

HUMAN CAPITAL ADVOCACY PAPER 2021



ABOUT ECCP

The **European Chamber of Commerce of the Philippines (ECCP)** is a service-oriented organization whose main goal is to foster close economic ties and business relations between the Philippines and Europe. The ECCP does this by providing a wide range of consultancy services and by creating linkages between companies, organizations, and individuals with existing or potential business interests in Europe and the Philippines. It is also at the forefront of pro-business, pro-growth advocacy in the Philippines, representing European business interests for increased market access and trade facilitation, at the highest level of Philippine political discussions.

The ECCP sees itself as the stepping stone for Europeans into the Philippine market and for Filipinos into the European market.



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Positions expressed in the advocacy papers are the result of the activities of the Sector Committees working under the ECCP.

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We would also like to acknowledge the support of our committee members.

METHODOLOGY

The 2021 edition of the ECCP Advocacy Papers features issues and recommendations formed after extensive discussions between members of the ECCP sector committees, dialogues and meetings with representatives from the Philippine Government, and other stakeholders. The ECCP has also taken into consideration the information gathered from organizing different events, participating in numerous hearings and committee meetings in both chambers of the Philippine Congress, as well as in private sector consultations held by several government agencies.

Further, the recommendations provided in each paper were primarily based on the discussions during the quarterly sector committee meetings. In close cooperation with the sector committee leaders and members, the ECCP Advocacy Team thoroughly analyzed every issue and advocacy recommendation to ensure that they are in line with European business interests and priorities. Once the Advocacy Team has finalized the first draft of each sector paper, it was then circulated to the Committee members and other stakeholders for consultation and subsequently, gathered inputs to be included in the final draft of the papers.

The assessment of the status of each recommendation included in 2019 Advocacy Papers were examined under the following criteria:

Completed/Substantial Progress: Recommended action has either been completed or there has been significant progress towards the realization of the recommendation.

Some Progress: Movement towards realizing the recommendation has been made, but substantial work still needs to be done to fully achieve and complete the proposed measure.

No Progress/Retrogression: Minimal progress or no movement towards attaining the recommended reforms were done, or the status of the issue has worsened and has evolved to an even bigger bottleneck for European businesses.

MESSAGE FROM THE ECCP PRESIDENT

On behalf of the European Chamber of Commerce of the Philippines (ECCP), I am pleased to present the 2021 ECCP Advocacy Papers. This year's edition features an overview of the current business regulatory landscape in the Philippines as well as industry-specific challenges of the 22 sector committees of the Chamber. More importantly, the paper puts forward constructive policy recommendations for strengthening European-Philippine economic relations and opening up a new decade of growth opportunities as the theme of this year's Summit suggests.

Indeed, the past year has been a period unlike any other with the ongoing health crisis testing the resilience of most organizations and redefining the way we do business. Our advocacy work has also stepped up in organizing virtual discussions and actively engaging key stakeholders including policymakers to raise awareness on issues that matter the most to our members as well as push for reforms that will support our community during this period of uncertainty.

Understandably, the past 20 months have seen a shift of policy priorities from the Philippine government by focusing more on pandemic response and providing social safety nets to the affected and vulnerable. Nevertheless, we have witnessed promising developments on the economic front that will help restore business confidence and boost the country's position as a competitive destination for trade and investments including those from Europe. Among these include the signing of the landmark Corporate Recovery and Tax Incentives for Enterprises Act, the Financial Institutions Strategic Transfer Act, and the inking of the world's largest trade bloc known as the Regional Comprehensive Economic Partnership, of which the Philippines is a party. In addition, the Philippines' improved ranking of 90th in 2020 from 124th in 2019 of the World Bank's Doing Business report demonstrates the global community's relative trust in the country's business environment.

We at the Chamber strive to make the most of these exciting developments in the years to come. The 2021 ECCP Advocacy Papers is our contribution to addressing some of the remaining challenges to helpfully realize the potential of our bilateral ties and economic prospects. I would like to thank our Committee leaders, member companies, and the team behind our flagship publication. Moreover, the European business community continues to stand at the forefront of these crucial issues, which when addressed, will further support our shared goals towards inclusive and sustainable recovery. As such, we remain committed to working with the Philippines in navigating this new decade of growth opportunities.

Mr. Lars Wittig
ECCP President



MESSAGE FROM THE EU AMBASSADOR

I congratulate the European Chamber of Commerce of the Philippines (ECCP) for the 2021 edition of their Advocacy Papers.

These papers offer useful food for thought and action at a crucial time.

At present, the global economy is poised to show its most robust post-recession recovery. In the EU, recovery is underway following a massive vaccination campaign and an ambitious recovery plan decided collectively by EU leaders in 2020. In the EU, today, more than 70% of adults are vaccinated, resulting in improved business and consumer confidence.

Vaccination is the way to pull through collectively from a health crisis of this proportion. It should not stop there. At present, the EU is first and most urgent priority is to speed up global vaccination to ensure that access to vaccines becomes equitable worldwide.

While the European Union has focused on tempering the spread of the virus and its impact on lives and the economy, the EU has remained crucial in the global effort to strengthen the multilateral trading system, fight protectionism and ensure that global trade remains unhampered.

This strategy has reaped fruits. It is anticipated that 19 EU Member States will revert to pre-pandemic growth levels in 2021 and the remainder will follow in 2022. In the last quarter, growth in the Euro area outpaced both the US and China.

Next Generation EU and the seven years multi-annual budget will invest in both short-term recovery and long-term prosperity. It will support innovative policies and will set Europe on a path to a sustainable resilient recovery. One-third of this €1800 billion budget will finance the European Green Deal, which will be the EU's lifeline out of the COVID 19 crisis. This Green Deal will transform the EU into a modern, resource-efficient competitive economy.

The EU and the Philippines have established a relationship characterized by a shared goal of peace and prosperity for our peoples. In terms of commercial relations, we have seen steady growth in the bilateral trade in goods between the EU and the Philippines over the last years. However, EU-PH trade today is far from its full potential. Likewise, the Philippines needs to attract a greater portion of EU investments in ASEAN.

Let us continue to work together to achieve a sustainable and resilient recovery for our economies. I welcome these advocacy papers as a useful contribution in our pursuit of creating a level playing field and opportunities for industries and sectors to be able to participate; provide more choices to our consumers, and promote a sustainable approach to trade.

H.E. Luc Véron
Ambassador
Delegation of the European Union to the Philippines



MESSAGE FROM THE PRESIDENT OF THE REPUBLIC OF THE PHILIPPINES

My warmest greetings to the **European Chamber of Commerce of the Philippines (ECCP)** as it organizes the **2021 European-Philippine Business Summit**.

