

A NATION IN CRISIS

Agenda for Survival



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A NATION IN CRISIS Agenda for Survival

FAIR Trade
not **FREE**

A NATION IN CRISIS

Agenda for Survival

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FOREWORD

Without a clear nationalist direction, our economy will remain rudderless

Teofisto Guingona

Vice President

Republic of the Philippines



NEARLY TWO DECADES after the collapse of the authoritarian rule of the Marcoses, the Philippine economy is still in a deep rut. In fact, we now stand out as one of Asia's industrial laggards. And yet, we were one of Asia's industrial leaders—in the early 1960s.

This book—a compilation of the resolutions, highlights and major papers of the National Conference on 'A Nation in Crisis: Agenda for Survival' held in January 2003—explains why the Philippine economic malaise has persisted and why majority of our people are caught in a vicious cycle of un-

employment, poverty, misery and backwardness. The Conference is a searing indictment of why we seem to be sinking deeper in an economic quagmire, especially under globalization.

But the Conference does more than that. It shows us the way out of the crisis.

Specifically, the Conference participants agreed that we have to bring back the spirit of economic nationalism. It is this spirit which animated the program of our industrial development in the 1950s that brought the country double-digit growth rates then. It is this spirit which proved crucial in the dramatic transformation of our backward and agrarian East Asian neighbors into modern industrial colossi. It is this spirit that is spurring the great economic awakening sweeping China and India today.

The conference was a stirring call for the revival of the spirit of economic nationalism. Without it, our economy will remain rudderless—adrift in the turbulent seas of globalization. Of course, the practice of economic nationalism has to be adopted to the requirements of the present. What the conference did was to flesh out what is veritably an alternative development program for the next Administration.

I urge every Filipino to read this book.

INTRODUCTION

Why a Conference on Survival?

Wigberto E. Tañada
Lead Convenor
 Fair Trade Alliance



IN DECEMBER 2002, right on the eve of the approaching 2003, the Convenors of the Fair Trade Alliance (FTA) held a series of consultation-dialogues with Vice President Teofisto Guingona and his technical advisers on trade and tariff issues, the crisis of survival facing a number of domestic industries and the ups and downs (mostly downs) of the economy.

What came out of the dialogue was the crystallization of a grim reality—the grave and pervasive character of the present national economic crisis and the danger that Philippine society will suffer more virulent social and economic divisions as the economic sclerosis deepens.

However, there was also a consensus that the crisis is rooted primarily in the failure by the Philippine economic policy makers, past and present, to pursue an independent and nationalist program of economic development. Unlike what their counterparts did in our successful neighboring Asian countries, our economic policy makers, the neo-liberal technocrats in particular, abandoned nationalism in favor of a narrow type of agro-industrial development model dependent on the exportation of light export products, the uncertain inflow of foreign investments and the borrowing of foreign funds to finance the nation's infrastructure and other needs. The performance of the economy in the last three decades speaks volumes on the weaknesses of the neo-liberal project.

Fortunately, the Vice President, an ardent nationalist himself and an avid observer of the development of other nations, did not only agree with the views of the FTA's Convenors; he also concurred on the need to convene a multisectoral conference to deal with the three-fold challenge of reviving the economy, putting it back on the growth path and ensuring its capacity to create jobs and livelihoods for all Filipinos based on a nationalist framework. Thus, the idea of holding a National Conference on "A Nation in Crisis: Agenda for Survival", with the general objective of reviving and applying the idea of economic nationalism in the economy.

However, the conference convenors are also aware that economic nationalism had been strongly associated with the import substitution policies of the 1950s and 1960s. There is a danger that the call for economic nationalism would be equated narrowly to a simple call for the return to the policy of import substitution. This is not to say that import substitution by itself is bad; certainly, there are still many positive features that are applicable in today's economy.

The point, however, is that the present economy is radically different from what it was in the 1950s and 1960s. Hence, the application of economic nationalism does not mean the automatic revival of past policies. And in the context of globalization, the practice of economic nationalism requires a clearer definition of what economic nationalism is, which the main Conference resolution happily did, and an equally clearer understanding of how it should be applied in an economy tied to the global market in a thousand and one ways. This is why the Conference organizers specifically listed the following questions as concrete guides for the participants:

- How can economic nationalism be applied in an economy which has been debased, opened up and fragmented by three consecutive decades of neo-liberal program of economic liberalization, deregulation and privatization implemented in the Philippines in a one-sided, non-consultative and arbitrary manner?
- What should be the form and expression of economic nationalism in the era of globalization?
- What should go into a nationalist economic agenda, es-

pecially in the light of the super-liberalization agenda under AFTA and WTO this year up to 2005?

- How can the eroded domestic industrial and agricultural base of the country be restored, modernized and expanded?
- How can the consumers, who benefit from the flood of cheap imports, be enlightened on the central importance of protecting and nurturing local industries?

In providing answers to the above questions, the 300 or so representatives of industry and business, trade unions, farmers' organizations, consumer associations, local government units and other productive sectors of society who went to the Club Filipino on January 22-23, 2003 succeeded not only in drawing up a national development agenda based on economic nationalism but also in forging a consensus that only economic nationalism can unite the nation and liberate it from decades of degradation and neglect under economic neo-liberalism.



MAJOR CONFERENCE RESOLUTIONS

UNITY DECLARATION

(Adopted unanimously in the concluding plenary session)

Rebuilding the Economy, Rebuilding Our Future!

THE TASKS facing the nation are awesome.

Ours is a devastated economy, with industries that are in various stages of collapse, an agriculture that is barely able to cover the food and survival requirements of those who till the land, a stock market which is the worst performing in Asia, a currency devalued so many times over, and a treasury which depends mainly on borrowings, external and internal. Nearly six decades after independence, over one third of our work force either cannot find jobs or are stuck in precarious forms of livelihood. More than 3,000 Filipinos leave the country every day, in search of pastures they cannot find in their own homeland. Many of them are women who become victims of trafficking and prostitution, or who wind up in vulnerable occupations such as domestic service where they care for the children of foreign employers while leaving their own in uncertainty and insecurity. Around five million of our children are unable to go to school and are forced to work on the streets, in the backyard shops, in dinghy establishments, in the denuded hillsides, in the eroded mining areas, in polluted fishing waters and in whatever crannies where they can find some food or other means to put body and soul together.

And yet, once upon a time, in the 1960s, our economy was considered one of the most promising in Asia. Industrial experts from Korea, Taiwan and other Asian countries used to visit the country to find out how close we were to producing another Asian car, after the earlier success of Japan. Agricultural experts from Thailand, Vietnam and other Asian countries used to visit the

country to find out the latest techniques in greening the countryside and ensuring food sufficiency for their growing populations.

Today, our economy is but a shadow of its past. Our very own economic technocrats — guided by a simplistic ideology of reducing economic policy choices to questions of either going export-oriented or not, of either adopting a labor-intensive or capital-intensive approach, and of either relying on foreign investments or going it alone — have succeeded in vitiating the vibrancy of the industrial process of the 1950s and the 1960s, confusing the nation on the industrial directions it should take in the 1960s onwards and, worst, killing the emerging culture of industrialism while initiating a program of dependence on foreign borrowings and kowtowing to foreign economic dictation. Three decades of neo-liberal economic orthodoxy have stunted our growth as a nation and have allowed the original Asian NICs (South Korea, Taiwan, Singapore and Hong Kong), the new Asian NICs (Malaysia, Thailand and Indonesia for a while), and China and India to overtake and leave us behind in the industrialization process. Today, the war-devastated Vietnam and other South Asian countries are on the way to surpassing us.

Today, the nation is drowning in a sea of imports, which are killing whatever remains of our agriculture and our industry, big and small. Today, our industrial and agricultural producers are asked to be globally competitive, price- and quality-wise, even if they suffer serious handicaps — poor and expensive infrastructures, inaccessible formal credit, high cost of power and utilities, unfriendly bureaucracy, unstable currency, and a generally difficult economic environment. To make matters worse, our very own trading partners do not hesitate to dump their excess products in our market while protecting their own industries and agriculture through subsidies, arbitrary tariff impositions, and numerous non-tariff barriers. Trade has never been so unfair, as those who preach free trade are the very first to violate its rules. And our own technocrats have made it worse by arbitrarily and unilaterally liberalizing our markets ahead of other countries. The case of Australia taking advantage of our liberalized markets and still closing theirs to our own products illustrates the real nature of trade under globalization.

To complicate matters, more liberalization schedules — in agriculture, services, domestic market and so on — are in the WTO and AFTA agenda, and still our government has not drawn up a

clear development strategy to deal with the challenges of globalization, has not put in place a readiness program to ensure the survival and growth of industry and agriculture, and has not mobilized the people behind such a strategy. Instead, what is being foisted on the nation is a nebulous 747 Plan, which seeks to apply at the industry level the failed free-trade neo-liberal framework adopted by the erstwhile macro-economic planners.

To further complicate things, we have a divided country, brought about, among others, by the failure of our leaders to unite the people behind a nationalist vision of development anchored on an economy effectively controlled by Filipinos. Separatist tendencies and various forms of insurgency are raging because the country's poor economic performance is providing them a rich breeding ground.

But worst of all, a palpable sense of defeatism is taking hold on an increasing number of our frustrated people. Many want to leave the country and seize the opportunity to board the first plane that will take them out, out of a land which has failed to provide them job and income opportunities, and their children the promise of a secure and better future.

Shall we remain silent and passive amid all these adversities? Shall we resign ourselves to this sad state of affairs? Shall we turn our back on our homeland?

No, we shall not keep silent. No, we shall not be passive. We are Filipinos who believe in the future of the Philippines. We are Filipinos who have not lost hope in our country and people.

With unity and patriotism, we Filipinos can rebuild our economy, rebuild our society, rebuild our future. With our collective industry, creativity and solidarity, we can be among the most developed countries in Asia and the world.

Redirecting the direction of the economy

But first things first.

We need to work for a new policy direction for the economy.

