop or whatever it is.

**Senator De Castro.** Hindi na po natin puwedeng mapigilan iyan, Ginoong Pangulo, dahil ang ating daigdig ngayon ay halos computerized na.

**Senator Angara.** Ngayon, ako po ay mahilig sa power at farmer tools. In fact, dalawa lamang ang favorite destination ko kung ako ay pumupunta sa America—iyong Home Depot at saka iyong Barnes and Nobles. Sa Home Depot ay mabibili halos ang lahat ng tools and instruments for farming, gardening, do-it-yourself home repair. Kaya iyon ang unang pinupuntahan ko. Bumibili ako at inilalagay ko ang mga ito sa door-to-door upang dalhin dito.

Ngayon, bakit doon ako pumupunta? Sapagkat iyong mga kailangan natin sa gardening, sa do-it-yourself home repair, ay hindi available sa maliliit na store natin. At kung available man diyan sa SM o kaya diyan sa...

**Senator De Castro.** Or MC Home Depot.

**Senator Angara.** Opo. At napakamahal po. Kakaunti lamang ang choice.

Mayroon po ba tayong assurance na itong mga inilista nating mga kagamitan na qualified for *kabuhayan* will be made available by the operator of the duty-free shop dito?

**Senator De Castro.** Yes, Mr. President. Because, as I mentioned a while ago, ang farm tools ay kasama po rito. At ito ay ibinase natin sa request ng mga overseas Filipino worker sa OWWA dahil may *kabuhayan* program din ang OWWA ngunit nagpapautang lamang ito. It does not provide tools. So with this amendment on R.A. No. 6768, hindi lamang utang ang ipagkakaloob ng OWWA kundi mga tool na kailangan ng mga overseas Filipino worker. Sa side naman ng Duty Free Philippines, it will provide tax-free tools para sa kanilang napiling kabuhayan and that includes farm tools.

**Senator Angara.** Ito po ay isang assurance natin that the duty-free shops will stock up on these items.

**Senator De Castro.** Yes, Mr. President.

**Senator Angara.** I do not have to go to Home Depot in America or in Canada to be able to buy all these things because they are missing here or *masyadong mahal*.

**Senator De Castro.** *Masyadong mahal.* These tools, I believe, Mr. President, are available locally. Because we have the MCHome Depot...

**Senator Angara.** Hindi po. Alam ko iyan. Pumupunta ako at bumibisita rin diyan.

**Senator De Castro.** Well, limited *ang choice*.

**Senator Angara.** Limited *po*.

**Senator De Castro.** *Atsaka mahal*, of course, Mr. President.

**Senator Angara.** Masyadong mahal, Mr. President. All right. Ako ay assured na roon na itong tools na kailangan nila will be made available at affordable prices because it is important that they have a choice.

**Senator De Castro.** May we add, Mr. President, that if they are not available but they are available locally, maybe Duty Free Philippines ay dapat magkaroon ng agreement with a shopping mall or MC Home Depot dahil baka may mga tool na hindi masyado ang demand. Paisa-isa o padala-dalawa kung bumili ang overseas workers. Puwede silang makipag-tie up sa local distributors upang makabili sila kahit isa o dalawang item. Kasi kung i-stock natin ang marami, mabibitin iyong capital ng Duty Free Philippines. Kaya puwede silang bumili siguro ng duty-free tools and, in turn, ay maibenta iyon sa overseas Filipino workers.

**Senator Angara.** Opo. Isa po iyon. Ang pangalawa siguro, kung iyong tools of the trade are manufactured locally, they should also stock up on local manufactured tools.

**Senator De Castro.** Yes, Mr. President. Because there are tools or farm tools invented by a Filipino na hindi naman available sa abroad kundi dito lamang.

**Senator Angara.** Dito lamang sa Pilipinas.

**Senator De Castro.** So we can buy these as farm tools, VAT-free.

**Senator Angara.** Wala akong problema sa absentee voting, [Laughter] pero may problema ako sa absentee buying. Ang pagkaintindi ko sa *balikbayan* privileges, upang maakit silang bumalik sa Pilipinas. Kung puwede pala ang may surrogate, mayroon silang agent or proxy na mamimili para sa kanila, hindi natin sila mae-encourage na bumalik sa ating bansa. Kailangang pag-isipan nating mabuti ito dahil baka ito ay maging disincentive para sila ay bumalik sa Pilipinas. Dahil ang primary aim nga nito ay ma-enganyo natin silang bumisita sa ating bansa. Pero kung puwede ko palang sabihin sa aking asawa, "Ayan, mayroon

pala akong absentee-buying right, mamili ka na lamang diyan. Hindi na muna ako babalik." Sayang naman itong ating napakagandang batas.

**Senator De Castro.** Yes, Mr. President.

First, ang sinasabi sa ating batas ay limited only to overseas Filipino workers. Dahil, normally, ang mga balikbayan, because of our economic and peace and order conditions ay nagdadalawang-isip bumalik or to stay for good in our country, maliban na lamang kung iyong proposed dual citizenship bill ay maipasa natin or iyong absentee voting ay maging batas. But these are limited to overseas Filipino workers.

Halimbawa, ang isang overseas worker, normally, has a two-year contract. So while he is waiting hanggang matapos iyong kaniyang two-year contract, puwede siyang mag-avail ng absentee buying. But first, kailangan niyang magtungo muna sa isang embassy or consulate or an OWWA representative from our embassy at kumuha roon ng permit to purchase. But this permit to purchase is exclusive for *kabuhayan* tools only, hindi doon sa buying privilege niya to buy chocolates, liquor or cigarettes. Kailangang may endorsement letter siya na duly certified ng Philippine Overseas Employment Administration or POEA, the OWWA, and the Philippine Overseas Labor Officer, or by the embassy or the consulate.

Ang isa po sa mga ebidensiya na hihingin diyan ay iyong remittance ng overseas Filipino worker. Kapag kumpleto na iyon, i-endorse ngayon ng *kabuhayan* program sa immediate member of the family ng overseas worker in our country.

**Senator Angara.** Medyo kumplikado iyong prosesong iyon dahil, unang-una, ito ay parang quota na. Kailangang pumunta siya sa OWWA office o sa kunsulado at humingi ng purchase order. Imbes na mag-impose tayo ng regulasyon sa isang karapatan, dapat i-minimize natin iyon upang ma-encourage silang bumalik sa ating bayan.

Pero ang punto ay whether he is an overseas worker or a permanent resident *balikbayan*. Siguro ay kailangan iyong personal presence. That is essential because that is part and parcel of the *Balikbayan* Program na sila ay babalik sa ating bansa. Kailangang pag-isipan ng inyong komite ito sapagkat maaari namang, firstly, the possibility of abuse is great here. Secondly, the possibility of red tape going into a privilege, even some under-the-table payment is so great.