This event is an opportune time to explore and pursue various programs and strategies that will enable the business community to overcome the adverse effects of the COVID-19 pandemic on our economy.

The government is one with you in this goal as it has shown in its commitment to advance free trade and to restore confidence in the Philippine economy through our landmark Tax Reform Law and the ratification of the Regional Comprehensive Economic Partnership, of which the Philippines is a party.

I hope that you will remain steadfast in promoting and attracting trade and investments to the country, especially from Europe. Together, let us revitalize our industries and boost our productivity under the new normal.

May you have a successful summit.

Rodrigo Roa Duterte

President of The Republic of the Philippines



MESSAGE FROM THE DEPARTMENT OF TRADE AND INDUSTRY

The presence of the European Chamber of Commerce in the Philippines (ECCP) in the country is a testament to the relationship between our economies evident in the current levels of trade and investments. In 2020, Europe ranked as the Philippines' 5th trading partner, with total bilateral trade amounting to US\$13.06 billion. And as we secure the collective development of both our nations, the Department of Trade and Industry (DTI) continues to rely on the steadfast efforts of ECCP in facilitating market access and in creating a level playing field for both European and Filipino companies.

Together with the holding of the **2021 European-Philippine Business Summit (EPBS)**, the launch of the **2021 ECCP Advocacy Papers** not only reflects the continued partnership of both nations that has flourished and strengthened throughout the years, but is also the fruit of the hard work and commitment of the men and women behind the successes of your organization.

Despite the challenges of the pandemic, the Philippines remains a conducive place to do business and is still considered an emerging economy for investment. This can be attributed to our strong economic fundamentals and is a result of landmark policies and programs of the Duterte administration to create an enabling business environment in the country.

Among these initiatives is the consistent pursuit of game-changing reforms such as the **Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act** and the **Financial Institutions Strategic Transfer (FIST) Act**, which are expected to bring in more investments and ensure the stability of our financial system to accelerate the country's quick and sustainable economic recovery. The Philippines is also part of the **Regional Comprehensive Economic Partnership (RCEP) Agreement**, which is intended to strengthen regional economic integration and increase economic resiliency through enhancing market access for goods, services, and investment. All of these, together with the review of other economic restrictions, have the common goal of attracting more investments that will create more jobs in the country.

As the Philippine economic situation continues to improve, this year's theme, **Amidst the Crisis: A New Decade of Growth Opportunities**, sets the tone for our continued partnership. We are counting on the private sector to harness the potential of our revitalization as we embark on pursuits that will ensure the inclusive and sustainable development of our nations. Ultimately, our goal is to make your investments in the country as profitable as possible, which will secure the development of our economies, provide better opportunities for employment, and empower our citizens to become productive members of society as we take on the greater effort of nation-building to create a better quality of life for all Filipinos.

Congratulations and *mabuhay po kayo!*

Hon. Ramon Lopez

Secretary

Department of Trade And Industry



MESSAGE FROM THE HOUSE OF REPRESENTATIVES

Our warmest felicitations to the European Chamber of Commerce of the Philippines, ECCP President Lars Wittig, ECCP Vice Presidents Amal Makhoulfi and Kavita Hans, distinguished officers and members, on the launching of the 2021 edition of ECCP Advocacy Papers.

They say that the darkest nights produce the brightest stars. We convene today at a time of great uncertainty brought about by a global pandemic. As Speaker of the House of Representatives of the Philippines, I would like to express my deep appreciation to the European Chamber of Commerce in the Philippines and the ECCP Advocacy Committees in producing the 2021 ECCP Advocacy Papers, covering the most significant areas in development policy, from agriculture, the environment and water, to education, health care, and human capital, and of recent import, defense and disaster response, and renewable and energy efficiency. These papers are vital inputs to policy formulation, can serve to enhance Philippine development road maps, and be our springboard for continued discussion and engagement between the ECCP and our government in forging sustainable means of collaboration.

On the part of the House of Representatives, we intend to move towards a more resilient, more inclusive, and more sustainable post-pandemic economy with reforms which seek the following: one, to liberalize foreign investments into the country; two, to promote greater competition in key industries; three, to enhance governance in key infrastructure agencies; and four, to remove restrictions on foreign equity, thereby making economic policies more attuned to the realities in both local and international landscapes.

The opportunity to build a better economy is before us and should indeed, be seized. Through cooperation and collaboration, let us together bring into fulfillment a decade of renewal and growth.

Thank you.

Lord Allan Jay Q. Velasco
House Speaker District Representative Marinduque



WHERE ARE WE NOW?

THE PHILIPPINES

The Philippines prides itself in its dynamic and robust economy, transforming into one of the region's top economic performers and attracting companies to invest and expand their operations. In the last decade, the country was able to sustain an average annual growth of 6.4% between 2010-2019 from an average of 4.5% between 2000-2009.¹ Among its neighboring countries in the Association of Southeast Asian Nations (ASEAN), the Philippines was ranked 4th in terms of Gross Domestic Product (GDP) growth rate with 6.1% in 2019 (Table 1).

Table 1. ASEAN GDP Year-on-Year Growth Rates, 2019 and 2020 (% per year)

Country	2019	2019 ranking	2020	2020 ranking
Brunei Darussalam	3.9	8th	1.2	3rd
Cambodia	7.1	1st	-3.1	6th
Indonesia	5.0	5th	-2.1	5th
Lao People's Dem. Rep.	4.7	6th	-0.5	4th
Malaysia	4.3	7th	-5.6	8th
Myanmar	6.8	3rd	3.3	1st
Philippines	6.1	4th	-9.6	10th
Singapore	1.3	10th	-5.4	7th
Thailand	2.3	9th	-6.1	9th
Vietnam	7.0	2nd	2.9	2nd

Asian Development Bank. *Asian Development Outlook 2021*²

However, the onset of the unprecedented COVID-19 pandemic has resulted in a drastic decline of economic activity around the world. In the Philippines, like in many other countries, the government had to implement huge fiscal support programs and impose strict quarantine measures to mitigate the spread of the virus, which in return restricted economic activity. Specifically in the Philippines, the recessionary impacts of the pandemic contracted the GDP growth rate by 9.6% for the year 2020 (Table 1). The Philippine Statistics Authority (PSA), which has been collecting annual data since 1947, records this decline as the first annual contraction since the Asian Financial Crisis seen in 1998. It also surpassed the prior record of 7.0% contraction in 1984.³