But which way? Should the Philippines go back to the era of industrial protection which bred the import-substituting industries that developed in the 1950s and 1960s, which, ironically are the ones collapsing today under the policy of economic liberalization and deregulation? Or should we continue with the present program of aimless liberalization and globalization?

The answer is not an easy one, as the Philippine experience with industrial protectionism was highly uneven – double-digit industrial growth in the 1950s but declining industrial growth in the 1960s, and high import dependence and, therefore, recurrence of balance of payments crises. On the other hand, the Philippine experience with economic liberalization and deregulation has been catastrophic – continuing import dependence, higher level of indebtedness, collapse of local industry and agriculture, limited domestic linkages of a limited export sector, and poverty and unemployment all over the archipelago.

As the experience of Japan and the Asian tigers show, the issue is not whether the country shall go protectionist or outward-looking. The fundamental issue is the overall framework by which Philippine industry and agriculture can develop in a mutually-reinforcing manner, create jobs and value added, reduce dependence on imports by deepening the agro-industrial structure (through R & D and continuous technological innovations), foster necessary linkages between the regions and the various economic sectors, expand the export market while maintaining the domestic market in the hands of the locals, and distributing the gains of economic growth through appropriate institutional arrangements and capability-building programs. In short, the issue is how an integrated and advanced economy can develop around the real needs of the people for jobs, incomes and better living conditions under their own direction.

As to globalization, the issue revolves around the terms of Philippine incorporation in the world market? How can Filipinos negotiate and insist on fair trading arrangements which can give the country better returns and reinforce, not subvert, its existing industries and enterprises? In short, this means our economic policy makers and trade negotiators should always keep in mind the state of Philippine industry and agriculture and how the interests of the two can be advanced.

To realize such a reorientation of the economy, we need a pro-Filipino and pro-active government.

The role of a pro-Filipino and pro-active government In the economy

What then should be the exact role of a pro-Filipino and pro-active government in the economy?

First and foremost, a pro-Filipino and pro-active government is one that should be able to assert and enhance our national interests in the global and regional trading arenas as well as anticipate threats and develop opportunities to local industry and agriculture. A pro-Filipino and pro-active government should not be tied to the free-trade neo-liberal economic dogma that the role of the government is to minimize its role in the economy and allow the free flow of capital and goods in a liberalized, deregulated and privatized market. In an asymmetrical, uneven, underdeveloped and globally unprepared economy, this free-trade neo-liberal recipe is an invitation to disaster. On the other hand, a pro-Filipino and pro-active government should be focused on

- enhancing the overall capability of industry and agriculture to survive, grow and expand in a harsh and uneven economic environment through the development of appropriate and forward-looking infrastructure, monetary, fiscal, R & D and institutional support measures;
- developing the full potentials of the home market in sustaining and creating decent jobs and sustainable enterprises through the promotion of vibrant community-based economic activities and strong agro-industrial and inter-regional linkages;
- identifying, preserving and developing strategic industries such as those involving the food security of the nation and the base for the future development of new industries;
- identifying, preserving and developing global niches for the economy; and
- applying without any hesitation corrective measures to level the economic playing field such as the adoption of timely and necessary counter-measures against dumping, unfair trading practices of other nations, smuggling, economic plunder and so on.

Based on the foregoing, a pro-Filipino and pro-active government should be able to clarify and strategize the terms of Philippine incorporation in the WTO-led trading structure and negoti-

ate for a just and fair trading arrangement, mindful of the overall state of preparedness of local industry and agriculture. An old but continuing challenge is how to steer Philippine industry and agriculture in the turbulent and uncharted seas of global competition. Past and present economic technocrats have done a poor, lazy and un-Filipino job by adopting, unilaterally, a one-sided, accelerated and simplistic program of economic deregulation to promote the global integration of the economy without putting in place the necessary readiness program and safety nets for the vulnerable sectors and, worst of all, without sufficiently informing and consulting the affected industries and sectors. They have failed to recognize that global competitiveness means helping local industry and agriculture develop strong muscles so that they can withstand foreign competition and eventually excel in certain fields. The point is that global competitiveness means maximizing gains and minimizing losses. Global positioning means transforming the present pattern of jobless growth into a job-full one.

A pro-Filipino and pro-active government should exert maximum efforts to develop the depth and breadth as well as sustain the modernization and dynamism of the agro-industrial structure. This means promoting more and continuous value-adding economic activities and greater complementation between and among industries and between and among the regions. This means the major economic sectors – industry, agriculture, services, export sector — should be developed in an integrated, complementary, value-adding manner. Such requires R & D, strategic positioning or niching, industry-led skills formation, infrastructure development and supporting institutions to promote linkages, cooperation and a buy-Filipino mentality to replace the colonial one.

Developing the depth and breadth of the agro-industrial structure requires R & D, technological innovations and human resources development, which the educational and training system should be able to support. The Department of Science and Technology (DOST) should play a more strategic role in agro-industrial targeting and capability building. Eventually, a pro-Filipino and pro-active government would be able to mobilize the various state agencies and the citizenry in support of its nationalist agro-industrial vision. It should also be able to give special attention to

- the upgrading of SMEs, micro enterprises and cooperatives. They are the country's leading catch basin and job genera-

tor. Like the big enterprises, they are affected by globalization in many ways. What these enterprises need is greater access not only to credit but also to new management and marketing techniques to upgrade their operations and insure their survival and growth in a highly competitive market.

- agricultural modernization. The thrust to develop the countryside is meaningless if the HRD requirements of the farming population will not be upgraded, specifically in relation to the use of new varieties, mastery of the market, etc. We also need to put an end to the slow-motion implementation of land reform, as this is a major disincentive to agricultural investments. And yes, we need more integrators in agriculture, as problems in the countryside, like in other sectors, require a holistic and integrated approach.
- food security is a question not only of production but also of national security. To achieve food security, the government should review and recall the neo-liberal policy of agricultural deregulation in favor of a pro-active and multi-pronged program of developing a diversified agro-food system based on our tropical climate and which is responsive to the energy, protein and food requirements of our people. This means achieving self-sufficiency not only in the staple cereals (rice and corn) but also in fishery products and other essential food items. In fact, the country's 200 million hectares of coastal and marine areas, if developed, can be a major generator of jobs and source of growth. Protein malnutrition is an irony in a country so rich in aqua-marine resources. Hence, food security means greater government allocations on HRD, R & D and infrastructure development not only for the staple crops but also for the aqua-marine resources of the country.

Finally, a pro-Filipino and pro-active government must be able to negotiate for a more orderly, just and dignified settlement of the debt problem. After decades of debt payments, the Philippines remains under the tighter and tighter embrace of the IMF-World Bank, whose policy conditionalities often lead to a vicious cycle of low growth and greater indebtedness. The country can

only get out of this cycle if a nationalist government will assert the sovereign right of the nation to determine its future and negotiate over the terms of servicing based on a development framework which gives priorities to growth, job creation and national dignity. The government should also not hesitate to junk or dump onerous and unjust loans, including the spurious IPP contracts. Its budgetary priorities should be anchored on providing basic services and needed infrastructures for development.

Urgent reforms

Given the present global and national economic crisis, what can be done immediately in support of the vision of a nationalist economy and nationalist governance?

There are many but three major tasks stand out:

First, we need a breathing spell from the suffocating liberalization commitments made by the government economic policy makers to the WTO, AFTA and IMF. We call on the government to review and set aside the tariff acceleration commitments unilaterally made by the economic technocrats, increase the tariffs for products below the Philippine bound rates to the WTO, and defer for five years our tariff and other liberalization commitments to these institutions based on the tariff rates in the year 2001, or even earlier. As to the tariff deferment, this is consistent with the universally-recognized principle that developing countries, given their level of development, can avail themselves of *special-and-differential-treatment* privileges in order to prepare their economies to the challenges of global competition. Such a five-year deferment, backed up by the necessary modernization and pro-people adjustment program, should be enough to prepare the country for a more fully liberalized and globalized scenario for the ASEAN and global economies. However, there should also be a no-nonsense drive against smuggling and a greater government resolve to check the unfair dumping of foreign goods into the Philippine economy. In addition and in support of the move to ease the national budgetary stress, we ask the government to impose a 10 per cent surcharge against all imports except on raw materials and machines needed by local industry.

Second, in the light of the looming global recession, we support the call to look inward and into the potentials of a popula-

tion of 85 million as a market. This is a huge market. However, it is not enough to declare holiday economics to fuel growth and engineer a turnaround of the economy based on domestic demand. In an open economy with local industries and agriculture being swamped by dumped and smuggled products, the potentials of the domestic market are rendered meaningless, especially if the mass of our people have no purchasing power because they have no jobs or sources of income. Hence, the success of a domestic-market-driven growth depends on the capacity of the government to check smuggling, prevent unfair dumping, promote the growth of local industry and agriculture and develop a culture of patronizing Philippine-made products. This is, therefore, the time to promote the buy-Filipino movement and create-a-Filipino-job movement simultaneous with the campaign for local industry and agriculture to upgrade their operations and exert efforts to produce cheaper but higher quality products and services.

Finally, with the low level of foreign investments coming in despite the liberalized investment regime, the country should exert greater efforts in mobilizing local capital, in mobilizing the resources of its own people. A starting point will be an aggressive campaign for patriotic-minded Filipinos – Filipino industrialists and businessmen who have brought out their capital out of exasperation with past government failures, successful Filipinos overseas, returning migrant workers and so on – to invest in job-creating economic projects in the Philippines. Foreign investments will naturally gravitate to the country once they see the flow of Filipino investments. There should also be a way of encouraging overseas Filipino workers to invest part of their savings on productive undertakings for their own future security. The role of the government is to provide the enabling environment to make such decisions easier for them.

Overall, what is really needed at all times is to mobilize the entire populace in support of a common vision of development where every concerned Filipino has a genuine stake to uphold and a role to play. All Filipinos who care for their homeland – men and women, entrepreneurs and workers here and abroad, in both the formal and informal economy, farmers, fisherfolk, indigenous peoples, students, teachers, artists and professionals — should be able to join hands and work together towards a better and secure future.