**Senator De Castro.** May I add, Mr. President, na ito ay isa lamang sa mga request ng overseas Filipino workers natin sa office ng OWWA and also with the reintegration program of our government. Gusto nilang may maiwan silang hanapbuhay sa

kanilang mga kamag-anakang naiwan dito sapagkat isa iyan sa ating kultura na hindi nila puwedeng pabayaang ang kanilang mga kamag-anakan dito habang hindi pa nare-remit iyong kanilang kinikita from abroad. Ginawa natin ang mga minimum requirement na iyan para mapigilan natin ang abuso. Dahil sa two-year contract ng isang overseas Filipino worker, he can avail himself of this privilege only once—itong absentee-buying privilege ng overseas Filipino workers at iyong immediate member of the family ang makikinabang lamang dito.

**Senator Angara.** Sino ang immediate members of the family? Up to what degree of consanguinity or affinity? Second po lamang?

**Senator De Castro.** Second, opo.

**Senator Angara.** Kapatid lamang or brother-in-law or sister-in-law?

**Senator De Castro.** Yes, kung iyon ang susundin natin.

**Senator Angara.** Iyon lamang ang reservation ko ryan na baka naman kontra sa spirit of the *balikbayan* privilege ito. If one can exercise it in absentia, bakit pa siya babalik sa Pilipinas? Iyon lamang ang punto ko roon. But if we feel very strongly about it, siguro ay kailangang maglagay tayo ng mga safeguard, Ginoong Pangulo.

**Senator De Castro.** Mr. President, these are for overseas Filipino workers only na siguradong babalik after a three-year contract.

**Senator Angara.** Hindi po ba ang mga overseas worker are allowed to go back once every 12 months?

**Senator De Castro.** Mayroon pong ganoon pero bihira. Normally, ang contract nila ay two years. So two years lamang sila makakabalik especially kung...

**The President.** The seafarers are allowed to come home every ten months.

**Senator De Castro.** Yes, every ten months. But the workers, especially in Saudi Arabia and other Middle East countries, ay two years ang contract nila. Puwede lamang silang bumalik after two years. Normally, ang hindi na makabalik ay wala nang trabaho. Kaya iyong reintegration naman ng ating gobyerno, at present, through OWWA, ang pumapasok dito. So, with this amendment sa ating bill, makakatulong ang Duty Free Philippines on duty-free, tax-free *kabuhayan* tools.

**Senator Angara.** Natatandaan ko na noong ini-introduce itong tax-free privileges sa mga *balikbayan* in the Eighth Congress,

pinanukala ito ni Sen. Teroy Laurel at nagkaroon ng mahabang debate.

**Senator De Castro.** Yes, I read the senator's *ano...*

**Senator Angara.** Ang punto ko po, iyong ating overseas workers ay nagtrabaho nang napakatagal na panahon at nag-ipon sila, may precious savings at siguro iyong duty-free privileges should not be solely devoted to luxuries like perfumes, cigarettes, chocolates. We should encourage spending of precious earnings on more useful objects. That is why I welcome this *kabuhayan* tools because we are trying to dictate the spending behavior of our overseas Filipinos, and this is one worthwhile line.

The other idea that occurred to me, Mr. President,—again, in the spirit of encouraging them to spend their money along productive line—is, why not also include in this law, if it is legally and technically possible, a provision that overseas Filipinos will be allowed... No, when they buy a house and lot or a lot, that they will be exempt from the 10% VAT and the documentary stamp tax. That way, we are going to encourage them to channel their earnings toward home ownership which will in turn encourage construction, which in turn will create more jobs for our country. I think the dream of an overseas worker who has no home yet is really to own his own home, and we have seen that from town to town where there are *balikbayans* or overseas workers.

If it is technically possible, would the gentleman be amenable to including such a provision?

**Senator De Castro.** Ginoong Pangulo, napakaganda po ng panukala dahil ang makikinabang ay ang ating overseas Filipino workers na nagpapasok sa atin ng US\$7 billion taun-taon. But we have to consult again maybe the Department of Finance because at 10% free value-added tax, and a P1 million worth of house and lot, that means P100,000. And then sa documentary stamp tax po ay P15 for every P1,000.

**Senator Angara.** Opo. Kaya totoo na may potential revenue loss ito.

**Senator De Castro.** Of course.

**Senator Angara.** On the other hand, mae-encourage naman natin ang home buying ng napakaraming overseas Filipinos to the extent na iyong isasakripisyo nating tax revenue will be more than made up by the multiplier effect of home-owning, because it will result in more construction, more sales of home lots, et cetera, and more jobs for the economy which will in turn create more taxpayers and more taxes.

**Senator De Castro.** Yes, Mr. President.

**Senator Angara.** But I can appreciate na ang instant laws ay nandiyan, malinaw. Pero kung ini-encourage na rin lamang natin ang buying behavior ng ating overseas Filipinos and trying to help them use their hard-earned savings, I could not think of a better conduit of their savings than investing in their own homes.

**Senator De Castro.** Well, I talked to the National Housing Authority officials. Ang sabi nila ay gusto nila iyan sapagkat mabibili ang low-cost-housing projects of the government. Ngunit ang inaalaala lamang natin dito, Ginoong Pangulo, ay ang buwis na mawawala sa gobyerno. Kaya kailangan pong makuha natin ang opinyon ng Department of Finance tungkol dito dahil hindi maliit na halaga ang mawawala in terms of taxes.

**Senator Angara.** Kaya naman itinanong ko kung ito ba ay legally and technically possible.

**Senator De Castro.** Siguro po puwede sa isang hiwalay na panukalang-batas, Ginoong Pangulo.

**Senator Angara.** Anyway, Mr. President, I am grateful to the distinguished sponsor for his answers and certainly, I support this measure.

**Senator Legarda Leviste.** Mr. President, we thank Sen. Edgardo J. Angara and the sponsor, Sen. Noli "Kabayan" De Castro.

#### SUSPENSION OF CONSIDERATION OF S. NO. 2101

Mr. President, I move that we suspend consideration of Senate Bill No. 2101 under Committee Report No. 38.

**The President.** Is there any objection? *[Silence]* There being none, consideration of Senate Bill No. 2101 is suspended.

#### SUSPENSION OF SESSION

**Senator Legarda Leviste.** Mr. President, I move that we suspend the session until three o'clock this afternoon.

**The President.** Is there any objection? *[Silence]* There being none, today's session is suspended until three o'clock this afternoon, May 15, 2002.