The annual preliminary figures from the PSA show that the unemployment rate rose to 10.3% in 2020, accounting for 4.5 million unemployed Filipinos in the labor force, which is significantly higher compared to the previous year's 5.1% rate. Likewise, the country's employment rate dropped from 94.9% in 2019 to 89.7% in 2020, with the Services sector accounting for 56.9% share, followed by the Agriculture sector with 24.8%, and the Industry sector with 18.3%.⁴

Currently, unemployment rate for July 2021 is estimated at 6.9%, the lowest recorded rate since in April 2020. The country also recorded a significant increase in terms of employment rate at 93.1% for the same month.⁵

On the other hand, headline inflation rose further to 3.5% in December 2020, from 3.3% in November 2020, primarily due to the increase in the inflation of heavily-weighted food and non-alcoholic beverages at 4.8% during the month. Additionally, annual increments were higher in terms of health (2.6%); transport (8.3%); and restaurant and miscellaneous goods and services (2.5%).⁶ The Bangko Sentral ng Pilipinas (BSP) posted a slight increase in the average headline inflation for 2020 at 2.6%, but remained well within the government's target range of 2-4% for the year.⁷ Subsequently, the PSA recorded a 4.9% headline inflation rate for August 2021, from 4.0% of the previous month, which is the highest inflation recorded since January 2019. The uptrend was mainly brought about by the higher annual increment in the index of the heavily-weighted food and non-alcoholic beverages at 6.5% during the month, from 4.9% in July 2021.⁸

In the 2021 World Competitiveness Ranking compiled by the Institute for Management Development (IMD), the Philippines ranked 52nd out of 64 countries, slipping down seven spots from the previous ranking. Specifically, the report noted the country's rankings dropping in three of the factors with Economic Performance falling 13 places to 57th; Government Efficiency slipping three spots to 45th; and Business Efficiency dropping from 33rd to 37th. Meanwhile, the Infrastructure category retained its ranking at 59th.⁹

In terms of the country's Foreign Direct Investments (FDI), the BSP officially recorded USD 6.5 billion net inflows for 2020, which is a 24.6% contraction from the USD 8.7 billion net inflows in 2019. The contraction was primarily driven by the fluctuation of supply chains and business outlooks that had affected investor decisions. Majority of the equity capital placement came from Japan, the Netherlands, United States of America (USA) and Singapore wherein these capital were channeled to manufacturing, real estate and the financial and insurance industries.¹⁰

On the other hand, total FDI net inflows from January to June 2021 registered at USD 4.3 billion. Specifically, the top source country is Singapore with USD 519.88 million, followed by Japan with USD 259.85 million and USA with USD 69.87 million. Investments were channeled mainly to manufacturing, financial and insurance, and electricity, gas, steam, and air-conditioning industries.¹¹



1 World Bank. (07 April 2021). Philippines: Overview. Retrieved from <https://www.worldbank.org/en/country/philippines/overview>
 2 Asian Development Bank. (April 2021). Asian Development Outlook 2021. Retrieved from <https://data.adb.org/dataset/gdp-growth-asia-and-pacific-asian-development-outlook>
 3 Nikkei Asia. (28 January 2021). Philippines GDP shrinks 9.5% in 2020, worst since 1947. Retrieved from <https://asia.nikkei.com/Economy/Philippines-GDP-shrinks-9.5-in-2020-worst-since-1947>
 4 Philippine Statistics Authority. (08 March 2021). 2020 Annual Preliminary Estimates of Labor Force Survey. Retrieved from <https://psa.gov.ph/content/2020-annual-preliminary-estimates-labor-force-survey-lfs>

5 Philippine Statistics Authority. (07 September 2021). Unemployment Rate in July 2021 is Estimated at 6.9 percent. Retrieved from <https://psa.gov.ph/content/unemployment-rate-july-2021-estimated-69-percent>
 6 Philippine Statistics Authority. (05 January 2021). Summary Inflation Report Consumer Price Index (2012=100): December 2020. Retrieved from <https://psa.gov.ph/statistics/survey/price/summary-inflation-report-consumer-price-index-2012100-december-2020>
 7 Bangko Sentral ng Pilipinas. (2020). BSP Inflation Rate Report. Retrieved from <https://www.bsp.gov.ph/SitePages/MediaAndResearch/Inflation%20Report.aspx>
 8 Philippine Statistics Authority. (07 September 2021). Summary Inflation Report Consumer Price Index (2012=100): August 2021. Retrieved from <https://psa.gov.ph/statistics/survey/price/summary-inflation-report-consumer-price-index-2012100-august-2021>
 9 IMD World Competitiveness Center. (2021). World Competitiveness Ranking. Retrieved from <https://www.imd.org/centers/world-competitiveness-center/rankings/world-competitiveness/>
 10 Bangko Sentral ng Pilipinas. (10 March 2021). FDI Registers US\$509 Million Net Inflows in December 2020; Full-Year Level Reaches US\$6.5 Billion. Retrieved from <https://iro.ph/article/details.php?articleid=3547&catid=4>
 11 Bangko Sentral ng Pilipinas. (10 September 2021). FDI Net Inflows Up by 60.4 Percent YoY in June 2021; H1 2021 Level Reaches US\$4.3 Billion. Retrieved from <https://iro.ph/article/details.php?articleid=3547&catid=4>

At the European level, FDI net inflows registered at USD 38.42 million with Germany accounting for USD 29.02 million, followed by the United Kingdom (USD 4.52 million), Sweden (USD 3.88 million), France (USD 1.99 million), and Luxembourg (USD 1.66 million).¹²

The total external trade of the country in terms of goods was recorded at USD 155.03 billion in the year 2020, which is lower by 15.1% compared to the USD 182.52 billion recorded during 2019. Among the major trading partners are the People's Republic of China, Japan, and the USA.¹³ The European Union (EU) followed as the fourth largest trading partner, accounting for 8.4% of the country's total trade in 2020. Meanwhile, as for the Philippines' bilateral trade with the EU member countries, Germany ranked as the top trading partner.¹⁴ Likewise, in 2019, Germany ranked as the highest trading partner with a total trade of USD 5.55 billion or 31.5 percent of EU's total trade, followed by the Netherlands, France, the United Kingdom, and Italy.¹⁵

Over the past years, the Philippines was able to maintain its credit ranking at 'BBB' with a stable outlook from various agencies. However, the recent negative outlook from Fitch reflects the increasing risks to the credit profile from the impact of the pandemic and its aftermath.¹⁶ The table below shows the latest ratings from various agencies:

Table 2. Philippine Credit Ratings

Date	Agency	Rating
July 2020	Moody's	Baa2 Stable
May 2021	Standard & Poor	BBB Positive
July 2021	Fitch	BBB Negative