On building a government of national unity and launching a broad movement for reform

Hence, we share the call for a government of national unity – but one that is solidly based on urgent social and economic reforms. Amid the present economic crisis and the looming possibility of a Middle East war, the government must by necessity be built upon the unity of both traditional and non-traditional political and social forces representing the broadest sectors of Philippine society and who are united on a minimum program of reform and stabilization such as the one outlined above.

To succeed, we need to inculcate the values of industry, integrity and nationalism among our people, especially among the youth who have been bombarded day in and day out with the values of transnational brand-conscious consumerism.

We need to revive the sense of economic nationalism and exert efforts to apply it in whatever station of life we are in. We have to strengthen economic nationalism as a fundamental principle of the Constitution and safeguard it against amendments of any disguise.

Above all, we need to unite, drawing from our past struggles for nationhood and the examples of our heroes, in support of the building of a nationalist economy and a movement which will help put this vision into reality and restore the Filipino sense of nationhood, pride and dignity.

Resolution of the Fair Trade Alliance (FTA) Calling for Policy Reforms in the Government's Tariff Reform Program

(as presented by FTA labor and adopted unanimously by the
Conference participants)

WHEREAS, Article XII, Sec. 1 of the Constitution states that the goals of the national economy are a more equitable distribution of opportunities, income, and wealth, a sustained increase in the amount of goods and services produced by the nation for the benefit of the people, and an expanding productivity as the key to raising the quality of life for all, especially the underprivileged;

WHEREAS, as a member of the World Trade Organization ("WTO"), the Philippines has merely committed to binding 3,544 Most Favored Nation (MFN) tariff lines to a ceiling level of ten percentage points (10%) above the 1995 applied rates;

WHEREAS, under the WTO, except for 66 tariff lines or 0.01 percent of our 5,640 tariff lines, the Philippines has not committed to reduce its Most-Favored-Nation ("MFN") tariff rates;

WHEREAS, the National Government has undertaken a Tariff Reform Program ("TRP") which endeavors to achieve a uniform tariff rate of 5% by the year 2004;

WHEREAS, the TRP was originally undertaken to make the tariff structure responsive to the needs of the economy, taking into account changing patterns in trade and advancements in technology, with the goal of making the basic structure of industries more efficient and competitive internationally;

WHEREAS, the reduction of tariffs under the TRP has resulted in the flooding of the Philippine market with imports from foreign countries;

WHEREAS, instead of creating a tariff structure responsive to the needs of the economy, the TRP has instead contributed to the

demise of local industries, causing substantial losses, downsizing, and even closure and massive layoffs in many instances;

WHEREAS, Executive Order ("E.O.") No. 334, series of 2001, prescribes the tariff of 1% to 5% on all tariff lines except for 55 sensitive agricultural products by 01 January 2004;

WHEREAS, the latest round of tariff adjustments will in essence obliterate whatever bargaining leverage the Philippines may have had, and diminish the efficacy of any and all trade remedies available to it under the WTO and the ASEAN Free Trade Area ("AFTA");

WHEREAS, there is a timely need to review the soundness of the Tariff Reform Program in view of the foregoing compelling reasons;

NOW THEREFORE, BE IT RESOLVED that the Fair Trade Alliance ("FTA") call on all sectors of Philippine society to unite for tariff policy reform under the Tariff Reform Program or TRP.

Moreover, be it resolved that the FTA and this Conference urge the President, Her Excellency Gloria Macapagal-Arroyo, to:

- (a) immediately repeal E.O. 334;
- (b) create a multisectoral committee to develop an industrialization program for the Philippines to be headed by a Cabinet Secretary and composed of representatives from industry, labor and peasant representatives;
- (c) create a Trade Representative Office with tripartite composition, consisting of government, industry-agribusiness and labor-peasant sector representatives, to review trade and tariff policies with the end in view of reforming the TRP within the framework of a national industrialization program and towards the creation of a economically strong and independent Philippine Republic. The Trade Representative Office will also consult local industries and agricultural producers, labor and farmers, insure market access abroad and review and negotiate international trade commitments; and
- (d) strengthen safety nets by revising the implementing rules and regulations of the various safety net laws (under the Safeguard Measures, Anti-Dumping and Countervailing laws) in order to provide reasonable standards and to confirm the power of the DTI and DA Secretaries to reverse the erroneous recommendations of the Tariff Commission as well as put in place sufficient and effective safety nets for labor, e.g. unemployment insurance, emergency labor contingency fund, etc; and
- (e) upgrade MFN tariffs, institute non-tariff measures and revise the so-called safeguard laws to defend and enhance competitiveness of local industry and agriculture.

Resolution of the Fair Trade Alliance (FTA) Calling for Policy Reform in the Philippines' Commitments under the AFTA-CEPT

(as presented by the Association of Petrochemical Manufacturers of the Philippines and unanimously adopted by the Conference participants)

WHEREAS, the ASEAN Free Trade Area ("AFTA") was created with the end in view of contributing to the overall economic development of ASEAN member states;

WHEREAS, one of the foundational principles of AFTA is the principle of mutual benefit contained in Article 1, paragraph 2 of the Framework Agreement on Enhancing Economic Cooperation;

WHEREAS, the AFTA has been implemented through a tariff reduction schedule under the AFTA Common Effective Preferential Tariff ("AFTA-CEPT") Scheme;

WHEREAS, the Philippines has implemented its commitments under the AFTA-CEPT Scheme with final CEPT tariff rates of 0%-5% taking effect for all of its products on 01 January 2003 except for 66 sensitive agricultural products;

WHEREAS, the foregoing notwithstanding, ASEAN member countries, including the Philippines, are working towards the reduction of tariff rates to 0% on at least 60% of the products under the CEPT Inclusion List or 3,300 lines, with the subsequent elimination of import duties on all products;

WHEREAS, economic cooperation and uniform tariff rates notwithstanding, substantial differences still exist among ASEAN member countries in terms of AFTA tariff lines as well as labor and social standards, which make for an uneven playing field and unfair competition;

WHEREAS, Philippine agricultural and industrial producers are placed at a disadvantage vis-à-vis their ASEAN counterparts as the sectors which provide inputs to them are not competitive such

as relatively higher power costs, lending rates, transport and shipping costs etc.;

WHEREAS, there is a drift towards entering into bilateral relations with the United States of America ("U.S.A."), China and Japan, which are superior in terms of economic, financial and political bargaining power;

WHEREAS, ASEAN member countries are seriously considering inviting China and Japan to become members of AFTA;

WHEREAS, there is a compelling need for ASEAN member countries, most especially the Philippines, to review their respective commitments under the AFTA-CEPT and the above-mentioned proposed courses of action in view of the potentially devastating effects on their local industries and labor as well as on the ASEAN region as a whole;

Be it resolved that the Fair Trade Alliance (FTA) call on all sectors of Philippine society to oppose the further reduction of AFTA-CEPT tariffs on Philippine products to 0%.

Be it resolved, further that the FTA call on the Philippine government to strengthen the safety nets by revising the various safety net laws themselves as well as their implementing rules and regulations in order to provide reasonable standards and to confirm the power of the DTI and DA Secretaries to reverse erroneous recommendations of the Tariff Commission and to strictly implement the improved safety net

Be it resolved, further that the FTA call on the Philippine government to invoke on behalf of Philippine industry all just and qualified claims brought under Article 6 of the AFTA-CEPT agreement.

Be it resolved, further, that the FTA call for the harmonization of AFTA tariff lines, to equalize Philippine tariff lines with those of the ASEAN countries, and for the harmonization of labor and social standards across all AFTA member countries, to insure the creation of a truly level playing field for all.

Be it resolved, further, that the FTA exhort all ASEAN member countries, particularly the Philippines, to re-examine the drive towards bilateral trade relations with the U.S.A., China and Japan inasmuch as such unequal trade relations would only lead to the slashing of tariffs with no mechanisms to discipline these large countries.

Be it resolved, finally, that the FTA call on the ASEAN itself, as a collective body, to closely re-examine proposals to establish the ASEAN-China Free Trade Area and an ASEAN-Japan Free Trade Area.

Sectoral Resolutions

A. ON NATIONALIST INDUSTRIALIZATION

(Presented by Willy Tan of Samahan ng Magsasapatos ng Pilipinas)

The nationalist agenda should address issues of how the economy can generate full employment and serve the needs of 80 million plus Filipinos, provide them goods and services at affordable cost in order to allow an increase in disposable income. According to Mr. Meneleo Carlos, we have 80 million plus consumers. This is a large market. We insist on exporting to other countries, and yet, dito pa lang sa ating bansa meron na tayong 80 million plus customers.

The monetary policies have been designed for the interest of other countries rather than our own. We must preserve jobs, preserve industries. Monetary policies should serve our own needs. We should put a stop to unfair trade.

The WTO is all about free trade. Why should our government authorities allow full liberalization — freeing our markets, freeing our industries — and allow us to be slaughtered by imports.

We should stop smuggling and we should stop dumping. We have laws on anti-dumping, on safeguard measures for our protection. **These are laws that should protect our local industries but we need to implement them.** We have anti-dumping laws with no 'teeth'. Kung gagamitin ang batas na ito, bukod sa gagastos kayo, the burden of proof is on you.

We have to review our tariff and trade policies. We have to

renegotiate unilateral concessions carefully and selectively. Ang problema sa tariff natin, most of our local industries have not been consulted. At the Samahan ng Magsasapatos sa Pilipinas, we asked if there has been any representation from the shoe industry. Wala. How come the government sets policies without asking the affected industries?

We have to institute anti-trust measures to ensure fair trade. Provide limited tariff protection and monitor the industries given this protection, para hindi ito maabuso. Ang sabi nila, pag sobrang protection, may negative side ito. But this is a special time. Ang problema hindi tayo makalaban. Because ang kalaban natin does not give us a fair chance. They are killing our industries. When the industries are not there anymore, pwede na nilang itaas ang presyong ibinabagsak nila ngayon.

