



LEGISLATIVE RESEARCH SERVICE QUICK NOTES

Second Regular Session, 19th Congress

6th-8th Public Hearings

Committee on Constitutional Amendments and Revision of Codes Subcommittee on Resolution of Both Houses No. 6

Subcommittee Chairperson: Sen. Sonny Angara

17 May 2024, Friday, 10:00 AM, Lafaayette Luxury Suites, Baguio City

23 May 2024, Thursday, 11:00 AM, Waterfront, Cebu City

24 May 2024, Friday, Xavier Sports and Country Club, Cagayan de Oro City

**Re: Proposed Amendments to the Restrictive Economic Provisions of the
Constitution**

- **Resolution of Both Houses No. 6—Sens. Juan Miguel “Migz” F. Zubiri, Loren Legarda, and Sonny Angara**

Background

- The Subcommittee is scheduled to reconvene in the cities of Baguio, Cebu, and Cagayan De Oro to further deliberate on the proposed amendments to certain economic provisions of the 1987 Constitution, specifically focusing on Articles XII, XIV, and XVI.
- In addition to previous discussions on the liberalization of the constitutional provisions on advertising, the Committee will further address key economic issues. This includes evaluating how the proposed amendments could impact the broader economic landscape and affect the Filipino people as a whole.
- The goal is to move closer to a consensus on the path forward for the proposed constitutional amendments, ensuring that all potential economic implications are thoroughly considered.

Highlights of the Fifth Public Hearing (Par. 2, Section 4 of Article XIV)

- *Mr. Jose Policarpio Jr. (President, IBC 13)*

- Opposes the phrase “unless provided by law” in the amendment due to the lower voting requirement for enacting a law compared to amending a constitutional provision.
- *Ms. Renalli Trajano (Owner, Artzap Studio)*
 - Believes business owners should have the freedom to decide the percentage of foreign ownership to support business growth.
- *Ms. Anna Chua-Norbert (DDB Group Philippines)*
 - Concerned that the amendments could hinder operations by requiring more localization and diverting funds overseas.
 - Noted current income already heavily flows through foreign media agencies.
- *Mr. Jose Rafael del Rosario (AdSpark Inc.)*
 - AdSpark remains neutral on the amendments, preferring to monitor the situation to protect jobs and ensure economic success.
- *Atty. Jerraemie Patulot (TV 5)*
 - Supports expanding foreign ownership to foster knowledge transfer and innovation in the advertising industry.
- *Atty. Stanley Cabrera (FICTAP)*
 - Prefers maintaining the 100% Filipino ownership requirement in the broadcasting industry.
- *Atty. Rudolph Jularbal (Ad Standards Council)*
 - Emphasizes that 70% Filipino ownership ensures alignment with Philippine culture and interests.
 - Supports maintaining self-regulation regardless of ownership changes.
- *Undersecretary Felipe Egargo (DOLE)*
 - Argues that limiting foreign ownership hinders competition.
 - Views “unless otherwise provided by law” as a compromise to promote economic growth, job creation, and productivity.
 - Recommends considering the impact of wider foreign equity on Filipino consumer mentality.
- *Assistant Secretary Eufrocinio Bernabe Jr. (DOF)*
 - Supports lifting foreign ownership restrictions to adapt to current economic realities.

- *Atty. Michael Ricaza (FIRB)*
 - Supports amendments to facilitate business operations and investment influx, offering Congress flexibility in liberalizing control and ownership.
- *Atty. Ferdino Santiago (SEC)*
 - Supports amendments to align with legal advancements while protecting the Filipino First policy. Backs legislative measures to improve the economy.
- *Mr. Dino John Recto (DTI)*
 - Supports amendments for signaling openness to foreign investments. Acknowledges concerns, suggesting specific laws to provide necessary limitations and regulations.
- *Chairperson Sonny Angara*
 - Inquired about foreign investment interest, potential investment size, and threats to local industries. Anna Chua-Norbert noted minimal change for DDB, while Mr. Jose Policarpio Jr. warned of foreign interest potentially harming local interests, advocating for controls.

Possible Points for Discussion

1. Analysis of the broader economic impacts of amending the economic provisions of the 1987 Constitution;
2. Evaluating permissible levels of foreign equity participation in various sectors, distinguishing between different types of businesses and industries; balancing the cons of limiting foreign ownership, as currently outlined in the Constitution, with the potential benefits of increasing it; reviewing current statistics on foreign-owned enterprises across sectors;
3. Comparative analysis of foreign equity restrictions in neighboring countries and their effects on their respective industries;
4. Lessons from other countries on attracting foreign investments and identifying best practices for enhancing domestic economic growth through international investment. This includes the role of the Philippines' participation in free trade agreements (FTAs) and the latter's impact on foreign investment; and
5. Mechanisms to be developed to ensure adherence to amended economic provisions, including effective monitoring and enforcement strategies.