Source: Moody's, Standard and Poor, Fitch

Without a doubt, the adverse impacts of the global crisis hampered the country's long-term notable gains. However, recent reports also show a promising growth forecast for the country as global recovery sustains its momentum. Particularly, the country posted a strong rebound in the second quarter of 2021 with a GDP growth of 11.8% compared to the -16.9% rate of the same period last year. Categorically, the main contributors are manufacturing (22.3%); construction (25.7%); and wholesale and retail trade; repair of motor vehicles and motorcycles (5.4%). Among the major economic sectors, Industry and Services posted positive growths of 20.8% and 9.6%, respectively.¹⁷ GDP growth is also expected to increase at 4.5% in 2021 and 5.5% in 2022; while inflation rates are forecasted at 4.1% in 2021 and 3.5% in 2022.¹⁸ However, the country continues to be vulnerable given the emergence of new variants of the virus and hiccups on the vaccine rollout. With this, substantial reforms on key economic policies, ease of doing business, investment on digital infrastructure, and strengthening the public health system have a pivotal role for the country to address the adverse impacts caused by the pandemic as well as boost economic recovery and competitiveness.

Billion. Retrieved from <https://www.bsp.gov.ph/SitePages/MediaAndResearch/MediaDisp.aspx?ItemID=5926>

¹² Bangko Sentral ng Pilipinas. (n.d.) Net Foreign Investment Flows. Retrieved from <https://www.bsp.gov.ph/statistics/external/Table%2010.pdf>

¹³ Philippine Statistics Authority. (August 2021). 2020 Foreign Trade Statistics of the Philippines. Retrieved from https://psa.gov.ph/sites/default/files/2020%20FTS%20Publication_signed-compressed.pdf

¹⁴ European Commission. (2021). Countries and Regions: The Philippines. Retrieved from <https://ec.europa.eu/trade/policy/countries-and-regions/countries/philippines/>

¹⁵ Philippine Statistics Authority. (28 April 2020). Highlights of the 2019 Annual Report on International Merchandise Trade Statistics of the Philippines. Retrieved from <https://psa.gov.ph/content/highlights-2019-annual-report-international-merchandise-trade-statistics-philippines>

¹⁶ FitchRatings. (12 July 2021). Fitch Revises Philippines' Outlook to Negative; Affirms at 'BBB'. Retrieved from <https://www.fitchratings.com/research/sovereigns/fitch-revises-philippines-outlook-to-negative-affirms-at-bbb-12-07-2021>

¹⁷ Philippine Statistics Authority. (10 August 2021). GDP posted double digit growth of 11.8 percent in the second quarter of 2021, the highest since fourth quarter of 1988. Retrieved from <https://psa.gov.ph/national-accounts>

¹⁸ Asian Development Bank. (n.d.). Economic indicators for the Philippines. Retrieved from <https://www.adb.org/countries/philippines/economy>



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INTRODUCTION

Guided by the *AmBisyon Natin 2040*¹ and the updated Philippine Development Plan 2017-2022², the Philippines has prioritized major reforms and investments in healthcare, education, and labor market policies, among others, to advance the country's human capital development. However, the ongoing COVID-19 pandemic puts the country's decades of human capital gains at risk as businesses either downsize or shut down and school closures undermine learning opportunities especially for the vulnerable.

Human capital remains a key driver of the country's growth story with the expansion of the domestic business process outsourcing (BPO) industry and the continuous remittances of migrant Filipino workers forming the two largest powerhouses of the economy. Industry groups pointed out that the BPO sector grew by around 1.8 percent in terms of headcount and 1.4 percent in terms of revenue in 2020 despite the challenges posed by the pandemic. Additionally, the industry is expected to grow from between 5 to 6.5 percent in 2021.³ On the other hand, remittances from overseas Filipino workers (OFWs) slightly contracted by 0.8 percent in 2020 with the full-year figure reaching USD33.194 billion due to the pandemic.⁴

The labor force took a significant hit in 2020 due to the health crisis with preliminary figures from the Philippine Statistics Authority showing that the employment rate fell from 94.9 percent in 2019 to 89.7 percent or equivalent to 39.4 million total employed persons in 2020. Conversely, the unemployment rate in the same year rose to 10.3 percent accounting for 4.5 million jobless Filipinos from 5.1 percent in 2019.⁵

In Southeast Asia, several global benchmarks comparing the quality of work and skill readiness of the workforce have shown that the Philippines trails behind its regional neighbors (see Table 1). The relative underperformance of the country only demonstrates the need to address the gaps and challenges in accelerating human capital development.

**Table 1. Human Capital Development Scorecard
of the Association of Southeast Asian Nations (ASEAN) Member-States**

Country	World Talent Ranking 2020 ⁶		The Global Talent Competitiveness Index 2020 ⁷		The Human Capital Index 2020 Update ⁸	
	Global Ranking	ASEAN Ranking	Global Ranking	ASEAN Ranking	HCI Score*	ASEAN Ranking
Brunei Darussalam	-	-	38 th	3 rd	0.63	3 rd
Cambodia	-	-	117 th	9 th	0.49	8 th
Indonesia	45 th	4 th	65 th	5 th	0.54	6 th
Lao PDR	-	-	98 th	8 th	0.46	10 th

¹ A 25-year long-term development blueprint of the Philippines designed to withstand changing administrations to create a prosperous and predominantly middle-class country by 2040. It was adopted through the signing of Executive Order No 5, s. 2016.

² The updated plan of the government remains anchored on its zero to ten-point socioeconomic agenda while taking into account the emergence of new threats to the country's progress such as public health emergencies as well as guiding the transition towards economic recovery.

³ <https://business.inquirer.net/323694/bpo-industry-grows-despite-pandemic>

⁴ <https://cnnphilippines.com/business/2021/2/15/overseas-Filipino-remittances-2020.html>

⁵ <https://psa.gov.ph/content/2020-annual-preliminary-estimates-labor-force-survey-ifs>

⁶ <https://www.imd.org/centers/world-competitiveness-center/rankings/world-talent-competitiveness/>

⁷ <https://www.insead.edu/sites/default/files/assets/dept/globalindices/docs/GTCI-2020-report.pdf>

⁸ <https://openknowledge.worldbank.org/handle/10986/34432>

Malaysia	25 th	2 nd	26 th	2 nd	0.61	4 th
Myanmar	-	-	-	-	0.48	9 th
Philippines	48 th	5 th	46 th	4 th	0.52	7 th
Singapore	9 th	1 st	3 rd	1 st	0.88	1 st
Thailand	43 rd	3 rd	67 th	6 th	0.61	4 th
Vietnam	-	-	96 th	7 th	0.69	2 nd

* HCI ranges between 0 (lowest) to 1 (highest) with multiple countries receiving the same score

Source: International Institute for Management Development; INSEAD; World Bank

Undeniably, the country's relatively young and highly literate human capital will continue to play a vital role in the country's overall competitiveness. It is imperative that policymakers, together with other stakeholders, should continue to build, invest, and protect the accumulated knowledge, skills, and health of the economy to ensure that tangible benefits will be realized through higher earnings, heightened business dynamism, and poverty reduction in the long run. In the spirit of collaboration, the ECCP presents this paper on recent legislative and regulatory updates relevant to the human capital sector as well as policy recommendations to further equip existing policy toolkits on nurturing the sustainable growth and development of the country's most important asset: its people.