*It was 12:24 p.m.*

#### RESUMPTION OF SESSION

*At 3:41 p.m., the session was resumed with the Senate President, Hon. Franklin M. Drilon, presiding.*

**The President.** The session is resumed.

**Senator Legarda Leviste.** Mr. President.

**The President.** The Majority Leader is recognized.

**Senator Legarda Leviste.** Mr. President, I move that we proceed to the Fifth Additional Reference of Business.

**The President.** Is there any objection? *[Silence]* There being none, the motion is approved.

The Secretary will read the Fifth Additional Reference of Business.

#### FIFTH ADDITIONAL REFERENCE OF BUSINESS

##### RESOLUTION

**The Secretary.** Proposed Senate Resolution No. 308, entitled

#### RESOLUTION URGING THE PHILIPPINE PORTS AUTHORITY TO CONDUCT PUBLIC HEARINGS BEFORE CHANGING ARRASTRE AND STEVEDORING FEES

Introduced by Senator Pimentel Jr.

**The President.** Referred to the Committee on Public Services

#### COMMITTEE REPORTS

**The Secretary.** Committee Report No. 48, prepared and submitted jointly by the Committees on Civil Service and Government Reorganization; Finance; Labor, Employment and Human Resources Development; Constitutional Amendments, Revision of Codes and Laws; Ways and Means; and Education, Arts and Culture on Senate Bill No. 2132, with Senators Flavio Soto III, Loren Legarda Leviste, Villar Jr., Serge Osmeña, Ople, Pangilinan, Pimentel Jr., Honasan, Robert S. "JAWO" Jaworski, Recto, Magsaysay Jr., Revilla, Aquino-Oreta, Angara, Renato L. Compañero Cayetano, and J. Osmeña as authors thereof, entitled

#### AN ACT ESTABLISHING A CIVIL SERVICE CODE OF THE PHILIPPINES AND FOR OTHER PURPOSES,

recommending its approval in substitution of Senate Bill Nos. 8, 9, 12, 77, 134, 151, 516, 564, 604, 1008, 1285, 1383, 1388, 1542, 1573, 1684, 1696, 1723, 1755, 1794, 1837 and 1879.

Sponsors: Senators Aquino-Oreta and Pimentel Jr.

**The President.** To the Calendar for Ordinary Business

Mr. President, the problem does not end here. While we face a huge housing backlog, it is ironic that the Housing and Urban Development Coordinating Center (HUDCC) reports an estimated 100,000 government-owned housing units that are idle and unoccupied taken out already by government and semigovernment financing units, such as the SSS, the GSIS and the Pag-IBIG.

While our poor countrymen continue to suffer homelessness, we have thousands of housing units lying idle. These idle government assets were acquired through the people's money and represent wastage of scarce government resources. While there is a need for us, Mr. President, to coordinate and formulate a generally and centrally managed housing program, I find it ironic that there are many agencies in government that undertake housing projects. We have the Department of Public Works and Highways; the Public Estates Authority; the Bases Conversion Authority; the Department of Environment and Natural Resources; the National Housing Authority; and all sorts of agencies in government that dabble into the production of housing for our people who are in need of houses.

Mr. President, in a position paper submitted to this humble representation by the University of the Philippines' School of Urban and Regional Planning, it pointed out that the above-stated problem is due to the confusing setup of our housing bureaucracy. It says and I quote: "The existing institutional setup for housing and urban development is complex and is characterized by overlapping functions, mandates and programs of the different agencies involved."

Mr. President, this bill proposes to create a Department of Housing and Urban Development that will serve as a one-stop-shop envisioned to cater to the housing needs of our citizenry. It shall be the primary government agency that will facilitate and ensure the availability of affordable housing. This bill aims to restructure the different housing agencies and corporations in order to streamline the housing bureaucracy.

To pursue this objective, Mr. President, the existing HUDCC shall be strengthened by giving it direct control and supervision over all housing agencies and corporations. At present, the HUDCC is merely a coordinating body for the different housing agencies.

Mr. President, I would like to correct a certain perception that is now bothering the minds of many of our people who, as a matter of fact, have offered resistance to the enactment of this bill.

For example, Mr. President, there is a perception that this bill is going to take over the operations of the three pension-fund-oriented agencies. The semigovernment financing institutions of the GSIS, the SSS and Pag-IBIG.

Mr. President, the truth is far from that perception. The department, if it is created, is not going to take over the functions, the powers and the authorities of the different boards that constitute the policy-formulating and implementing bodies within these three semigovernment financing institutions. So, I would like to correct that, Mr. President. The only function that the department will play over these three agencies is to coordinate their individual housing programs.

Mr. President, another important objective of this bill is to integrate all housing and urban development policies, plans, programs and projects of the different housing agencies to expedite the delivery of decent, affordable and sustainable housing and urban development programs and projects. Due to the foregoing, Mr. President, an early passage of this bill is earnestly requested.

Thank you very much.

**Senator Legarda Leviste.** Mr. President, we thank the two sponsors of the measure.

#### SUSPENSION OF CONSIDERATION OF S. NO. 2133

**Senator Legarda Leviste.** Mr. President, I move that we suspend consideration of Senate Bill No. 2133 under Committee Report No. 49.

**The President.** Is there any objection? [Silence] There being none, the motion is approved.

#### BILL ON SECOND READING

##### S. No. 2101 — Instituting a *Balikbayan* Program (Continuation)

**Senator Legarda Leviste.** Mr. President, I move now that we resume consideration of Senate Bill No. 2101 as reported out under Committee Report No. 38.

**The President.** Is there any objection? [Silence] There being none, resumption of consideration of Senate Bill No. 2101 under Committee Report No. 38 is now in order.

**Senator Legarda Leviste.** I move that we recognize the sponsor, Sen. Noli "Kabayan" De Castro.

**The President.** Sen. Noli "Kabayan" De Castro is recognized.

**Senator Legarda Leviste.** We are in the period of interpellations. To interpellate, I move that we recognize Sen. Teresa Aquino-Oreta.

**The President.** Sen. Teresa Aquino-Oreta is recognized. May the Chair be informed how many more senators have made reservations to interpellate on this measure?

**Senator Legarda Leviste.** Yes, Mr. President, for this particular bill, we have Senators Aquino-Oreta, Villar, Arroyo and Pimentel.

**The President.** Thank you.

**Senator Aquino-Oreta.** Thank you, Mr. President. Will the gentleman answer some questions?

**Senator De Castro.** Yes, Mr. President, from the lady senator from Navotas and Malabon.

**Senator Aquino-Oreta.** Mr. President, we already went through the bill questioning Sections 1 and 2. We would like to go to Section 3 of the bill, that is on page 5.

