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Senator Tatad. We would like to thank Senator Enrile for his interpretation.

Mr. President, two other senators have made their reservation to interpellate the sponsor of this measure, but they are not ready to do so right now.

SUSPENSION OF CONSIDERATION OF S. NO. 1595

So, I move that we suspend consideration of Senate Bill No. 1595.

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

BILL ON SECOND READING
S. No. 2033-- Safeguard Measures Act of 2000
(Continuation)

Senator Tatad. Mr. President, I move that we resume consideration of Senate Bill No. 2033 as reported out under Committee Report No. 230.

The President. Is there any objection? *[Silence]*
There being none, resumption of consideration of Senate Bill No. 2033 is now in order.

Senator Tatad. Mr. President, we are now in the period of interpellations. I ask that the distinguished sponsor, Ramon B. Magsaysay Jr., chairman of the Committee on Trade and Commerce, be recognized, and to interpellate, Sen. Robert S. Jaworski.

The President. Sen. Ramon B. Magsaysay Jr. is recognized, and Sen. Robert S. Jaworski is likewise recognized to interpellate.

Senator Jaworski. Thank you, Mr. President.

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Will the honorable Senator from Zambales answer a couple of questions from this representation?

Senator Magsaysay. Willingly, Mr. President, to the gentleman from Manila and the Cordilleras, particularly Baguio City.

Senator Jaworski. Mr. President, as a result of the GATT-WTO, the Philippine market is flooded with a lot of imported goods. These are not only industrial goods but also agricultural items.

Is this particular bill envisioned to address such import surge and are all products covered?

Senator Magsaysay. That is correct, Mr. President. This is the third leg of our intention to level the playing field since we passed the WTO in 1994. As mentioned earlier, during my sponsorship speech, the first two were the antidumping and the countervailing measures which are now laws that were sponsored by our colleague, Sen. Juan Ponce Enrile. This is now the final leg. So that if there will be a serious injury to our local industry, whether manufacturing, industrial, or on the other side, agricultural, agribusiness, then this will kick in, especially the special safeguard measures or SSG.

Senator Jaworski. Mr. President, could the gentleman kindly give us a specific example of how this measure is envisioned to work.

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Let us say, a few weeks ago or even at present, we have an influx of imported chicken parts. How does the gentleman envision this measure to work against these importations?

Senator Magsaysay. Mr. President, let us take the case of chicken legs which are part of the chicken. We know how the poultry industry has been threatened with serious injury because of the surge of importations of chicken parts, from a 100 percent increase, 1997-1998, to 2,021% or 20 times from 1998-1999. So if the bill became a law during this big importation of chicken parts, then the special safeguard measure will kick in. Then the Secretary of Agriculture, who is in charge of agriculture,--in this case, Secretary Angara, a former colleague--will be able to put the safeguard measures and to increase the tariff on these chicken parts up to even 100% based on our present Tariff and Customs Code.

Senator Jaworski. Then the safeguard measure is definitely focused on tariff. But would the gentleman also be speaking of quantitative restrictions? Would we also be taking quantitative restrictions other than tariff?

Senator Magsaysay. May I ask the gentleman to restate the question, Mr. President?

Senator Jaworski. As the gentleman said, in order to control the upsurge of importations at a very cheap price, we have to increase the tariff. But is this the only way or will we also come up with a certain degree of quantitative restrictions as far as these imports are concerned?

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Senator Magsaysay. Our committee tries to work within the upper limits of the WTO Agreement of 137 countries, of which our country is a member. And to stay away from stating that quantitative restrictions will be used, we made a survey among countries as to how the safeguard measures of each country are addressed, whether QR should be used or not as a provisional general safeguard measure. We came up with a.....

SUSPENSION OF SESSION

I move that we suspend the session for 30 seconds, Mr. President.

The President. The session is suspended for 30 seconds, if there is no objection. *[There was none.]*

It was 5:24 p.m.

RESUMPTION OF SESSION

At 5:24 p.m., the session was resumed.

The President. The session is resumed.

Senator Magsaysay is recognized.