RECENT REFORMS AND INDUSTRY DEVELOPMENTS

- **Department of Labor and Employment (DOLE) issuances:** Since 2020, the DOLE has and continues to release Department Orders (DO) and Labor Advisories (LA) to support the labor sector affected by the COVID-19 pandemic. Some of the most notable ones are as follows:
 - LA 4-20 on assistance to private sector workplaces in their preparedness and response to the early outbreak of COVID-19
 - LA 9-20 on flexible work arrangements as alternative coping mechanism and remedial measure
 - LA 11-20 on supplemental workplace guidelines on the observance of strict social distancing measures and containment of COVID-19 transmission
 - DO 209-20 on the implementation of the COVID-19 Adjustment Measures Program (CAMP)
 - DO 211-20 on hotel accommodations for distressed land-based and sea-based Filipino workers during the Enhanced Community Quarantine (ECQ)
 - LA 14-20 on non-inclusion of the one-month ECQ on the six-month probationary period
 - DO 212-20 on one-time financial assistance to displaced overseas Filipino workers (OFWs)
 - LA 16-20 on filing of applications for Alien Employment Permits and Private Employment Agency licenses after the lifting of ECQ and general community quarantine
 - LA 17-20 on employment preservation upon the resumption of business operations
 - LA 18-20 on guidelines on the cost of COVID-19 prevention and control measures for all private sector employees including contractors and subcontractors
 - LA 19-20 on supplemental guidelines on expanded coverage of one-time financial assistance to OFWs
 - Department of Trade and Industry (DTI)-DOLE Advisory No. 20-01 on clarification on the expanded risk-based testing for COVID-19 of-at-risk individuals
 - LA 26-20 on payment of wages and other monetary benefits in the private sector through transaction accounts
 - DO 218-20 on the implementation of CAMP under Bayanihan to Heal as One Act (Bayanihan I)

- DO 219-20 on support measures for disadvantaged and displaced workers under Bayanihan I
- Department of Tourism (DOT)-DOLE Joint Memorandum Circular No. 2020-01 on financial assistance and cash-for-work program for displaced workers in the tourism sector
- LA 31-20 on payment of deferred holiday pay during COVID-19 emergency
- DO 220-20 on availment of financial assistance to OFWs under Bayanihan to Recover as One Act (Bayanihan II)
- LA 30 A-20 on expanded coverage of affected workers for CAMP under Bayanihan II
- DOT-DOLE Joint Advisory No. 01, s. 2020 on expanded coverage of tourism sector beneficiaries for financial assistance and cash-for-work program
- DOT-DOLE Joint Memorandum Circular No. 2021-001 on amended guidelines for assistance to displaced tourism sector workers
- DO 224-21 on ventilation for workplaces and public transport
- LA 3-21 on administration of COVID-19 vaccines in workplaces
- LA 6-21 on processing of CAMP Bayanihan 2 tourism sector beneficiaries
- LA 8-21 on promotion of COVID-19 vaccination in the private sector
- LA 4-21, 6-21, 7-21, and 8-21 on issuance and cancellation of AEPs for foreign employees

- **Revised Apprenticeship Program Act:** Bills in the House of Representatives seek to address the job-skill mismatch by providing the youth with the appropriate skills needed in the workforce as well as access to employment. Moreover, the proposal aims to protect apprentices from exploitative and incompetent training bodies and practices. There has been no significant movement on this front and the bills in question remain at the Committee level while there is no version filed in the upper house.
- **Department of Overseas Filipino Workers Act:** President Rodrigo Duterte certified as urgent the proposed law that will create a Cabinet-level department dedicated to the welfare of migrant workers and Filipinos abroad last May 2021. As of writing, the House of Representatives approved on third and final reading its version last March 2021 while the Senate released a substitute bill.
- **Department of Technical Education and Skills Development (DTESD) Act:** Lawmakers tabled various iterations in the lower house proposing to turn the Technical Education and Skills Development Authority (TESDA) into a separate executive department to equip the agency with broader mandate and resources to respond to the changing expectations in the labor market. TESDA expressed support for the measure noting it will ensure the continuity of its programs through a larger budget allocation once it becomes a department.
- **Productivity Incentives Act amendments:** Five bills are pending at the House Committee on Labor and Employment seeking to amend the Productivity Incentives Act of 1990 by establishing a Productivity Incentives Committee for every company that will be responsible for implementing the productivity incentives program and settling disputes and issues in relation the said program.
- **Increased service incentives leave:** Last March 2020, the lower house passed a bill on third and final reading proposing to amend the Labor Code to increase the number of service incentive leave to 10 days with pay from the current five days. The upper house has yet to act on the measure as the counterpart bill is still at the Committee level. The Employers' Confederation of the Philippines is pushing back against such proposals noting the country's high number of non-national working days in Southeast Asia on top of other legally mandated paid leaves such as solo parent leave, maternity leave, paternity leave, and gynecological leave, among others.
- **Tax incentives for telecommuting workers:** In July 2020, legislators filed bills granting telecommuting employees with tax deductions for electricity expenses to cushion the blow on the probable surge in electricity bills if their employers do not provide them with such allowance. Should employers provide such incentives, the measure also aims to classify those allowances as tax-exempt ensuring

that employees enjoy the benefit of the proposed law to its full extent.