Page 5 Section 3(a) amended the provision that the tax-free purchases may be made at "Philippine duty-free shops", into GOVERNMENT-OWNED AND CONTROLLED DUTY-FREE SHOPS. That is in lines 8 and 9.

**Senator De Castro.** Yes, Mr. President.

**Senator Aquino-Oreta.** Now, Mr. President, can the gentleman just tell us what is the definition of "government-owned and controlled duty-free shops?" Will it include not only the duty-free shops owned and operated by the Philippine Tourism Authority but also the privately owned yet government-supervised duty-free shops, for example, in Subic or in Clark?

**Senator De Castro.** Mr. President, government-owned and controlled duty-free shops, for example, the Duty Free Philippines outlets or stores, like the Fiesta Mall near the Ninoy Aquino International Airport, Terminal I and the NAIA Terminal I departure, the arrival main and arrival ramp, Terminal II arrival and departure and the Cebu Mactan International Airport pre-departure, departure and arrival, and Waterfront Hotel in Lahug, Cebu. These are duty-free shops owned and controlled by the government.

**Senator Aquino-Oreta.** So, what about those duty-free shops in Clark and in Subic? They are privately owned but they are government-supervised. What about the duty-free shops other than the shops that the gentleman mentioned?

**Senator De Castro.** They are not being supervised, Mr. President. They are being regulated by the Subic Bay Metropolitan Authority and the Clark Development Corporation.

**Senator Aquino-Oreta.** Yes, but that is government, Mr. President. That is still government.

**The President.** May the Chair know why this is being limited to government-owned and controlled duty-free shops? What is

the rationale? The way the amendment looks now, we are just putting the equivalent in Philippine pesos and authorizing the acceptance of Philippine pesos for the purchase of tax-free goods. So, I guess the question is, why not include privately owned duty-free shops?

**Senator Aquino-Oreta.** No, Mr. President, because we were looking for the definition of the government-owned and controlled.

**The President.** I know.

**Senator Aquino-Oreta.** So, which are the government-owned and controlled duty-free shops when there are a lot of duty-free shops that are functioning?

**The President.** As the law is presently worded, it is simply "Philippine duty-free shops" which includes private duty-free shops.

**Senator Aquino-Oreta.** That is correct.

**The President.** And now it is being changed to government-owned and controlled duty-free shops.

**Senator De Castro.** These are duty-free shops under the Philippine Tourism Authority, the PTA. These duty-free shops are owned and controlled by the government.

**Senator Aquino-Oreta.** So, what happens now to the other duty-free shops that are not under the Philippine Tourism Authority?

**Senator De Castro.** They are privately owned and they are under Republic Act No. 7227. In other words, they are not under Republic Act 6768 na *kumu-control lamang po sa* government-owned and controlled duty-free shops.

**The President.** Can the *balikbayan* purchase goods in Philippine pesos out of these nongovernment-owned or controlled duty-free shops?

**Senator De Castro.** I think, Mr. President, they can use Philippine pesos in these not government-controlled duty-free shops or privately owned duty-free shops specially in Subic Bay and Clark.

**The President.** The implication of the provision is that one can use Philippine pesos only in the Philippine-controlled duty-free shops. That is the implication.

**Senator De Castro.** But, Mr. President, one can use also pesos in Subic duty-free shops and Clark duty-free shops.



**Senator Aquino-Oreta.** Then, Mr. President, how can we differentiate now? Maybe this section needs further clarification in the sense that the gentleman is using the word "duty-free shops" which is being liberally used by all supposedly duty-free shops all over the country but some are government-controlled and supervised and some are not.

**Senator De Castro.** Mr. President, duty-free shops operate under EO No. 46 and RA No. 6768. These are owned and controlled by the government. Duty-free shops and freeport shops in Clark and Subic operates under RA No. 7227 or the Bases Conversion Law and under EO No. 97-A. These are freeport shops.

**Senator Aquino-Oreta.** Yes, Mr. President. We understand that. But they also function like regular duty-free shops which are now being defined in Section 3. I was just wondering if we will include all of these duty-free shops, whether they are under the Philippine Tourism Authority or under the base, et cetera, if we will just include them all in this section.

#### SUSPENSION OF SESSION

**Senator De Castro.** I move for a one-minute suspension of the session, Mr. President.

**The President.** The session is suspended for one minute, if there is no objection. *[There was none.]*

*It was 4:31 p.m.*

#### RESUMPTION OF SESSION

*At 4:36 p.m., the session was resumed.*

**The President.** The session is resumed. Sen. Noli De Castro is recognized.

**Senator De Castro.** So sa question po ni Senator Oreta kung paano natin madi-differentiate ang duty-free shops owned by the government and duty-free shops in Subic and Clark, with the help, of course, of the Minority Leader, we will just add sa aming committee amendments na i-clarify iyong... instead of government-owned and-controlled duty-free shops ay ilalagay na lamang natin "the Philippine Tourism Authority duty-free shops". Will that be fine, Mr. President?

**The President.** May the Chair ask a question for clarification?

Why do we not just retain "Philippine duty-free shops" in the present law?

The present law says, "Philippine duty-free shops". The four words bracketed are supposed to be deleted. May the Chair know why we cannot just retain "Philippine duty-free shops"?

**Senator De Castro.** Mr. President, this is to distinguish it from Subic and Clark duty-free shops, which are privately owned.

**The President.** That is correct, except that the way the Chair would understand it and the Chair is willing to be corrected, the amendment would allow payment in Philippine peso.

**Senator De Castro.** Yes, Mr. President.

**The President.** And the payment in Philippine peso can be provided for even in privately owned duty-free shops.

**Senator De Castro.** Yes, Mr. President.

**The President.** So why are we not allowing payment of Philippine peso in privately owned duty-free shops? I guess it is a policy question. Why? What is the reason for the policy?

**Senator De Castro.** What I know, Mr. President, ang privately owned duty-free shops in Subic and Clark ay pinapayagan na ang paggamit ng Philippine peso.

**The President.** If that is so, the amendment, from the way I read it, could be interpreted as a prohibition now for these privately owned duty-free shops to accept Philippine peso. That could be implied from the amendment.

**Senator De Castro.** That is why, Mr. President, this bill deals only with duty-free shops owned and controlled by the government under the Philippine Tourism Authority.

**The President.** All right. I thank the gentleman for allowing the Chair to intervene.

**Senator Aquino-Oreta.** Mr. President, if the chairman would be amenable... When the period of amendments will come in, maybe, we can redraft the Section 3 of his proposed bill.