Senator Magsaysay. The consultants made mention of the fact that of other WTO member-countries, only the United States provides for quantitative restrictions. But this is not because the U.S. willed it. The U.S. law providing for safeguard measures is the United States Trade Act of 1974, way, way before the 1994 GATT and the WTO Agreements were ratified. The U.S. Trade Act has not been amended to make U.S. trade legislation WTO-consistent. While those countries like Argentina, Colombia, Korea and/or Thailand are sticking

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to tariffication--meaning, staying away from mentioning
"quantitative restrictions"--we have adopted the
Australian model which is actually embedding the use of QR
or quantitative restrictions without mentioning QR. I think
the Senator from Baguio City and Metro Manila will find that
in the provision of this measure.

Senator Jaworski. Mr. President, I understand that the
committee report took notice of the present laws of the
United States, the European Union and Australia on
provisional measure.

After which laws are we patterning this measure?

Senator Magsaysay. We felt that the Philippines,
being still not as competitive as the other countries....
We are referring to page 5, Section 8 of the bill, the
Provisional General Safeguard Measures. The second
paragraph of the section says: "Such measures should take
the form of tariff increases to be paid through cash bond
unless"--this is the key phrase--"that would not be
sufficient to redress or prevent injury to the domestic
industry". This is very close to the safeguard legislation
of Australia.

Senator Jaworski. Mr. President, would this mean then
that if, indeed, critical circumstances are on hand, we
might go and apply a certain degree of quantitative
restrictions?

Senator Magsaysay. That is correct, Mr. President. In
fact, when our technical working group met at least three

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times with the DTI and the Department of Agriculture representatives, they made a long discussion about this, and both the representatives of DTI and DA finally arrived at an agreement that the Australian measure would be the most appropriate since this will cover both agricultural and industrial articles, goods or products.

Senator Jaworski. Then is it safe to say, Mr. President, that the basic difference between the two measures we passed--the countervailing duties and the anti-dumping duties--is precisely a certain degree of quantitative restrictions?

Senator Magsaysay. Yes, that is correct, Mr. President. The antidumping which is defined here as arising from the difference between the normal value and export price or the use of government subsidies on the exported products, has to be established. So, the dumping situation has to be established and the antidumping remedy is applied against exporter, while the countervailing is against the subsidizing country, while the safeguard measure is against all countries if there is a threat of serious injury.

So in the general safeguards, there is no requirement to demonstrate the existence of an unfair trade practice. But when we see a serious injury, then we can make use of the general safeguard measure.

Senator Jaworski. Thank you, Mr. President.

Aside from the anti-dumping duties and the countervailing duties that are in place, what other safety

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nets, policies or directions do the government have to make our products and our industries competitive?

Senator Magsaysay. Mr. President, this is the question of a businessman. I can see that the acumen of our Senator, being the wealthiest in terms of net worth, is coming out with this particular question: What particular safety nets are being put together since 1994 where our local producers may not only be protected, but become more competitive?

We have projects in the executive department and we have also laws that have been passed since 1994. I mentioned earlier the two laws--the Countervailing Law, Republic Act No. 8751 of Senator Enrile and Republic Act No. 8752, the Anti-Dumping Law.

President Estrada issued Executive Order No. 87 on sugar tariff assistance last April 1999. Every year, the Department of Agriculture and the Department of Trade and Industry get budgetary assistance in the annual General Appropriations Act.

Among the programs include DRIVE--this is the Development Rural Investment Venture Enterprise--of the DTI; the present Unlad Buhay Program which all senators are familiar with; of course, the RP-JICA Pesticide Monitoring System in the fertilizer and pesticides sector; the enhancement propagation of breeding of animals; strengthening of the artificial insemination; the National Mating Program catering to the buffalo sector; Agrikulturang Makamasa Program of the fisheries sector. Of

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course, we have the AFTMA which we passed during the last first session of the Tenth Congress in which the present Secretary of Agriculture, Edgardo J. Angara, was the key author and sponsor. We all supported that.

Of course, the usual farm-to-market roads; the postharvest facilities; strengthening our technical and productive capacities by working through cooperatives; and a lot of other financial and technical measures which are supposed to enhance the competitiveness of our farm sector and also to become exporters.

But if we look at our data of how the top agricultural export products have fared between 1994 and 1999, we will see a different ball game. We gleaned from the Bangko Sentral ng Pilipinas how our top agro-based exports in 1994 fared--in 1999 or five years after. The coconut oil has a 3.52% share of total exports. The exports in 1994 then totaled P13.482 billion and coconut oil was 3.52% in 1999. The same coconut oil is now only .98%, not even 1% of the total export of US\$35 billion for 1999.