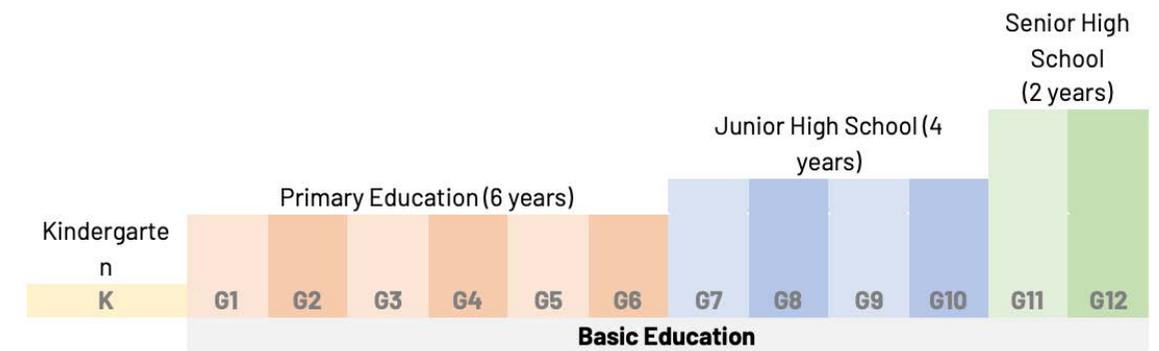
- **National Digital Careers Act:** Congress is also moving forward in approving a proposal to establish a legal framework for the gig economy that will map out strategies to promote and strengthen digital careers as well provide the needed institutional support. The bill will require the government to extend social protection system appropriate to this new mode of work, especially during economic downturns caused by calamities and public emergencies. A Committee report was already filed in the Senate while the bill went through the legislative mill in the lower house last August 2020.
- **Freelance Workers Protection Act:** In conjunction with the entry above, the House of Representatives approved on third and final reading the measure protecting freelance workers last March 2021. If passed, it will require freelance workers and hiring parties to execute a written contract as well as provide civil and criminal penalties for hiring parties that violate the terms of the contract or that fail to compensate freelance workers on time. A Committee report on this matter has already been filed in the Senate.
- **Paid Pandemic Leave Act:** The proposed measure grants paid pandemic leave for employees who are confirmed, probable, or suspected COVID-19 cases. The House version proposes 10 days while its Senate counterpart seeks 14 days. Both bills are pending at the Committee level.
- **Mental Health Leave and Awareness Act:** In raising mental health awareness and ensuring the mental well-being of Filipino workers, the measure proposes to grant employees five paid mental health wellness leaves, integrate the topic into the school curriculum, and mandate academic institutions to employ an authorized mental health practitioner to oversee mental health programs. The bills are at the Committee level as of writing.
- **Philippine Entrepreneurs Academy Act:** The House of Representatives approved and transmitted to the Senate last June 2021 a bill seeking to establish a learning institution that will integrate non-formal entrepreneurship programs and short-term technical-vocational courses in TESDA, DTI, and other government agencies. Under the measure, the law will also administer education and consultancy services, supervise publications on entrepreneurship, and conduct scientific and policy-oriented research and training.
- **National Unemployment Insurance Program Act:** On that same month, a House panel also approved a substitute measure seeking to provide lost-income protection for workers involuntarily separated from employment and unemployment benefits for affected individuals seeking new jobs. The legislation also proposes to establish the Philippine Job Insurance Corporation to implement the program.
- **Security of Tenure and End of Endo Act:** Last July 2021, Malacañang certified a bill proposing to institutionalize the right to security of tenure of casual and contractual employees as urgent. This comes after the president vetoed the same measure last July 2019 noting that the current language “unduly broadens the scope and definition of prohibited labor-only contracting, effectively proscribing forms of contractualization that are not particularly unfavorable to the employees involved.”
- **Non-eligibility of work-from-home activities for incentives:** Last 21 June, the implementing rules and regulations of the Corporate Recovery and Tax Incentives for Enterprises Act were released. However, industry associations and business groups have raised concerns on a particular provision stating that any project or activity of registered enterprises conducted outside the geographical boundaries of economic zones will not be entitled to incentives. The groups pointed out that this will adversely affect businesses with work-from-home setups or other alternative work arrangements outside ecozones. Following such developments, the Philippine Economic Zone Authority approved a resolution extending the 90 percent work-from-home setup granted to ecozone locators until December 2022.

ADVOCACY RECOMMENDATIONS

1. Reinforce skills and capability development

Establish a more pragmatic program for the K to 12 basic education curriculum

The ECCP commends the introduction of the K to 12 basic education curriculum (K-12) at the time of its implementation in 2016 as a landmark education reform towards aligning the national education system with international standards as well as equipping students with skills and competencies needed in a fast-evolving labor market. This milestone will also help the country meet its commitments and requirements with international obligations such as the Washington Accord which acknowledges the mutual recognition of accrediting engineering degree programs among its signatories including the Philippines which holds a provisional status through the Philippine Technological Council.⁹



In line with this, the Department of Education (DEPED) included a minimum of 80-hour work immersion program as a pre-requisite for graduation at senior high school. Through this program, students are exposed to and become familiar with work-related environments related to their field of specialization to gain competence. This effort is being done in partnership with the national government, local governments units, private sector, and civil society organizations, among others.¹⁰

As partners of the government in helping the growth and development of our youth, we recommend for DEPED to increase the minimum 80-hour requirement for the work immersion program to allow them more time to become more hands-on with the work environment and fully develop and retain the necessary skills and competencies required in the workforce. Rapid advances in technology, as well as emerging industry trends, are pushing the adequate period of the learning curve for its workers to be knowledgeable in the technical and soft skills required in the market.

Enact a revised apprenticeship law

Another policy measure that would complement the government’s efforts to develop its future workforce is the enactment of a revised apprenticeship law. More specifically, the ECCP strongly calls for Congress to pass the Revised Apprenticeship Program Act to promote the employability and entrepreneurship of higher education graduates in the Philippines. This key piece of legislation seeks to amend the Labor Code to ensure professional development of pre-workforce individuals by equipping them with marketable and highly desirable technical skills based on the needs of the industry as well as ensure a continuous supply

⁹ <https://www.ieagreements.org/assets/Uploads/Documents/History/25YearsWashingtonAccord-A5booklet-FINAL.pdf>
¹⁰ https://www.deped.gov.ph/wp-content/uploads/2015/08/DO_s2015_40.pdf

of skilled workers thus addressing youth unemployment. Likewise, the proposed measure will protect apprentices from exploitative and incompetent employers. Countries in Europe as well as in the region have developed their national apprenticeship programs which serve as global benchmarks for upskilling talent (see Table 2). Stakeholders in the Philippines can look and carefully study such existing models and adopt best practices in the local context.

The European business community in the Philippines stands ready to work with the government and other actors in making the human capital of the country more competitive for the labor market as we enter the Fourth Industrial Revolution. The passage of this bill will broaden learning and employment opportunities for the youth by making apprenticeships an attractive avenue to pursue professional growth and personal development.