Industries are suffering because of insufficient infrastructures. In China, wala pang businesses, yung infrastructures nila gawa na. They build buildings. They build roads kahit wala pang tumatao. So kung merong negosyo or industries na ipo-promote nila, nandoon na ang infrastructure. Samantala dito, the industries have been there for so many years, and yet the infractructures are nowhere to be found. Lalo na sa agricultural sector natin.

We have to review and amend our build-operate-transfer (BOT) Law. Sabi ni Mr. Carlos, the BOT Law is good because we have insufficient funds but there are weaknesses in the the law. Thus, some BOT projects are now controversial.

We have to patronize indigenous local products, and we should not be too obsessed with exports. In 1997, we registered ang pinakamataas na export record sa — 24 milliom pairs lang, but in year 2001, ang import natin is 60 million pairs. So what is the rationality of gearing on exports when yong domestic needs natin ini-import.

Now, we have 80 million plus population. Kung bumibili bawat isa ng 2 pairs of footwear — one pair of slipper and one pair of dress shoes, that is 160 million pairs already. Among ourselves, di naming kayang i-supply yan kahit pagsama-samahin ang lahat ng magsasapatos sa Pilipinas. But how come the footwear industry right now is dying? Dahil sa unbridled importation. Ang registered volume of imported footwear is just 60 million. But if we include smuggling, footwear coming abroad totals 200 million pairs a year. Paano na yong mga local producers? There is no way they can compete, especially yong binebenta nilang im-

ported is below the raw material cost. Dumping. Ang ginagawa ng mga imports is kill industry.

We have to re-educate and train people to change.

We should monitor the economic zones which have become venues for smuggling. Congressman Del De Guzman of Marikina City pointed out that the shoes na pumapasok sa Pilipinas are grossly undervalued. A pair of shoes, dress shoes, are declared to cost not more than P40. Sapatos na ibinebenta sa market at P500, or sometimes P1,500 to P 3,000, they declare the value at P40 only. Pag sinabi po nating 'declared', meron tayong papel. Nandon kung sino ang nag-import, anong pinagbayaran, anong receipt.

We need to have long-range targets, proper planning, comprehensive and rational development blueprint for specific products and industries. And before formulating any strategies, the government must consult the affected industries. Ito ang failure ng gobyerno. Banat sila ng banat without consulting the affected industries.

We have to make the Philippines agriculturally and globally competitive.

We have to reduce the cost of doing business. This is a major problem of our manufacturers. How can they compete if the cost of electricity here is higher. The same in the cost of communication and transportation.

Kung hindi pa tayo globally competitive, bakit io-open ang market? Why should we go on with our commitments to WTO? Baka pwedeng ipagpaliban ito ng 5 years.

Lastly, we have to be nationalistic, in word and in deed. We should patronize our locally-produced products. In Japan, the problem of the prime minister is how to tell their citizens to buy foreign goods. Why? Because sobra ang kanilang trade surplus. Samantala, dito sa atin iba. Mas gusto nating bumili ng foreign goods. Remember, products from Japan 30 to 40 years ago ay considered bulok. But the citizens continue to buy because they know that when you complain regarding a product, they will change it with a better product and Japan continued to make their products better. Ngayon, kapag sinabi mong made in Japan, high quality ang ibig sabihin.

B. ON NATIONALIST AGRICULTURAL DEVELOPMENT

(Presented by Dong Calmada of the Philippine Ecumenical Action for Community Empowerment or PEACE Foundation)

The agriculture workshop had three resource persons – Secretary Sito Lorenzo of the Department of Agriculture, Prof. Ted Mendoza of the UP Los Banos and Mr. Manny Ching of the Rubber Industry.

Ang resulta ng aming workshop ay pwedeng i-categorize into three. The first set na napag-usapan is sa policy level, ibig sabihin, naka-address sa gobyerno. Ikalawang tema ay tungkol sa advocacy work ng FTA mismo. Paano kikilos ang FTA in actual terms? Ikatlo, sa cultural aspect. Kasi nga, ang sabi ni Prof. Ted, ang agriculture ay hindi lang farming system, di lang pagsasaka. Usapin din ng mga tao. So meron kang dapat babaguhin sa kultura o sa mind-set ng magsasaka, mangingisda at iyong nasa gobyerno.

Sa **policy level**, usapin ang **vision and strategy**. May pangangailangang linawin ng gobyerno ito. Ano ba ang kanyang vision and strategy pagdating sa agricultural development? Kailangang magkaroon ng short- to long-term plans para sa agricultural development. Bigyan ng focus ang maliliit na magsasaka at mangingisda bilang tunay na benepisyaryo at bida ng agricultural development. I-konsider doon sa vision yung transformation ng ating agrikultura. Tama na yung nakasanayan nating sistema na monocrop-based, plantation-based agriculture. Lumipat tayo sa diversified o mixed farming systems. Kasama sa diversified system yong support ng consumers, sapagkat ang suporta ng mga consumers para sa agrikultura ay nakabatay doon sa kanilang consumer needs.

Sa **modernisasyon**, may pangangailangan talagang i-modernize ang ating agrikultura. Isang mahalagang sangkap dito ay ang pagpapaunlad ng ating science and technology. Kasi ang ating mga hardware ngayon, ang ating mga makinarya ay talagang mga imported. So, may mungkahi na dapat i-tap natin ang sarili nating teknolohiya sa pamamagitan ng pag-enhance ng ating sariling science and technology (ST) capacity. Kaugnay ng modernization effort na ito, kailangang involved yung participation ng industry sector. Gaya ng sinabi ni Manny Ching, dapat yung business sector i-involved na rin doon sa paggawa o pag-develop ng mga machines para hindi na dapat mag-import pa ng technology.

Sa usapin ng **agrarian reform**, merong pangangailangang pabilisin o tapusin na yong implementasyon ng comprehensive agrarian reform program o CARP.

Sa papel ng **Department of Agriculture**, ang sabi ni Sec. Lorenzo ang kanyang mandate ay i-adopt yung hands-on approach sa DA. Una, para pataasin ang kita at productivity ng mga magsasaka at mangingisda. Ikalawa, para mag-provide ng trabaho sa agrikultura. Ikatlo, para isiguro yung availability ng pagkain lalo na sa urban center. Malaki rin ang pangangailangan na i-engage ng Department of Agriculture yung participation hindi lang ng mga LGUs kundi pati na rin yung mga civil society groups lalo na yung mga national NGOs. Kailangang ma-involve sila sa mga policy-making processes at policy implementation.

Sa usapin ng tariff, dapat i-**reporma ang tariff system**, mula sa istraktura hanggang sa policy mismo.

Sa ikalawang set ng recommendations, sa **advocacy work** ng FTA, mahalaga yong advocacy tungkol sa **tariff reform**. Sang-ayon kay Sec. Lorenzo, dapat tayong gumawa ng ating homework. Hindi lang ito usapin ng pagtataas ng tariff. Dapat meron din tayong 'hard' figures na dapat pwede natin maihatag sa Tariff Commission at iba pang ahensiya. Dapat meron tayong mga handang datos to counter the liberalization arguments.

Sa **anti-smuggling campaign**, iminumungkahing yong FTA ay maging aktibo dito at dapat **palawakin** pa yong kanyang constituency para mas malakas yong pagpigil ng smuggling ng agricultural products.

May mungkahi rin na i-**localize ang FTA**. So kung malakas tayo sa national level baka magandang palakasin din natin ang ating mga probinsiya.

Suportado din namin ang kampanya sa **pag-patronize ng local products**.

Sa ikatlong usapin — cultural **transformation**, nakapatungkol ito sa mga magsasaka, sa mga civil society, POs at sa gobyerno. Malaking struggle ito ng pagbabago ng mind-sets, mula sa cynicism at negativism, lalo na yong usapin ng kawalan ng kumpiyansa sa mga mangingisda at magsasaka. Sabi ni Sec. Lorenzo, ito ang isang niyang focus — paano maibabalik ang kumpiyansa sa mga mangingisda at magsasaka.

C. ON NATIONALIST EDUCATION AND CULTURE

(Presented by Jun Mendoza of the Nationalist Economic Protectionist Association or NEPA)

Gusto ko munang ipaalam sa inyo na ang NEPA o National Economic Protectionist Association ay nagagalak at narito tayo ngayon. Ang NEPA ay pinakamatagal na NGO na yata, noong 1934 pa. Pinamunuan ito ng mga industrializing elite, sila Gonzalo Puyat, Aurelio Periquet, Toribio Teodoro ng 'Ang Tibay' at iba pa. Ang isang incorporator nito ay ang San Miguel Brewery. Ang pangarap nila ay isang industriyalisadong bansa at isang industrialization sa ekonomiyang epektibong pinamumunuan ng mga Pilipino. Ang NEPA ay hindi pa rin nawawalan ng pag-asang magkakaroon tayo ng pambansang industrialisasyon.

Noong panahon 1934, ang tinutulak nila ay ang tangkilikin ang sariiling atin, ang ating produkto. Hindi magkakaroon ng industriyalisasyon kung walang markets sa ating mga products.

Kaya napakahalaga ng nationalist education sapagkat kung walang nationalist education, walang tangkilikan. Kung walang tangkilikan, wala ring nationalist industrialization at nationalist agriculture.

Kailangan ang **educational system natin ay scientific at nationalist**. Sapagkat kailangan natin ng mga manggagawa na magiging productive and creative. Kailangan natin ng mga engineers, scientists, technologists at experts na magpapatakbo ng industrialization.

Tatlo ang aming resource persons — Raul Segovia ng Citizens' Alliance for Consumer Protection, Mrs. Leticia Constantino ng Foundation for Nationalist Studies at Prof. Vivencio Jose ng UP School of Arts and Letters.