So there is a slide, percentagewise, from 3.52% to .98%, and also a slide in value from US\$475 million to US\$342 million.

Shrimps and prawns--fresh, chilled or frozen--fresh bananas, pineapple and pineapple products, desiccated coconut, sugar and sugar products are the top agri-based exports. From 1994, these totaled 8.92% of our total

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exports, and only 2.81% of our total exports last year in 1999.

So it seems that the safety nets and all these laws that we have passed have not been implemented well or were not given enough funding or management expertise to be able to answer the competitive situation of our farm sector.

Senator Jaworski. I thank the distinguished sponsor for those answers, Mr. President.

This measure, obviously, is going to address a certain degree of our concerns and anxieties as far as the influx of imported goods are concerned.

The distinguished sponsor may correct me if I am wrong. But I feel that these are only very temporary solutions. I honestly believe that we have to go deeper into an analysis of the relationship of technology and capital equipment.

Even in our agricultural sector, I feel that no matter what protection we put together relative to tariff, there is a certain degree of unfairness to the consuming public. While the world enjoys a relatively low-priced, better-quality produce, we continue to be burdened with higher-priced, less satisfactory produce as far as quality is concerned. Do we have certain policies in place as far as the importation of capital equipment is concerned, Mr. President?

Senator Magsaysay. Mr. President, that is a very good analysis of our situation because we are now basically naked

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in terms of tariffs going down and quantitative restrictions not to be used.

In terms of importation for capital equipment under the AFTMA law, if it is for agriculture, if I remember correctly, this will be tax-exempt, except for E-VAT. So the AFTMA law, being one of the landmark measures in the Tenth Congress, has a very strong and supportive approach in encouraging the modernization of our farm sector. But this has not helped because, maybe, either the government has not gotten the formula or the right combination or, I would even venture to say, that our farm population does not make use of management expertise and organization which food corporations like San Miguel, RFM or even other smaller outfits have found out. Maybe a more privatized approach, supported by government funds and laws but using the efficiency and less wasteful private approach would be the winning combination. These are the things that we have to look at on the basis of our consuming public, our society--to provide equally price-effective and quality-value products, goods or articles.

Senator Jaworski. I would like to thank the gentleman for that, Mr. President. Is the distinguished Senator aware of our funding support especially to the agricultural sector? While there would be an abundance of technology and management expertise, if there is not enough funding available, I do not think anything will move.

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Senator Magsaysay. That is true, Mr. President. Funding is always a problem, not only in agriculture but all over the place, whether we are in government or in the private sector. The agriculture department has not been given enough funds because of our budget limitations. We have a big budget deficit. However, it is doing its best with the limited resources that it has.

I still think that we have to encourage the private sector to believe and to know that if they invest in agriculture--because it is food and food is a large industry--and if we allow joint partnership and make use of modern research, like this genetically modified organisms or GMO by technology, we will be able to attain the objective that we seek out to do--that food security is really part of national security.

Senator Jaworski. I would like to thank the gentleman for those answers, Mr. President.

Lastly, I honestly believe that what we truly have to come up with is a strategic trade and agricultural alliance with the successful countries of the world. Aside from investment and capability, it is indeed in technology that the difference lies. Even in our manufacturing industry, I see the death of many industries in manufacturing because up to now our packaging or canning of, say, meat products is very unsafe, not to mention the fact that even the contents are truly of lesser quality and still call for a more expensive price.

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I congratulate the Senator for this very laudable and worthy measure. I hope this Chamber will support this measure. Thank you very much, Mr. President.

Senator Magsaysay. Thank you very much, Mr. President.

The President. The Majority Leader is recognized.

Senator Tatad. Mr. President. I would like to thank Senator Jaworski for his interpellation. There are a few other senators who have made reservations to interpellate but not ready to do so right now.

SUSPENSION OF CONSIDERATION OF S. NO. 2033

I therefore move that we suspend consideration of Senate Bill No. 2033.

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

Senator Tatad. Mr. President, tomorrow we shall take up a number of local bills. After that, next week, while we await the next energy measure which we agreed to give priority to, we shall be debating on the Absentee Voting bill. We just like to anticipate that with the members of the Chamber.

SUSPENSION OF SESSION

For the meantime, I move that we suspend the session until ten o'clock tomorrow morning.

The President. Is there any objection? [*Silence*]
There being none, the session is suspended until ten o'clock tomorrow morning, May 18, 2000.

It was 5:45 p.m.