**Senator De Castro.** Yes, Mr. President, we are open to that.

**Senator Aquino-Oreta.** May I continue, Mr. President.

Section 3F grants *balikbayans* and their families an additional tax-free purchase of US\$1,000 on the so-called "livelihood tools."

**Senator De Castro.** Yes, Mr. President.

**Senator Aquino-Oreta.** Section 4(B) of Executive Order No. 444 which implements the rationalization of duty-free stores or outlets and their operations in the Philippines already grants overseas Filipino workers and *balikbayans*, defined under Republic Act No. 6768, US\$2,000 in duty-free-shopping privileges.

Therefore, after granting all these additional incentives, what exact figure are we looking at US\$2,000 plus or US\$1,000? It is not indicated in the bill, Mr. President.

**Senator De Castro.** The US\$2,000 under Republic Act No. 6768 and under Executive Order No. 46 that is US\$2,000, plus and in our amendment an additional US\$1,000 exclusive for *Kabuhayan* Program of the government. So a total of US\$3,000.

**Senator Aquino-Oreta.** So we are looking at a US\$3,000 duty-free privilege?

**Senator De Castro.** The additional US\$1,000 ay exclusive lamang po sa *kabuhayan* shopping privilege, yes, for tools. So wala hiong nadagdag doon sa shopping privilege na US\$2,000. Ang naidagdag ay US\$1,000 para exclusive, gagamitin lamang sa *kabuhayan* tax-free privilege.

**Senator Aquino-Oreta.** Yes, but in the earlier queries we had, when we talked of livelihood tools or *kabuhayan*, it also meant the goods somehow related to *kabuhayan* that are being sold inside the duty-free shops. So in that sense, for example, I am a *balikbayan* and I would like to put up again my example in the queries that we had last week, if I want to put up a karaoke bar, then I will have to buy an amplifier, I will have to buy a DVD, I will have to buy these things that will help me put up this karaoke bar, plus I can still buy with my privilege as *balikbayan* US\$2,000 again on the same products. Am I correct in my assessment, Mr. President?

**Senator De Castro.** Ginoong Pangulo, nagkataon po na karaoke bar ang naging example ninyo. Sa karaoke bar, we need one television maybe, one DVD player for minus one, and of course, a place to put the karaoke bar. The TV set will fall under the shopping privilege sa mga electronic products and the DVD under the shopping privilege of a *balikbayan*.

**Senator Aquino-Oreta.** And what happens to my *kabuhayan* privilege?

**Senator De Castro.** Kasi masyadong kuwan iyong karaoke bar, e. Because pag nagtayo kayo ng karaoke bar, all one needs is one TV and one DVD.

**Senator Aquino-Oreta.** That is correct. So my question now is...

**Senator De Castro.** But it will fall under shopping privilege dahil available ito sa electronics division of the duty-free shop. But, of course, nandoon pa rin iyong US\$1,000 privilege para sa *kabuhayan*.

**Senator Aquino-Oreta.** That is correct. So what happens now? Can I avail myself of that US\$1,000 considering that this is

the *kabuhayan* that I would like to go into because it is very lucrative? So I can still use my US\$1,000 for my *kabuhayan* privilege, and that means I will have a privilege of US\$3,000.

**Senator De Castro.** All right. Thank you, Mr. President. We have a definition here of "livelihood tools."

**Senator Aquino-Oreta.** Mr. President, earlier, the sponsor mentioned that livelihood tools are those that I can buy being a *balikbayan* that will help me put up a livelihood enterprise. That was the answer of the sponsor. So, the example that I gave is, I am a *balikbayan* and I would like to put up a karaoke bar.

**Senator De Castro.** Ginoong Pangulo, karamihan po ng mga livelihood tools or livelihood na gustong pasukan ng mga overseas workers, especially ng ating overseas Filipino workers, ay galing sa OWWA. And these are the requests of the Filipino overseas workers na puwede nilang pasukan na trabaho. Unfortunately, wala pong binabanggit tungkol sa karaoke bar. Normally, ang hinihingi ng mga overseas Filipino workers are tools, like hand tools, power tools, precision tools, farm tools, and even tools for dressmaking, shoe repair, beauty parlor and barber shop.

**Senator Aquino-Oreta.** Mr. President, again, one of my first questions then is: How come the term "livelihood tools" was not defined in the bill so that, at least, we will know what tools a *balikbayan* will avail himself of to get an extra US\$1,000 more? The bill is silent on the livelihood tools. When I asked the sponsor what "livelihood tools" meant, the answer was—if we go back to the records—the tools needed to put up a livelihood for the *balikbayan*. So I just thought of that karaoke bar. He might want to enter into that. But having said that, maybe we still have to see the definition, No. 1, of "livelihood tools," and No. 2., the classification of livelihood tools wherein a *balikbayan* can avail himself of the US\$1,000 extra.

**Senator De Castro.** Ito na nga iyon, Ginoong Pangulo. Ilalagay natin sa committee amendments the definition of "livelihood tools." The definition states: "Livelihood tools are instruments used by hand or by machine necessary to a person in the practice of his trade, vocation or profession, such as hand tools, power tools, precision tools, farm tools, tools for dressmaking, shoe repair, beauty parlor, barber shop, and the like, as may be determined by OWWA."

**Senator Aquino-Oreta.** Then, I guess, in the period of amendments—

**Senator De Castro.** Yes, we will include this in the period of amendments.

**Senator Aquino-Oreta.** —we will now make it clear what livelihood tools are.

**Senator De Castro.** Is our definition not yet clear, Mr. President?

**Senator Aquino-Oreta.** No. It is clear, but we want to see it in the bill.

**Senator De Castro.** All right. Thank you, Mr. President.

**Senator Aquino-Oreta.** Mr. President, the sponsor mentioned that the OWWA...these are the requests of the *balikbayans* of the OWWA for them to get into the mainstream. Did the committee make any study, a definite or a real study, on the livelihood programs that our *balikbayans* would like to get into aside from OWWA reports?

**Senator De Castro.** According to OWWA, the overseas Filipino workers requested these tools in this *Kabuhayan* Program. Ito po ang pinagbabatayan nila, lalung-lalo na sa current integration program of the government which already includes training modules provided by the TLRC, the TESDA, and the Construction Management Development Program. In other words, ang magiging role dito ng Duty Free Philippines ay mag-offer ng needed tools for the said program dahil may *Kabuhayan* Program din ngayon ang OWWA, kaya lamang ay nagpapautang ito from P10,000 to P100,000. Kaya ang magiging role ngayon ng Duty Free Philippines ay mag-provide naman ng needed tools for the said program, which is the *Kabuhayan* Program.