2. Ease restrictions on the employment of foreign nationals

Relax limits on foreign employment in ecozones

The practice of foreign employment in the Philippines is restrictive with Constitutional provisions limiting the practice of all professions in the country to Filipino citizens, save in cases prescribed by law.¹² Moreover, 45 out of the 47 existing laws governing the practice of professions contain “reciprocity provisions” which allow foreigners to practice their work in the Philippines, provided their countries of origin also allow Filipinos to practice there.¹³

Additionally, the Special Economic Zone Act of 1995 states that registered business enterprises located in economic zones of the Philippine Economic Zone Authority (PEZA) can only employ foreign nationals in supervisory, technical, or advisory roles. Likewise, the law points out that the employment of foreign nationals hired by ecozone enterprises shall not exceed five percent of its workforce without the express authorization of the Secretary of Labor and Employment.

The restrictive conditions serve as a deterrent for companies to hire additional workers outside the country with other distinct skillsets and expertise which would contribute to the development of the locators as well as the ecozones. In this light, we recommend lifting the five percent limit on foreign employment for enterprises located in PEZA ecozones to further promote extensive knowledge transfer among workers.

Furthermore, we strongly suggest that such reforms should be accompanied by reasonably strict compliance guidelines such as adherence to domestic laws and fair taxation as well as criteria for the employment of foreign nationals so as not to be taken advantage of by any non-compliant enterprises. This will allow businesses to improve the quality of their talent through a thorough screening process by making the most of the global talent supply. Consequently, this will facilitate skills mobility as well as induce innovation activities that will improve the overall competitiveness of the country’s talent.

Create a one-stop-shop for renewals and facilitate the employment of foreign nationals in priority sectors

Business groups and industry associations have characterized employment of foreign nationals as particularly cumbersome, citing lack of transparency and clear guidelines as well as the long timeline in the application process. At any rate, foreign nationals must secure an Alien Employment Permit (AEP) issued by the Department of Labor and Employment (DOLE) after determining the non-availability of Filipino nationals for that position. The AEP must be renewed every year or at the end of the contract of which the duration should not exceed five years. In case of a transfer to a new employer, current regulations require foreign nationals to leave the country and re-apply for a new AEP.

Hence, we support the creation of a one-stop-shop service for applications, renewals, and changes to the AEPs, work visas, and other documentary requirements for foreign nationals working and seeking

Table 2. Overview of select country programs on national apprenticeship and skills development

Country	Program	Key Information
Germany	 Dual education system	<ul style="list-style-type: none"> Widely credited with fueling the German export engine and solution to rising youth unemployment in the countryside by integrating school-based learning with work-based practice Traced its roots in the culture of apprenticeships that stretches back to the Middle Ages Considered as an international best practice and template for other national apprenticeship programs developed by other countries with its “Apprenticeship Toolbox” serving as cooperation guidelines for other countries such as with Greece, Portugal, Italy, Slovakia, and Latvia
India	 National Skills Development Corporation	<ul style="list-style-type: none"> Set up by the Ministry of Finance as a public-private partnership company between the Ministry of Skill Development and Entrepreneurship and the private sector Plays three key roles: funding and incentivizing private sector initiatives; enabling support services such as developing curriculum, faculty training standards, and quality assurance, and; seeding momentum for large-scale private sector participation in skill development Trained around 2,045,000 from 2019 to 2020
Malaysia	 National Dual Training System	<ul style="list-style-type: none"> Involves two learning procedures (20 to 30 percent of theoretical lessons at training institutions and 70 to 80 percent on-site training) at a chosen work environment either through day-release or block-release Provide opportunities for class dropouts, school leavers, and industrial workers to progress in their vocation Studies show that the program is supported by employers and that they have a positive perception towards the productivity, work quality, and recognition of NDTs and its graduates¹¹
Singapore	 Institute of Technical Education	<ul style="list-style-type: none"> Established as a post-secondary institution under the Ministry of Education and is the principal provider of career and technical education in Singapore Offers apprenticeships for the skilled trades and diplomas in vocational education for skilled technicians and workers Globally recognized having won numerous local and international awards citing its high standards and quality of service
South Korea	 Meister schools	<ul style="list-style-type: none"> Patterned after the German dual system, Meister schools in South Korea are specialized high schools that offer market-relevant skills and competencies as well as technical vocational programs Apart from the active school-industry collaboration, the program credits its success on strong political support

11 [https://hrmars.com/papers_submitted/3028/The_Attractiveness_of_National_Dual_Training_System_\(NDTS\)_Graduates.pdf](https://hrmars.com/papers_submitted/3028/The_Attractiveness_of_National_Dual_Training_System_(NDTS)_Graduates.pdf)

12 Section 14, Article XII

13 10 October 2018. Joint Foreign Chambers of the Philippines Statement on House Bill No. 4067 on amendments to the Foreign Investment Act.

employment in the Philippines. Other neighbors have set up mechanisms to facilitate the processing of work-related requirements for foreign nationals under one roof such as Thailand's One-Stop Service Center for Visas and Work Permits and Malaysia's Foreign Worker One-Stop Approval Agency.

The service should also be expanded to foreign nationals moving to a new employer in designated sectors where there is an identified skills gap in the domestic market such as in information technology and business process management as well as manufacturing sectors. In addition, we recommend that foreign nationals working in designated priority sectors can simply amend their AEPs before starting at their new job instead of having to leave the country. Moving towards this direction is in line with the administration's thrust to facilitate ease of doing business and streamline delivery of government services.

We appreciate receiving the news of the creation of a one-stop-shop for the employment of foreign nationals at the DOLE regional office in the National Capital Region last September 2019.¹⁴ However, there have been no further tangible developments since then and only pronouncements made by other DOLE regional offices to follow suit. It is imperative to continue this initial progress given that administrative transactions with the government play a vital role in improving the investment climate and business confidence in the country.

3. Retain and protect investments in human capital

The country prides itself on having a relatively young, dynamic, technology-savvy, and highly literate workforce which continues to attract both local and foreign investments looking for a competitive labor force. However, there has been a steady stream of Filipinos leaving the country to live and work abroad with the latest official figures showing around 2.2 million Filipinos currently working overseas.¹⁵ As a result, remittances sent by migrant workers have become one of the two largest structural sources of foreign currency revenues apart from the business process outsourcing sector which has gained a foothold in the Philippines.

Consequently, the large outflow of highly skilled professionals left a disparate gap in the supply and demand for skills needed by enterprises operating in the Philippines. To address this issue, investors have injected a substantial amount of capital into training and upskilling programs to better match the competencies of the workforce with the requirements of the jobs. However, businesses have little incentive to actively support this idea due to the difficulty in retaining trained personnel who, after undergoing such programs, pursue more lucrative job opportunities elsewhere. Thus, the private sector faces the twin challenges of skills gap and high attrition rate of trained workers. This creates a vicious cycle of increasing labor costs due to the continuous need to invest in training only to result in capital flight and brain drain.