Ikinuwento ni Prof. Jose na lahat ng naging industrialized countries sa Asia gaya ng Japan, Korea at ngayon Thailand, binigyan ng halaga ang kanilang nationalist education. Kung wala yang nationalist education, hindi maaring maging maunlad.

Ang problema sabi niya ay nagde-deteriorate ang ating mga paaralan. Sa isang pag-aaral, number 48 sa Asya ang UP at ang La Salle at Ateneo ay umabot pa sa number 70 at 78. Ibig sabihin, sumasama ang ating educational institutions. Ang mga nangunguna ay South Korea, Australia at iba pang karatig bansa. Ang sinasabi na dahilan ng pagbaba ng ating educational system ay dahil ang minana nating educational system ay colonial in

nature. Kaya ang dapat na thrust natin ay palitan ang colonial education na iyan.

Ang sabi ni Mrs. Leticia Constantino, ang nakilala nating nasyonalismo ay isang uri lamang na paglaya, ang pagkakamit natin ng independence noong 1948. Ibig sabihin, matapos na makamit natin yong independence, para bang naging passé na ang nasyonalismo. Hindi natin nabigyan ng halaga ang mas masidhing bunga ng colonial education, iyong kawalan ng economic nationalism. Kaya ang colonial na education ang nagbunga ng paniniwala na ang lahi natin ay isang mababang uri at ang superior ay ang mga Westerners. Kaya ang paniwala natin hanggang agricultural na lang tayo at hindi tayo pwedeng mag-industrialize. Ang masama pang nangyari sa ating colonial education, nakalimutan natin ang ating kasaysayan. Nawala ang ating identity. Ang ating educational system ay tumutulong sa pag-create ng market for foreign products at cheap labor para sa mga foreign factories, hindi para sa ating sariling products at factories.

Isa pang problema ay itinuturo natin sa economics iyong mga patakaran ng economic globalization, foreign investments, individualism at labis na consumerism. Sa madaling salita, na-social engineer tayo na maging colonial, maging brown Americans. Ang nararapat ay reverse engineering ng education. Kailangan ang educational system ay mapawi ang impluwensiya ng colonial education.

Ang mga mungkahi namin ay ang mga sumusunod:

Dapat magkaroon ng nationalist training modules at materials para sa mga guro at mga deans, principal at sa mga mayari ng paaralan. Kailangang gumamit ng popular technology gaya ng mga 'anime' sa pagtuturo ng kultura ng nationalism at gumamit din ng multi-media advertising, ng internet and other forms of communication para mabot ang mga pamilya, paaralan, simbahan at iba pang mga institusyon, kasama ang entertainment institutions.

Dapat pag-aralan kung paano natin maiimpluwensiya ang ating gobyerno para mabago ang mindset na para bang hindi tayo pwedeng mag-industrialize. Kailangang maniwala tayo na with industrialization, lahat ng nararanasan nating economic crisis ay magkakaroon ng solusyon. Yong balance of payment crisis, yong trade deficit at budget deficit.

Sa educational system, dapat buksan ang isip ng karamihan

sa economic nationalism, kung saan ang kapakanan ng marami at iyong pangmatagalan o sustainable ay pinagtutuunan ng pansin. Kaya ang grupo namin ay may mga resolusyon:

- We resolve to give direction to nationalist education by crafting an inspiring vision of an economy and a society we desire.
- We resolve to make Fair Trade Alliance a strong organization so that our views will be heard and respected.
- We resolve to develop an educational system founded on nationalism and moved by the spirit of global excellence for national development.
- We resolve to translate the WTO provisions into layman's language that will enable us to overcome the negative effects for the economy.
- We resolve to implement the FLAG law, which requires government agencies to patronize local products.
- Lastly, we resolve to establish or reconstitute our group into the FTA Education Committee composed of the members of workshop three and jointly chaired by our three resource persons.

Hindi po natatapos dito ang trabaho ng workshop three kundi ipagpapatuloy ang pagbabago sa ating educational system. Mahalaga yaong magkaroon tayo ng bagong pag-iisip.

Sa NEPA, lagi kaming nagmumungkahi ng national economic plan at aming ipinaabot ito sa lahat ng mga presidente mula kay President Marcos hanggang kay President Cory Aquino at President Ramos, subalit hindi naman kami pinakinggan sapagkat ang namumuno sa ating economic institutions gaya ng NEDA at Central Bank ay meron nang mindset na tama iyong kanilang paradigm — neo-liberalism, free trade, free enterprise. Iyan ay ideology na supported by their convictions. In fact, meron pa silang sinasabing scientific basis for all that. Kaya kahit anong gawin nating proposal, naniniwala kami na di nila tayo pakikingan.

Ang ating solusyon ay gumawa ng ating economic program at i-address ito sa ating mga communities. Nasa ating mga kamay ang ating solusyon.

Ang NEPA at ang Fair Trade Alliance ay napapanahon. Tayong naririto ngayon ay hindi lamang nagmamahal sa bayan kundi nangangamba. Sabi nga ni Merlyn Magallona, tayo ay nangangambang mawalan tayo ng bansa. Iligtas natin ang ating bayan.

D. ON NATIONALIST GOVERNMENT AND GLOBALIZATION

(Presented by Lito Rallistan of the Association of Democratic Labor Organizations)

Sa aming workshop, ang amin pong tagapagsalita at tagapaglinaw ng mga isyung naatang sa amin ay ang aming kapatid na si Dr. Sixto K. Roxas at kapatid na Aileen Zosa.

Ang mga lumahok ay mula sa kinikilalang sentro ng paggawa sa ating bayan, ang Lakas Manggagawa Labor Center, at mula sa dalawang pederasyon — NLU o National Labor Union at ang ADLO o Association of Democratic Labor Organizations. Ang isa po ay mula sa sektor ng industriya sa ilalim ng organisasyon ng Federation of Philippine Industry, at isa galing sa City Council mula po sa lalawigan ng Marindu-que. Mayroon din po mula sa Reconciliation for Progress and Development sa ilalim ng pamumuno ni Atty. Bayani Hipol, isang pong community-based organization.

Ayon kay kapatid na Dr. Roxas, dapat linawin muna ang sagot sa tatlong mahahalagang katanungan. Una, ano ba talaga ang katangian ng globalisasyon at ano ang layunin nito? Talaga bang nakabuti ang globalisasyon? Ano ba ang mga benepisyo nito?

Pangalawang katanungan, ano ba ang dapat gawin upang maiwasan ang negatibong epekto ng globalisasyon?

Panghuli, ano ang papel ng gobyerno sa isyu ng globalisasyon? Ano ang kahulugan ng isang nationalist government o makabayang gobyerno sa globalisasyon? Sino ang may mahalagang papel, ang local na gobyerno o ang national?

Sa pagpapatuloy ni Dr. Roxas, ang globalisasyon ay tumutungo sa paglikha ng isang global o pandaigdigang o planetary community. Ang karakter ng globalisasyon sa ngayon ay free movement of goods, capital and services; hindi naman

kasama ang free flow o galaw ng mga tao sa lipunan. Ito raw ay isang grandiyosong kaisipan mula sa mga neo-liberal.

We believe our country cannot achieve economic development if we cannot develop our agricultural sector and our local market in planning for national economic policies. It should be participatory, with the involvement of the local communities. He suggested that there is a need to strengthen the grassroots community.

May nagtanong po na isang lider manggagawa: kailangan po ba nating pumasok sa globalisasyon. Hindi po ba tayo mapapasa-ilalim sa mga dayuhang interes? Saan na pupulutin ang mga Pilipino?

Ang sagot po — Globalization is inevitable. But there is a need to counter it by preparing our local economy and strengthening it. Differential treatment can be used to protect the local industries. He added that a program for a nationalist government should focus on the need to address rural poverty. According to him, a nationalist government is a government that protects the welfare of its citizens. He said that the government should have the capability to shape concrete programs and strategies that can further the lives of our local communities.

Sang-ayon naman kay Bb. Sosa, Filipino workers are very smart. Magagaling daw tayo at medyo pogi rin ng konti. Kaya lang, Filipino workers are not consistent, lalo na quality-wise. Kaya importante na magkaroon ng training ang ating mga manggagawa, para maging highly skilled and competitive to increase our quality standard.

May isa po na kagyat na nagbigay ng obserbasyon. Kung sa usapin ng pagiging mahusay na manggagawa ay mukhang handa po ang ating manggagawa ngayon, lalo na sa ating industriya ng auto. Katunayan sa mga training na inilulunsad, ang sabi ng isang manggagawa, hindi naman para i-enhance iyong skill kung hindi i-enhance iyong pag-intindi ng mga manggagawa kung paano susunod sa mga polisiya ng management na hinango mula doon sa kanilang mother companies. Kung ang produkto ay nililikha doon sa bansa o sa mother companies ng dalawang oras, dito tini-train ang manggagawa ng management para matapos ito ng isang oras at hindi para mapahusay pa ang kanilang skill. Iyon daw po ang mga training na kanilang nakukuha. Hindi talaga para pahasayin yong trabaho at ibigay o i-transfer iyong skill kundi kung paano susundin ang polisiya,

paano lilikhain o matatapos ang isang produkto ng mas maaga kaysa sa tinapos na produkto mula doon sa mother companies, doon sa labas ng bansa. Kaya siguro hindi tama na sabihin na ang manggagawa ay inefficient.

Isa pang tanong ay tungkol sa mga natatanggal na manggagawa dahil sa globalization. Ang mga retrenchments at tuluyang pagsasarado ay common na nakikita at nadarama ng mga manggagawa. May mga nalikhang mga polisiya ang ating gobyerno na mga safeguard measures hinggil dito pero ito ay para sa mga industriya, para sa mga namumuhunan ng ating bayan. Ang mga naapektuhang manggagawa ay walang safeguard measures. Napipilitan na lamang sila na magbantay sa tarangkahan ng kanilang pinagsisilbihang kompanya. Naihayag tuloy ng isang kasama sa local government na siguro ang globalisasyon ay isang glamorized term ng kolonyalisasyon. Hindi para mapabuti ang takbo ng isang pamayanan, kundi para ito ay i-colonized muli.