**Senator Aquino-Oreta.** We understand that, Mr. President. We are asking if there are any other studies that we can make aside from OWWA because there are a lot of NGOs that also deal with the *balikbayan*. And we are looking at these programs only from the government side. But I must also say that there are a lot of NGOs that deal with the *balikbayan* and are not connected with government and may have an idea on what our *balikbayan* would want to do when they get back to the country.

We would like to know if their inputs were taken as to what livelihood tools they can suggest or recommend to the duty-free shops for them to be able to buy it also at a cheaper rate.

**Senator De Castro.** As far as the NGOs are concerned, in our hearings, *wala silang binabanggit tungkol sa mga gusto nilang mga kagamitan o tools*. So we based the requirement for tools or the needed tools from the request of the *balikbayan* especially the Filipino overseas workers. The OWWA received letters from the overseas Filipino workers suggesting this kind of tools for their *kabuhayan* plan concerning their reintegration program of our government after two years of working abroad, especially in the Middle East.

**Senator Aquino-Oreta.** We understand that thoroughly well, Mr. President. But we wanted the whole spectrum of needs

or request and not only based on a government agency or agencies that deal with *balikbayan*. Because I am sure that there are a lot of our *balikbayan* who come home and do not deal with government at all. At the same time, they may want to avail themselves of this extra privilege that we are giving them, and this extra privilege may not be under the list that they can avail of from the duty-free shops.

The reason I ask this, Mr. President, is that we wanted to see that all our *balikbayan* somehow will be able to avail themselves of these privileges that we are trying to do for them.

**Senator De Castro.** I think, Mr. President, even the NGOs, which are dealing with the overseas Filipino workers, ay nakikipag-deal din po sa OWWA as far as the benefits and privileges being given to overseas Filipino workers are concerned.

I think the suggestions made by our overseas Filipino workers to the OWWA people are enough para mabigyan tayo ng pagkakataong sabihin kung ano ang mga kinakailangan nilang kagamitan o tools para sa *Kabuhayan* Program pagkatapos nilang magtrabaho ng dalawang taon sa ibang bansa kaugnay naman nitong reintegration program ng ating pamahalaan, Ginoong Pangulo.

**Senator Aquino-Oreta.** Thank you for that, Mr. President, but I can assure the gentleman that there are a lot of NGOs that do not deal with the OWWA. We can just go to the NGOs that protect our women overseas workers and they will tell us a lot of details why they are not dealing with the OWWA. They do not even want to go to the OWWA and yet they would want to be reintegrated in the country.

*At this juncture, the Senate President relinquished the Chair to Sen. Juan M. Flavio.*

**Senator Aquino-Oreta.** The Department of Finance is complaining that US\$2,000 in shopping privilege given by duty-free shops are already too liberal, citing that the international standard is only US\$250. This is not from us, this is from the Department of Finance.

Mr. President, what can the distinguished gentleman say about this? The DOF is already complaining that there are too many exemptions from imports. It emphasized that the ratio of duty-free products rose from 56.88% in 1999 to 56.95% in 2000. This means that more than half of our imports are already exempt from paying duties. So what can the distinguished gentleman say about this observation of the Department of Finance that US\$2,000 is already too liberal, and if we go by international standard, it is only US\$250. Aside from the US\$2,000, we are now crafting a bill that will increase the US\$2,000 to US\$3,000. So, may we have the comment of the distinguished gentleman on this, Mr. President.

**Senator De Castro.** Mr. President, are we talking of foregone revenue from the government?

**Senator Aquino-Oreta.** No. The Department of Finance officials complained that the US\$2,000... There was a comment from them. When we were making a research on this bill, we came across a report about the complaint of the Department of Finance that the US\$2,000 in shopping privileges given by the duty-free shops is already too liberal considering that the international standard for duty-free shopping is only US\$250.

In fact, they even gave some statistics which I have already mentioned. So, I would like to find out if we are legislating an addition to the US\$2,000 which is already being viewed as too liberal by our own Department of Finance. I would like to get the comment of the chairman on this report of the Department of Finance.

**Senator De Castro.** Mr. President, the US\$250 is the standard or the limit in other countries. But in our case, under Republic Act No. 6768, our *balikbayan* is allowed a US\$2,000 shopping privilege. This is under R.A. No. 6768. Our bill is only amending Republic Act No. 6768 and we are only adding US\$1,000 exclusive for *Kabuhayan* Program of our *balikbayan*, especially the overseas Filipino workers.

**Senator Aquino-Oreta.** Precisely, Mr. President, the standard all over the world is US\$250. That is correct. But in our country, we are giving them US\$2,000, and now we are crafting a bill to give them an extra US\$1,000 for livelihood tools.

For example, the Department of Finance estimated P2 billion to P3 billion loss in annual government revenue due to the presence of duty-free shops all over the country. So, Mr. President, I would like to find out if we have any studies to show that the loss of revenues is offset by the earnings in dollars or that the dollar earnings are greater than the loss of revenues. In other words, we are an exception to that world standard and at the same time, we are crafting something that the DOF finds rather liberal and we are even adding. Is that the rationale of this bill? I would like to get the comment of the chairman on this.

**Senator De Castro.** Ginoong Pangulo, napaka-unique pong nangyayari sa Pilipinas because we are exporting close to 7 million overseas Filipino workers or around 6.2 million or 6.5 million overseas Filipino workers kung ikukumpara sa ibang bansa na walang ganitong karaming overseas workers. In return, itong overseas workers natin ay nagpapasok ng dolyar sa ating dollar reserve na umaabot sa US\$7 billion a year.

In return, we give them privilege to buy from the duty-free shops up to US\$2,000 under Republic Act No. 6768, at ngayon ay binibigyan natin sila ng another privilege na US\$1,000 para sa

*Kabuhayan* Program, instead of only buying those luxury items inside the Duty Free Philippines.

There is a study submitted by the University of Asia and the Pacific Institute for Economic Policy and Research to the Duty Free Philippines way back in 1996, that the margins in the value-added which the local economy is able to capture with the Duty Free Philippines' operations were even lower down sa sinasabing foregone revenue.

The total Duty Free Philippines' sales should not be equated to foregone revenue or loss to the government since it is incremental to tax and duty collections. If duties are to be imposed on Duty Free Philippines sold items, the demand for these products will significantly drop, thereby eroding the tax base. International travelers will just buy imported items from abroad. Bibili na lamang sila sa ibang bansa at dadalhin sa ating bansa. In other words, naiwan iyong dolyar dahil marami namang paraan or avenues available sa ating travelers, including the overseas Filipino workers. The government may have difficulty collecting duties on these items pag pumasok na sa ating bansa.