Given this scenario, we find it important, at the very least, to protect the investments made by willing companies to conduct high-quality training, upskilling, reskilling programs to their workforce to ensure knowledge transfer and build an innovative industrial ecosystem. The ECCP urges the government to implement an incentive mechanism to cover the training costs incurred by employers as well as support in convincing the workforce especially highly trained and technical employees to fulfill their commitments and obligations to their employers. Other fiscal and non-fiscal incentives should also include pre-hiring and recruitment support, wage subsidies, and on-the-job training. Regional neighbors offer existing models that could serve as case studies (see Table 3).

¹⁴ <https://services.ncr.dole.gov.ph/?p=1190>
¹⁵ <https://psa.gov.ph/sites/default/files/2019%20Survey%20on%20overseas%20Filipinos.pdf>

Table 3. Overview of select government incentives in Southeast Asia for private sector enterprises involved in training and upskilling their workforce

Country	Program	Key Information
Malaysia	 Talent ProCertification ¹⁶	<ul style="list-style-type: none"> Acts as a double tax incentive for employers on training expenses incurred to enable employees to obtain various industry-recognised professional certifications Approved professional certificates include MICPA-CAANZ, ACCA, ICAEW, CFA, CFP, Oracle, SAP, MIHRM, AHRI, among others To be eligible, employers must invest in training full-time employed Malaysian employees, not contributing to the Human Resources Development Fund, and can demonstrate higher investment in supporting professional certifications for employees
Singapore	 Course Fee and Absentee Payroll Funding ¹⁷	<ul style="list-style-type: none"> These funding support mechanisms under the state-run SkillsFuture Singapore (SSG) program are available for employers who sponsor employees for training For Course Fee funding, this could include courses offered by accredited training centers, SSG, and external training providers, in-house instructors; non-certifiable courses are also approved by SSG For Absentee Payroll Funding, this program is offered to both Singapore citizens and permanent residents
Thailand	 Skill Development Promotion Act ¹⁸	<ul style="list-style-type: none"> Employers and businesses that arrange skill development training are offered privileges and benefits Incentives include special corporate income tax exemption of training expenses; access to assistance offered by the Department of Skill Development (DSD) in relation to human capital development; access to consultation provided by DSD in relation to skill development processes, and; any other benefits as prescribed by the ministerial regulation

On a more specific note, we also recommend including a sunset provision in the implementing rules and regulations (IRR) of the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act to allow registered enterprises to continue availing of existing training incentive schemes such as deduction of one-half of training expenses from the three percent share of the national government until the expiration of the transitory period. Likewise, we call on the government to include other direct costs related to human capital development such as subcontracting, training, insurance, repair and maintenance, and outsourced services in the IRR of the CREATE Act as allowable deductions as long as these are directly related to the project or activity of enterprises registered under investment promotion agencies. Indeed, there are several examples of European companies in the Philippines which operate world-class training centers such as in aircraft maintenance, vehicle assembly, and agribusiness.

¹⁶ <https://www.talentcorp.com.my/initiatives/incentives>
¹⁷ <https://www.ssg.gov.sg/programmes-and-initiatives/funding/funding-for-employer-based-training.html>
¹⁸ <http://ilo.org/dyn/natlex/docs/ELECTRONIC/82881/128497/F-833541087/THA82881%20Eng2.pdf>

4. Develop a pro-employee, pro-business contractualization framework

The European business community recognizes the need to establish an adequate and reliable balance of rights and obligations between workers and employers to ensure productivity and industrial harmony. As such, the ECCP fully supports the thrust of the administration and its resolve to end all forms of illegal contractualization and other fraudulent employment practices. It is imperative that ending the abuse of legal contractualization will not only safeguard workers' rights but also remove unfair competition committed by non-compliant businesses.

In view of the foregoing, the ECCP maintains its position that the passage of a proposed Security of Tenure and End of Endo Act is redundant and unnecessary. We are of the opinion that the legislation impinges on the Constitutional provision on the exercise of management prerogative by unduly restricting the flexibility of enterprises to strategically select which parts of its operations and processes to legitimately outsource as well as unnecessarily increasing the costs of production particularly at an inopportune time of the ongoing COVID-19 pandemic.

We believe that the current regulatory framework governing security of tenure and job contracting is adequate to protect the interests of both workers and businesses. Therefore, we highly recommend a more stringent implementation of Executive Order No. 51 series of 2018 and DOLE Department Order No. 174 series of 2017 which both aim to protect the right to security of tenure of all workers. The ECCP remains a committed partner in holding fair workers' rights as one of the core values for operations of enterprises both in the Philippines and in Europe.



ASSESSMENT OF RECOMMENDATIONS

Issue	Recommendations	Completed / Substantial Progress	Some Progress	No Progress / Retrogression
Reinforce skills and capability development	Establish a more pragmatic immersion program for the K to 12 basic education curriculum			Current immersion program on technical-vocational-livelihood activities under the K-12 curriculum requires at least 640 hours while learners may start taking a 320-hour specialization. However, there are no updated guidelines increasing the minimum 80-hour work immersion requirement as a pre-requisite for graduating senior high school.
	Enact a revised apprenticeship law			There have been no significant developments on the proposed Revised Apprenticeship Program Act as all bills in the lower house are pending at the Committee level.
Ease restrictions on the employment of foreign nationals	Relax limits on foreign employment in ecozones			Pending bills that will amend the Special Economic Zone Act of 1995 do not include any amendatory provisions that ease the 5% limit on foreign employment for PEZA locators.
	Create a one-stop-shop for renewals and facilitate the employment of foreign nationals in priority sectors		In September 2019, DOLE NCR regional office launched the One-Stop Shop for Employment of Foreign Nationals which includes counters for BIR and PRC. However, there have been no further developments as to other DOLE regional offices that have followed suit.	While PEZA provides a one-stop-shop service for building and occupancy permits, import and export permits, and special non-immigrant visas, among others, it has yet to extend such services to work visas and related permits.
Retain and protect investments in human capital	Protect and incentivize employers who invest in competitive training programs			The IRR of CREATE Act contains an exclusive list of deductible direct costs and does not cover costs related to human capital development. The exclusive nature of this provision runs counter to known accounting standards and may discourage companies with large training investments to discontinue such activities.
Develop a pro-employee, pro-business contractualization framework	Strengthen enforcement of laws against the abuse of contractualization and allow a more flexible work environment at the same time			Last July 2021, the president certified the anti-endo bill as urgent despite vetoing the same measure in July 2019 due to its broad language that would effectively prohibit legitimate forms of job-contracting.



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