Kaya naalala ko noong buuin ang Fair Trade Alliance, ang kinikilalang industrialista na si Ginoong Concepcion ang nagsabi — ang globalisasyon ay isang mataas na anyo ng imperialismo. Mukhang hindi na kakaiba ito sa mga naririnig ko simula ng ako ay maging isang lider manggagawa noong unang taon ng dekada 70. Narinig ko na noon ang kolonyalismo at imperyalismo. Ito palang globalisasyon ay hango at nandoon sa sinapupunan ng aking mga narinig noong sinauna pa man.

Ang isa raw gobyerno sa ilalim ng pamumuno ng isang makabayang gobyerno ay dapat magbibigay ng pangunahing prioridad sa interes ng kanyang mamamayan. Ang nationalist government ay kailangang tumitingin at tumatanaw at magbigay ng best effort para makapagsilbi sa interes ng bayan, ng mamamayang Pilipino.

Mula sa grupo na galing sa komunidad, nagsabi sila na there are two aspects that we can look into the issue of WTO agreement. First, other countries produce quality goods and they export them into our country. The Philippines should be able to compete by producing the same product of the same quality in the Philippines, selling them at the same price that foreign goods sell them. Second, the Philippine should be able to produce products that can be exported to other countries.

Ang sabi naman ng ating kapatid na Freddie de Leon, ang globalisasyon is not as irreversible as other people say. According

to him, people in other countries who are participating in international conventions are asking their governments not to participate or not to sign the new agreements in the WTO. As a result, according to him, this will reverse the process of globalization. Government should probably go back to bilateral agreement as a response to the question on what will happen to world economies with the reversal of globalization.

Ayon pa rin sa ating kapatid, sa kasalukuyang status ng WTO, may widespread disgruntled feelings among the WTO participating developing countries. WTO is not really 'free trade' but 'failed trade'

Sa pagpapatuloy, tinanong ulit ng isang participant mula sa labor group. He said that the labor sector is open to the fact that there are industries that are affected by globalization but there is also a need to have a nationalist government or a makabayang gobyerno. A nationalist government should see to it that there are programs that will help the affected sector cope with the situation. There should be insurance banks which can offer assistance to the labor sector. Labor laws and policies should be strengthened to protect labor rights.

Napakaimportante sa panahon ngayon na maglabas, o to come up with a nationalist agenda to protect the interest of our people and industries. There is a need to build up our local economies in order to lessen the negative impact that globalization may cause.

Another labor participant, mula sa FFW, ang nagsabi na dapat merong perspektiba and he believes that we should go back to the basics. There is always an antagonistic feeling toward the government but this not should be the case. According to him, a nationalist government should define where and how it should protect its citizen. For him, globalization is the creation of a community of nations and in a community, there should be a general caring attitude. He added that in contrast to the trend of global identity, we should always assert our local identity and sovereignty.

Mayroon po kaming mga proposisyon:

- Government should protect labor and should set up a socio-economic fund or emergency fund for workers displaced due to trade liberalization.

- Workers' organizations should be strengthened, especially their participation in labor-management councils, not to raise issues against each other (i.e., labor and management) but to raise common survival issues such as improvement of production and job preservation. Dapat talagang palakasin ang pagtutulongan ng puhunan at paggawa sa ilalim ng globalization. Pero dapat ding tingnan ang lumalaking bilang ng mga contractual workers at ng mga lumalapastangan na mamumuhunan na hindi nagbabayad ng tama sa kanila at hindi gumagalang sa karapatan nilang mag-union.
- There should be a policy that struggling industries should be rescued and so are the jobs in those industries.
- Localize to develop, or "think globally and act locally".
- Local governments and civil society should be partners in development.
- A nationalist government should not allow the economy to be disadvantaged by WTO rules. It should protect and support its people.
- Filipinize Philippine products. Introduce indigenous designs in Philippine products.
- Disperse industries and economic activities to the regions.
- On economic liberalization policies, reverse what are being done now.
- Rationalize public spending, restructure public expenses.
- Put industry and labor representatives in the trade negotiations.
- Enforce immediate safeguard measures.
- Debt relief and debt moratorium should still be pursued.

- There should be a policy of balancing imports with exports in the conduct of trade with each country.
- There should be a graduated, calibrated liberalization, ala China.
- There should be a continuing program for learning, innovation and technology acquisition.
- Go back to the basics.

E. ON NATIONALISM AND A GLOBALIZING SERVICES SECTOR

(Presented by **Atty. Meilou Sereneo** of the UP College of Law)

Natutuwa po ako dahil for the first time, people of different persuasions are coming together.

Maganda ang nangyari sa workshop sa services sector kasi iba-iba ang kuru-kuro namin. Sabi ng taga National Union of Bank Employees, si Ginoong Umali, nag-collapsed ang banking employment dahil sa globalisasyon. Maraming nawala, may retrenchment pati sa telecommunications sector. Ako po nag-introduce ng element of domestic competition, baka naman kaya nagkakaproblema o kaya masyadong napamahal yong bili ng PLDT, o kaya naman po ay talagang global downsizing at meron talagang movement towards merger and consolidation in a banking sector. So sa discussion lamang po namin ay nagbigay ako ng food for thought kay Ginoong Umali.

Pero ang sinabi po namin at mukhang di naman na-dispute ay iyong **General Agreement on Trade in Services (GATS) as the legal document was not responsible for the liberalization of the banking sector. What was the responsible for the liberalization of the banking sector was a decision reached in the early '90s by our economic managers** concurred in by Congress to liberalize banking sector. Nauna po yong ating unilateral bank liberalization bago dumating yong GATS. Ang nangyari po, ang banking sector ang ibinigay natin sa negosasyon kasi anyway there was already a government decision to open it.

Second po yong exploitation ng mga trabahante natin sa labas. It is not the effect of GATS. It is the result of the fact that we don't have enough jobs here. It is also the result of the fact that it is easier to travel and find jobs abroad.

Third, the social costs of continuing migration ay matindi. Everybody agreed. Napakabigat talaga ang binabayaran ng Filipino family for continuing migration.

Fourth, ang globalization phenomenom ay tuloy tuloy at yong mga marginalized sector, lalo pong nalalagay at risk. As everybody knows, lalong nahihirapan talaga ang mahirap ngayon. Meron kasing parang social transformation na nangyayari and in any social transformation, pinaka-vulnerable ang marginalized sector.

Fifth, hirap ang gobyerno natin na mag-negotiate, make offers and requests sa mga trading partners under GATS. Ang consensus sa grupo, noon pa naman may problema na of that character. May nagsabi na dahil sa globalisasyon, imbis na makagawa ng batas na makabayan ang Kongreso, napipigilan dahil laging may magsasabi na hindi ito compatible sa mga commitments natin sa WTO at GATS at hindi ito pwedeng gawin dahil iba na ngayon ang ekonomiya. May opinyon po si Dean Magallona na ang ating Konstitusyon, dapat bantayan.

Pero sa bright side, meron din po tayong mga possibilities. Sa agrikultura, nakakaiyak nga po talaga ang nangyari. Pero sa tingin ko po, sa lahat ng agreements sa WTO, ang GATS ay may possibility of providing us economic benefits through the GATS-mandated negotiations, especially for those who are very good in providing services. Halimbawa, mga propesyonal, mga nasa construction services, engineers, architects, IT people, medical people and all those providing global services, including those provided on-line. In other words, kung nandito na po tayo sa laro na tinatawag nating WTO agreement, **laruin natin ng napa-kahusay lalo na sa services sector kasi ang tingin ko po diyan tayo makakakuha ng maximum benefits.**

Kung through the liberalization of the global service sector, our country as a source of specialized skills and expertise can compete better worldwide, then we are achieving our national interest in a way. Meron din pong nagsabi na kapag ini-open ang service sector sa isang area, makaka-attract din ng necessary capital, halimbawa tourism. Kasi masyadong capital-intensive ang pag-build ng infrastructures for tourism. So what you do is open it up. Anyway, there is no statutory limitation on the provision of tourism-related services in the Philippines.

Third, pwede po nating dagdagan ang value at importansya ng Pilipino inputs in the national and global economy. Tingnan po

natin halimbawa yong call center. Sinasabi nila Pinoy daw yon na nagdi-disguise na Amerikano. Akala mo Amerikanong mga company but actually mga Pinoy ang nagpapatakbo. The IT world. In other words, it is a question of positioning ourselves or expanding our share of the economic pie.

It can also be the **vehicle to take a more proactive approach in ensuring people's and workers' rights**. Halimbawa po, dahil po meron sa GATS na mode of supply of service, which is the movement of natural persons or cross border services, every time we talk about cross border services, ipaglapan natin that it should also include the right to have movement of natural persons. Bakit hindi natin idikit ito ng idikit? Kahit na makulitan sila ng makulitan sa atin. Ensure movement of natural persons. Tanggalin ito as a question of the sovereign right of each state to impose strict immigration laws on its own. Huwag hayaang laging ibabato o ibabalik nila sa ILO. Ang ginagawa ng mga developed nation, ibato yan sa ILO. Ang gawin natin, okay pag-usapan sa ILO, pero ibalik lagi sa WTO agenda. What's to stop us? Wala naman eh. Ilagay lang natin ng ilagay sa position paper natin. Let us talk to more countries and let us make sure that more countries include this right to movement of natural persons in their position papers.

GATS can be used to **maximize economic opportunities for Filipinos and can be a continuing avenue of improvement of Filipino capabilities**. Halimbawa, kayong mga doctor, gusto ninyong mag-provide ng on-line medical services. Eh di ilagay natin sa demand list which is called the 'request list' — US, mag-allow kayo ng practice of on-line services for medical professionals, nursing professionals, scientists, engineers, architects at iba pa. Kasi nakikita natin malaki 'yung economic potential natin. Let us try to scan the map of the world. Dito sa mga bansang ito, ano ang gusto natin? Ano ang kaya natin? In other words, i-expand natin yong listahan ng mga gusto natin, mga demands natin.