The foregone revenues cannot be computed on a one-on-one basis. If we do not offer these products to the *balikbayan* tax and duty-free, they would have gone to other duty-free shops like in Hong Kong or Singapore and Abu Dhabi or travel retailers based abroad. Ito po ang masasabi natin. Kapag nangyari na naiwan ang dolyar sa ibang bansa, ang ibig sabihin noon ay foregone profits for the government, Mr. President.

**Senator Aquino-Oreta.** I would like to thank the distinguished gentleman for the report of the University of Asia and the Pacific Institute for Economic Policy and Research.

But we would like to know if the DOF has made a comment on this measure, considering that it is already complaining about the very liberal manner in giving out shopping privileges. So we would like to find out if the Department of Finance has given its comment on this, Mr. President.

**Senator De Castro.** Yes, Mr. President. As expected, the Department of Finance, including the National Tax Research Center, has reacted negatively to the proposal in view of the following: (1) that duty-free shopping in the country is too liberal and beyond international standards, katulad noong binanggit ng magiting na senador kanina; (2) it will have adverse impact on local manufacturing; and (3) it will result in foregone revenues amounting to P2 billion to P3 billion annually.

But, of course, in that hearing also, they said they were amenable to providing a *Kabuhayan* Program to be available only to overseas Filipino workers, Mr. President.

**Senator Aquino-Oreta.** I would like to thank the distinguished gentleman for that, Mr. President. But then we are at a loss now. If one government agency says one thing and another government agency says another thing, and these two agencies work for the same government, there are conflicting studies or conflicting recommendations. We would really want to reconcile both and maybe in a committee amendment that can be rectified.

Mr. President, the Department of Finance is headed by a financial whiz kid, and that is the reason we keep pointing to it. The Department of Finance has stated that it would prefer a program that will strictly benefit overseas Filipino workers.

Republic Act No. 6768 states that the term "balikbayan" shall mean the following: 1) a Filipino citizen who has been continuously out of the Philippines for a period of one year; 2) an overseas Filipino worker; or 3) a former Filipino citizen and his family, as this term is defined hereunder, who has been naturalized in a foreign country and comes or returns to the Philippines.

Now, Mr. President, is the gentleman equating all OFWs as *balikbayan*?

**Senator De Castro.** The term "balikbayan" shall mean a Filipino citizen.

**Senator Aquino-Oreta.** Yes. So, would the gentleman say that all OFWs are *balikbayan*?

**Senator De Castro.** Yes, Mr. President.

**Senator Aquino-Oreta.** So, we will equate all OFWs with *balikbayan*?

**Senator De Castro.** Yes, Mr. President.

**Senator Aquino-Oreta.** If all of them are equated as *balikbayan*, then all of them will have this additional benefit to be given by this bill?

**Senator De Castro.** Yes, the US\$1,000 *Kabuhayan* Program privilege, Mr. President.

**Senator Aquino-Oreta.** I would like to thank the distinguished gentleman for that.

Mr. President, the Philippine International Trading Corporation, which falls under the Department of Trade and Industry, has stated that the increase in the US\$2,000 shopping privilege will only favor foreign products, thus seriously harming local retailers.

The Philippine Retailers Association, on the other hand, has also expressed its objections over: 1) the increase of purchase privilege from US\$1,000 to US\$2,000; 2) the extension of shopping hours from 48 hours to five days; and 3) the grant of additional US\$2,000 for the purchase of livelihood tools, citing that these proposals only help foreign markets.

Has the gentleman formed an opinion on the position of both the Philippine International Trading Corporation and the Philippine Retailers Association?

**Senator De Castro.** Yes, Mr. President. But, first, we would like to correct that it is not US\$2,000 for the *Kabuhayan* Program. It is US\$1,000.

**Senator Aquino-Oreta.** No, it is US\$1,000 and US\$2,000, the basic one.

**Senator De Castro.** Yes. That is under Republic Act No. 6768.

**Senator Aquino-Oreta.** These two agencies again which are active in our retail business are vehemently objecting. May we know the position of the gentleman on their opinion?

**Senator De Castro.** First, the Duty Free Philippines caters to a unique and a limited market, the international travelers, as against other duty-free shops in special economic zones and commercial establishments which allow traveler or nontraveler to purchase duty-free goods.

Purchase limitations are strictly enforced and closely monitored by the customs duty-free shops division of the Bureau of Customs.

The target market of Duty Free Philippines are the tourist and travelers only, more or less around seven percent of voting-age Filipinos. And increasing their shopping privilege, especially for *balikbayan*, will not adversely affect local manufacturing because the sales of Duty Free Philippines are definitely not significant compared with those of local retailers or vice versa.

According to a study again of the University of Asia and the Pacific released in 1995, the Duty Free Philippines sales comprised a mere 0.61% only. Not even one percent of the estimated total retail sales.

**Senator Aquino-Oreta.** Mr. President, did the gentleman send this opinion to the PITC and the Philippine Retailers' Association? If so, what was their answer?

**Senator De Castro.** This was discussed during the committee hearings, Mr. President. We asked them to show us their study about the competition that Duty Free Philippines...

**Senator Aquino-Oreta.** May we have then the study that was...

**Senator De Castro.** Up to now, they have not submitted any study, Mr. President. They do not have any figure. They have no study.

**Senator Aquino-Oreta.** So, we do not have a study from the PITC?

**Senator De Castro.** No, Mr. President. I do not know if they have a study. We asked them to submit their report, but up to now, wala pa rin silang ibinigay na report. Matagal na kaming nakapag-hearing.

**Senator Aquino-Oreta.** Does the gentleman not think that we should also wait for them considering...

**Senator De Castro.** We have waited for many months already.

**Senator Aquino-Oreta.** Mr. President, the reason we are asking this is that these are the two agencies, as I said, that are very active in the retail business in our country. And surely, they know what they are objecting to. We will prove to them that they should not be afraid, and maybe we should convince them that they should not object to this bill that we have on hand.

**Senator De Castro.** Actually, Mr. President, ang isa sa mahigpit nilang tinututulan ay iyong US\$2,000 shopping privilege ng mga *balikbayan*. Pero ito ay nasa batas na natin under Republic Act No. 6768. Iyon lamang ang kanilang tinututulan. As I said, according to the study of the University of Asia and the Pacific in 1995—noong hindi pa tayo napapaloob sa WTO—ang sales ng Duty Free Philippines comprised a mere 0.61% of the estimated total retail trade sales in the retail outlets.

**Senator Aquino-Oreta.** The gentleman mentioned na tinututulan nila. Anyway, nasa batas ito. Kaya tayo naririto, we can always amend. If the law will not be good for the majority, I think it is the responsibility of Congress, of the Legislature to look into such, to revisit the law and see if it will give a positive effect on the stakeholders.