Anong strategies?

Ito po ang mga suggested strategies para sa alliance. Kasi yong mga kagrupong namin talagang gusto practical na suggestions, kung paano daw io-operationalize ang tanong kaagad. Ito po ang preliminary ideas ng grupo. Iyong mga suggestions can be broken down into two things:

Number one, alam nyo po sa ibang bansa, ang service sector is well organized. Tayo po hindi organized. Bakit po tayong mga trade associations sa industry at agriculture, pero sa serbisyo,

which is now the largest sector of the economy at ang laki-laki ng potensiyal, hindi po tayong organized? So ang alyansa po **can help organize and the alliance can also help in the information campaign on what are the possibilities for the services field**.

Sabi nila bakit hindi humingi ng regular dialogue. I-pinpoint sa government yong mga sectors na responsible for the negotiation in Geneva services sector. I-identify ko po yong mga ito. Ang NEDA po ay nagco-coordinate, ang DOTC for transportation and the telecommunications sector, ang Bangko Sentral po at DOF sa financial sector, at ang PRC po for the professional sector. Bakit ho natin hindi **hingan sila ng regular dialogue para kung ano man ang nasa laman ng isip nila, alam natin as an alliance**.

Sabi po ng iba, bakit hindi tayong **gumawa ng system of accountability**? Halimbawa po mag-konsultasyon. May proseso na documented yong konsultasyon at dapat ipakita rin kung paano pina-process yung inputs into the negotiating position of the Philippine Government and for the negotiators to come back and report. Hindi naman na parang sila ang boss. Dialogue nga, eh. Halimbawa, ano ba ang nangyari sa usapan sa Geneva at hindi natin na push yong mga doctor natin na mag-practice sa Europe? Ganoong klase po, Ganoon klaseng mga scenario.

Gumawa ng information about the service possibilities that are open and at the same time, ano yong mga external threats sa atin. Kung alam natin kung ano man ang mga open, let us make the demand on government because government really has the most complete information of the opportunities in the services sector.

Ano ho ang mga kailangan nating bantayan? Kung talaban tayong sa services sector, there are two ways by which services can come in the Philippines. Through the front door or through the back door.

The back door always tends to undermine our strategies. We must tighten the faucet on domestic regulations. **Higpitan po natin ang domestic regulation on rendering of services**. Alam po ninyo, wala pa itong GATS, noong 1980s pa marami na ang nagpa-practice na mga foreigners dito. Kumukuha sila ng mga local counterparts. Bitbit po sila ng mga multinational companies, yong iba ho talagang may major presence. Ito po ang dapat nating bantayan. They cannot practice without a license here. Higpitan natin yong domestic regulation. Kung sarado pa ang sector, they cannot absolutely practice whether directly or indirectly. Huwag po tayong magpapalamang that way.

Sa ating adhikain sa alyansa, **i-prioritize na kung ano iyong mga services na hindi tayo takot na mabuksan.** Kung ang palagay natin wala tayong dapat ikatakot, yan ang pwede nating ibigay na marbles. It is a game of marbles, the trading of marbles. Ano ang marbles natin? Ang marbles natin ay yong kampilan-kampilan tayo na quality and cost wise, kahit magdagsaan pa sila, hindi nila tayo kaya. So that will constitute our offer list. On the other hand, **yong request list natin should also be a very intelligent request list.**

In the services that we offer, Filipino presence must always be added. In other words, yong mga call centers po natin, is there a way na malaman ng mundo na mga Pinoy lahat yan?

Let the PRC (Professional Regulatory Commission) get its act together as well as all the other bodies that are involved in the services sector. They should try to develop a culture of self regulation. In other words, let the services sector understand that they must face a market that demands that they comply with best international practices. Kumbaga parang magse-self-ISO certification tayo.

F. ON LOCAL GOVERNANCE AND NATIONALISM

(Presented by Councilor Mike Magalang of Boac, Marinduque)

Balikan po natin at idiin yong kahalagahan ng ating pagkamakabayan, na lumilingon sa kasaysayan natin na mukhang nakakaligtaan na.

Kahapon ay ginunita natin ang pagkamatay ng ating magbubukid sa Mendiola ilang taon na ang nakakaraan. Bilang pagdidin na rin na mahalaga yong agricultural sector natin dito.

Sa araw na ito naman ay ginugunita natin ang Convention ng Malolos na sa nakaraang bahagi ng kasaysayan ng mga ninuno natin na nag-usap, tulad din ng pag-uusap natin marahil ngayon, kung paano itatakda yong susunod na yugto para makamit natin ang kabuhayang makabayan.

Anim na bahagi po yong pinag usapan sa workshop group on local governance and nationalism. Ang unang bahagi po ay pwede ba nating tingnan kung ano iyong mahalagang bahagi ng local government units o iyong kabuuan mismo ng mga kalagayang local para sa pagtataguyod o promotion ng economic nationalism at paano rin iu-unite yong ating mga mamamayan towards a nationalist agenda?

Nakita po at consensus sa grupo namin na una, mahalaga yong **i-maximize iyong local government, ano man ang kahinaan nito, para sa nationalist advocacy, para at least maging innovative at maipasok yong nationalist agenda sa kanilang planning system, sa budgeting system at sa kanilang pag-prioritize ng mga economic projects and programs in the context of economic nationalism.**

Kasunod po, **i-influence po natin yong ating local government officers o local government officials na gamitin yong kanilang powers para ang local situation ay maging conducive sa local entrepreneurs, sa ating mga local business sector. Gamitin nila ito para sa promotion at pag-influence mismo sa mamamayan para magkaroon ng consciousness na i-patronize natin yong local na products natin.**

Ganoon din po, **i-maximize yong mga local special bodies, specially the umbrella council, the local development council towards the greater participation of our basic sectors, yong civil society. At nakakaligtaan lagi natin, yong business sector, na di man lang napasama sa development councils na per observation ng group, sa ilang rural areas, kakaunti iyong nagpa-participate na basic sector, civil society, samantalang sa malalaking sentrong syudad naman, tinanggihan naman ng mga local government units yong mahalagang partisipasyon ng civil society sector and the business community. Laging tingnan yong mahalagang interaction ng local government, ng basic sector or civil society and the business community.**

Ganoon din po, yong **enhancement ng participation and complementation ng local government units.** Na yong maliliit na local government units na nandoon din naman yong mga consumers, i-complement naman nong malalaking local government units para yong mga local products natin magci-circulate mismo sa mga local areas natin. Yong mga produkto ng mga maliliit, kukunin ng malalaking government units. Yan ang complementation and integration. Sabi namin, ito siguro yong bagong mukha ng 'bayanihan', solidarity.

Second area — can the nationalist development agenda be developed at the local level? Syempre, pwede naman talaga.

But number one, **the local government units as well as the public should have and insist on the 'political will'.** Political will noong mga tao sa government at the local level at political will natin na nasa organized sector. Kung hindi kaya ng local government officials at mga tao doon, impluwensiyahan natin sila. Kung

ayaw nilang gamitin yong kapangyarihan nila, gamitin natin yong kapangyarihan ng bayan, sang-ayon din sa tadhanain ng Local Government Code.

Local government units must see to it that programs for their respective communities are sustainable and in line with nationalist agenda. So magagamit pa rin natin yong role of organized people's organizations and the business community na impluwensyahan ang planning process. Paggawa pa lang ng mga basic programs, itanong na — ano ba ang vision ng munisipyo na ito? ng siyudad na ito? Impluwensiyahan na natin sila kaagad doon. So that the projects, programs and allocation ng budget nila, malaki man o maliit, ay laging nakasentro sa tamang pupuntahan, sa gusto nating mangyaring nationalist agenda.

I-encourage din natin yong entrepreneurship spirit doon pa lang sa local level. I-support yong mga local entrepreneurs. Number one, **gawing entrepreneur-friendly yong mga local legislations natin. Tanggalin yong mga bureaucratic red tape sa processing ng mga permits. Bigyan sila ng fiscal and non-fiscal incentives.**

I-improve yong economic management ng mga local government officials and to facilitate o maalis yong mga nagpapahirap sa ating mga partners na business sector.

Third area — how can a nationalist local government deal more decisively with the ill effects of globalization? Ang tama sa ating business community and economy ng globalization ay sa local level. Kaya, sabi nga kanina, **i-promote at i-patronize yong mga local product at magtulungan local government units ukol dito.**

Can a nationalist local government show the way out of the crisis?

Sabi namin, oo and **we support and recommend the suspension of Philippine participation in the WTO with the clear perception and knowledge on what to do during the suspension.** For 15 years. The first five years should be spent on restructuring economic policies. The second five years should be spent on marketing strategies as well as extensive selling of local products. And finally, the last phase should be spent for the further improvement of products to ensure that they are globally competitive.

Can the local government strategize its position in the globalizing world economy especially in relation with the WTO?

Sabi namin yes, by **going back to basics.** Yong **spirit of bayanihan and the other values na nakalimutan na natin ay ibalik ulit,** mula sa sarili, sa iba't ibang units ng ating society. I-imbibe sa isip to **get out of wasteful habits by cutting down on one's consumption. Magkasya sa kung ano lang ang kailangan.** Sabi nga kanina, sa shoe industry 80 million ang Filipino, bakit kailangan ang 265 million na pares ng sapatos at bakit imported.

Identify the techniques that work best for the local government. Sinasabi dito na kunin o i-document yong mga successful na initiatives sa local government unit in line with ano yong nais nating marating and i-replicate ito at i-popularize sa ibang local government units din.

Siguro through this alliance, **mag-initiate ng isang recognition scheme na if a local government unit ay nag-succeed sa kanyang economic nationalist agenda or implementation nito, gaano man kaliit yong project,** i-recognize man lang ito at impluwensiyahan yong ibang award-giving bodies na gawing isang policy o isang parameter ng kanilang selection yong parameter ng economic nationalism.