Mr. President, what safety nets does this bill provide in order to protect our domestic retailers from unfair competition? We were looking at some safety nets that will tell us that this bill will indeed help our economy and our *balikbayan*.

Can the gentleman tell us what safety nets does this bill provide in order to protect our domestic retailers from unfair competition?

**Senator De Castro.** First of all, Mr. President, the privilege is only for the *balikbayan*—

**Senator Aquino-Oreta.** That is correct, Mr. President.

**Senator De Castro.**—especially our overseas Filipino workers. Second, actually this was asked also during the committee hearings. Those present in the committee hearings objected to this law, RA No. 6768, and the proposed amendment. Ang ikinababahala nila ay smuggling. Iyan ang unang kinataakutan nila.

But according to the Bureau of Customs in that hearing also, there is no such thing as legal smuggling since all importations of the Duty Free Philippines are accounted for by the Bureau of Customs. All importations of duty-free merchandise being sold at the duty-free stores enter the country through the Customs bonded warehouse. This is under the operation of the NAIA customhouse. And all transfers of duty-free goods from one bonded warehouse to another are with the Customs' approval under the supervision of a Custom's guard with an approved Custom's note "For control and bond liquidation," Mr. President.

**Senator Aquino-Oreta** I see. Again, we would like to look at some safety nets, as we said, vis-a-vis domestic retailers, Mr. President.

**Senator De Castro.** We have a limited market in Duty Free Philippines. This caters only to the *balikbayan* and even the purchase is limited to US\$1,000 for the *Kabuhayan* Program.

**Senator Aquino-Oreta.** Yes, but still that does not give us the safety nets that we are looking for. That is the privilege that we are giving our *balikbayan*.

**Senator De Castro.** I think the most important safety net here is the way the Bureau of Customs prevent smuggling of these products from the time *na pumasok ito sa ating bansa* through the Bureau of Customs. And even the entry of customers are being monitored in Duty Free Philippines shops, Mr. President.

**Senator Aquino-Oreta.** In other words, there is a very strict compliance with customs rules.

**Senator De Castro.** Yes, Mr. President.

**Senator Aquino-Oreta.** Anyway, I would like to thank the gentleman for that.

Mr. President, I would like to go to Section 4(b). Section 4(b) of this bill proposes an extension of the period of availment of duty-free shopping privileges from 48 hours to seven calendar days during normal season and to 15 days during Christmas season—that is from November 15 to January 15.

Again, Mr. President, how does this bill ensure that the granting of these incentives will not be abused? The DTI has already expressed its reservation about extending the period of availment, believing that this provision will be open to abuse.

So, may we have the gentleman's opinion on this, Mr. President? Again, it is another government agency talking about this bill before us.

**Senator De Castro.** First of all, Mr. President, the extension of the shopping period is based on the request of the *balikbayan* for convenience purposes. Ang karaniwang inirerekلامo ng mga *balikbayan* pagdating nila ay jetlag, lalo na kung galing sa malayu-layong bansa gaya ng Middle East, European countries or even the United States of America. So, they want to spend a few days to rest. Ang sinasabi naman ng iba—at kultura din natin ito—ay kinakailangang bigyan muna sila ng pagkakataon to hug and see their families—especially iyong mga nasa probinsiya—their friends and their neighbors in their hometowns or in the provinces. Then, puwede silang makapagplano with their families kung ano ang kanilang bibilhin sa Duty Free Philippines, and they can also prepare the transportation, the budget and the members of the family.

Another reason is the hard-earned money of our *balikbayan* under the *Kabuhayan* Program. So if they will avail themselves of the *Kabuhayan* Program, kailangang bigyan din sila ng ample time to think and study business or the *kabuhayan* that they will enter into, Mr. President. And this is a one-time shopping privilege.

**Senator Aquino-Oreta.** We know that, Mr. President. It is just that we would like to put, at least, the opinion of the different government agencies regarding this bill. We would like to synchronize the opinion because we are hearing again—first, we heard from the DOF a vehement objection and now we are hearing a vehement objection from the DTI. Again, as I said, we would like to see a happy compromise and it is very strange because these agencies are all in government. It seems that in government now, the left hand does not seem to know what the right hand is doing. There are these government agencies which are strongly objecting to some provisions of this bill, but still we would like to see this bill being crafted into law for the sake of our *balikbayan*.

**Senator De Castro.** Ginoong Pangulo, nais ko lamang idagdag na ang isa sa mga reklamo at kinatatakutan nila ay iyong pagpapalawig ng shopping period from 48 hours to seven days and 15 days upon arrival during the Christmas season.

The concern is, it would lead to indiscriminate availment of privilege. This is unfounded because the shopping privilege is limited only to one-time basis. Hindi sila puwedeng magpa-uli-uli. Ang binabanggit nila sa hearing ay baka magpa-uli-uli sila.

Because they have seven days na magpa-uli-uli sa Duty Free Philippines. Kaya hindi po. Dahil one-time basis lamang ito. The monitoring of the privilege is undertaken again in coordination with the Bureau of Customs. Kapag sila ay na-check na at natatakan na ng Bureau of Customs sa pagpasok at paglabas nila, mawawala na iyong privilege nila dahil na-avail na iyon sa pagpasok o pamimili nila sa loob ng Duty Free Philippines, Ginoong Pangulo.

#### SUSPENSION OF SESSION

**Senator Aquino-Oreta.** Mr. President, I move that we suspend the session for one minute.

**The Presiding Officer [Sen. Flavie].** Is there any objection? [Silence] There being none, the session is suspended for one minute.

*It was 5:21 p.m.*

#### RESUMPTION OF SESSION

*At 5:31 p.m., the session was resumed.*

**The Presiding Officer [Sen. Flavie].** The session is resumed.

#### SUSPENSION OF CONSIDERATION OF S. NO. 2101

**Senator Legarda Leviste.** I move that we suspend consideration of Senate Bill No. 2101 under Committee Report No. 38.

**The Presiding Officer [Sen. Flavie].** Is there any objection? [Silence] There being none, the motion is approved.

**Senator Legarda Leviste.** Mr. President, for the Privilege Hour, I move that we recognize Sen. Robert Z. Barbers.

**The Presiding Officer [Sen. Flavie].** Sen. Robert Z. Barbers is recognized.

**Senator Barbers.** Thank you, Mr. President.

#### PRIVILEGE SPEECH OF SENATOR BARBERS ("Let Justice Be Served Though The Heavens Fall")

Mr. President, distinguished colleagues, ladies and gentlemen:

I rise today to further expose a daring and shameless crime.

It is not so much the amount nor the victims that makes this crime worthy of our attention and utter condemnation, but the