Finally, sa governance sa local government, mahalaga pa rin **yong accountability, transparency, good governance. Siguro from globalization, we go to glocalization.**

Clarificatory points on WTO: What it is and what it is not

Atty. Mellou Sereno

Former Counsel

Philippine WTO-AFTA Commission

FIRST, I WISH to congratulate FTA. When I read the unity statement that FTA issued in 2001, I found that it was the most comprehensive and intelligent statement made by any coalition on the global dimension of Philippine integration in the world market. I have to say that I admire it because it is really a class act. Considering that it is multi-sectoral, it is a very realistic approach to the problems at hand.

I would like to make these clarificatory discussions and where I am coming from. In the best of faith, I am giving these statements as a former legal counsel of WTO in Geneva itself. So if you are looking for somebody who has worked in the heart of the dragon, I am one of them. I am familiar with the debates from both sides.

I have also worked with the Philippine government, in the negotiations of several trade disputes with some countries, principally on the pork and poultry issues with the US and the European Union. The two were trying to force us to change our administrative regulations on the minimum access volume system. I have also, at the same time, seen the plight of the industry and how my heart bleeds for what is happening in industry.

So my participation has been on the legal side. Until December of last year, I was the legal counsel of the WTO-AFTA Advisory Commission under the Office of the President. I learned international trade law under Prof. John Jackson who was considered number one in the world. So in this context, please let me clarify certain things:



First clarification, **WTO does not require free trade**. There is not a single line in the 550 pages of legal text of the Marrakesh Agreement or the so-called WTO treaty that members must try to achieve free trade or form free trade areas. So the decision of any country to go for a near-zero regime can only be the result of two things. One, a unilateral decision on the part of the government, as a result of a concession that they are making.

For example, Canada, the United States and the European Union have tariff rates with peaks as high as three hundred percent (300%). At the same time, they claim in all their press statements that their average tariff rate is only 3%. This is because of the so-called phenomenon of tariff peaks. In other words, you have a tariff structure which is very low for some products and very high for the others. You can imagine already the kind of products that are receiving 300% tariff protection. Of course, on products that they have no interest, they impose a zero tariff regime.

In contrast, the tariff peak of the Philippines is 80% and it is only limited to a few products. So ours is not a tariff system that is similar to the tariff system of the most developed nations.

Under the Marrakesh Agreement, the concept of a free trade area is derogation, an exception. It is not the norm and has to be strictly examined under the conditions of Article 24 of the WTO. In other words, they think that when you enter into a free trade area, in the way that NAFTA and the European Union are free trade areas, then it is an exception or a possible major violation of the MFN clause. So in order not to be charged with violating the MFN clause, the WTO members involved must do either of two things. Either get a waiver from everybody else na okay sa kanilang may free trade area or strictly comply with the conditions of the Article 24 which require substantially free trade, a near zero regime, for all or nearly all of the goods produced in that region. So the only way that the AFTA-CEPT regime can be validated is if we dive to a zero regime down the line. So if you think that you are trying to hold up the AFTA-CEPT by saying let us keep on making those exceptions, the AFTA-CEPT is always open to a legal challenge that it does not satisfy Article 24 of the WTO.

Second, the **WTO achieves its objectives through two things**. One is a **progressive impetus to trade liberalization**. So, that is accurate. How do they do that? By holding continuous rounds of trade negotiation. Right now, we are under two rounds, the mandated negotiating round under the Marrakesh Agreement con-

currently with the round of negotiations under Doha. That is what will drive all countries to further reduce their tariffs. But at the same time, the other track of the WTO is to **regulate the trade practices of countries through legal regulation of trade policies**.

So, if you bring these two elements together, what do you have? You have a country like the United States able to use all the legal flexibilities within the WTO, pushing for greater market access in the countries that the US wants to open its areas to.

For the Philippines, we can also adopt the same strategy. **Look at all the flexibilities in the WTO and ask those countries we want to penetrate to open their markets to our products. At the same time, we can call into question the implementation by the other developed countries of the subsidies agreement, of the agreement on the agriculture which they are right now using to protect their farmers by major subsidies. They are protecting even their industrial giants with their callous imposition of anti-dumping duties.**

In other words, it is a ball game. What we have to realize is — it is ballgame with rules. If we do not know how to use those rules, we are going to be knocked down fast and we wouldn't even know if we had a chance.

Myth number 3: **the tariff structure of the Philippines is a monolithic structure**. Wrong. Basically we have three (3) kinds of tariffs applicable right now. So you have to understand what you are barking at, what you are angry with. The first line that you are going to look at under the tariff rates of Section 104, which are the tariff line descriptions for the Philippines, is the MFN rate. Iyan iyong sinasabi ng FTA na huwag i-reduce further.

Myth number one is that the **MFN rate is the same as the MFN clause of the WTO**. They are not. The MFN rate is the rate that we apply to the imports of all countries with whom we have either a trade and investment treaty or with whom we have normal trading relations. So pag sinabi ninyo na huwag nang pababain ang MFN rate, you are not telling the government, huwag na ninyong pakialaman yong WTO rates. Those are two different things. You are saying, iyong unilateral decision ninyo na ibaba pa ang MFN rates ay huwag nang ituloy.

What are the legal restrictions on the government? Can you stop reducing the MFN rates? Yes, you can. Why? It is a unilateral decision of the government. So pag sinabi nila hindi pwede kasi bawal sa WTO, medyo hindi po tama iyon. Hindi tama kapag

sinabi nilang hindi nila kayang babaan ang MFN rate kasi ito po ay binding under the WTO, hindi po iyon tama.

Ano ang tama? The MFN rate can never be higher than the WTO bound rates. So ang titingnan po ninyong ceilings kung gusto ninyong itaas ng government ang MFN rates, tingnan nyo po ang WTO schedule of commitments natin. So iyon po ang second column. Iyong first column is the applicable rates na gusto ninyong i-adjust and the second column is what we committed as a treaty obligation. Iyan po ang maximum ninyo within the existing law at hindi po lahat ng bagay ay naka-bind sa WTO. So if it is not bound, you can impose even one thousand per cent (1,000.00%). And you can discuss with government a line-by-line adjustment. For example, tariff number 3901 or 4165, bakit ganito ang rate nito?

The third tariff rate we have is the AFTA-CEPT rates which is applicable only to members of AFTA. Iyan ang mababang mababa. The WTO bound rates po natin, kaunti lang po iyon, in fact only just about 60% of our tariff lines or even less are bound under the WTO. Ang AFTA po natin right now is nearly 99% bound.

Iyong AFTA-CEPT po ang talagang major ang reductions na sinasabi ng Pilipinas na nahhirapan po siyang lusutan kasi naipangako na. Ang dapat po ninyong itanong bakit mahirap? Pag sinabi po nilang imposible, ang tingin ko po ay hindi accurate iyon. Kasi po wala statute o batas na nagbi-bind sa Pilipinas at those rates. Pero pag sinabi nilang mahirap, tanungin po natin kung bakit mahirap, at dyan ang simula ng debate.

Major Conference Papers

Nationalism and Unbridled Globalization

Wlgberto E. Tañada

Lead Convenor
Fair Trade Alliance

LAST JANUARY 10, the President made a well-publicized stand against 'unbridled globalization' punctuated by an order freezing Philippine liberalization commitments to the WTO and AFTA to the so-called 'minimums'.

Has she seen the light? Is this the beginning of the long-awaited reversal of the long-enthroned policy of opening up, liberalizing and privatizing the Philippine economy in the name of global competition? *Tatahak na ba ang ating bansa sa panibagong direksyon – sa direksyong kontra sa liberalisasyon at globalisasyon?*

The truth is that the policy pronouncement made by the President comes relatively late in the day. Late in the sense that more than 90 per cent of our tariff lines are already under the 0-5 percent tariff regime. Late in the sense that many of our industries, including agriculture, have already suffered serious reverses and losses, with a large number irreparably shut down, permanently. It is precisely the unbridled, reckless and aimless globalization and liberalization of the economy in the 1980s and 1990s that has brought untold misery to our people, has stunted our growth as a nation and has precipitated a never-ending cycle of recessions in this country.

Nonetheless, it is never too late to amend, adjust and reverse a flawed economic policy. Moreover, we are facing existing and new threats in the regional and global economic firmament – the AFTA liberalization schedule, the WTO industrial liberalization schedule, the proposal to lower the tariffs for Philippine agriculture,

the continuing WTO efforts to open up our service industries and so on. In addition, we still do not have a readiness program in place, a program on how to deal with and tackle the challenges arising in a globalized and liberalized economic order such as the trade juggernaut that is the People's Republic of China. I raised this readiness issue ten years ago, in 1993, during the Senate debates on the Philippine membership in the WTO. The proponents of the WTO ratification and the NEDA economists evaded this readiness issue by saying that a safety net program for both industry and agriculture, especially for the workers and farmers, was in place.

Well, nasaan po ang safety net na sinasabi nila nitong nakaraang sampung taon? Dumaan ang Asian financial crisis na dulot ng globalisasyon. May safety net bang nagsalba sa mga industriya at trabahong Pilipinong bumagsak? May safety net ba sa bigas, mais, gulay, manukan, babuyan at iba pang kabuhayan sa kanayunan na nagbabagsakan?

This is why we are earnestly anticipating on how the President's economic advisers and technocrats will translate her pronouncement against unbridled globalization into a concrete program of doables in the shortest time possible. For time is running out. *Napakahabang panahon na na naghirap at patuloy na naghihirap ang ating sambayanan.* We need recovery and growth now. And we want this recovery and growth to be shared by everyone.

This is why we are holding this National Conference today – A Nation in Crisis: Agenda for Survival. We are in crisis and we shall continue to be in crisis, as long as we are not changing the economic policy regime.

But what is our development agenda?

Ours is a different one. We want to draw up a development agenda based on the general principle of economic nationalism.

Sa kumperensiyang pong ito ay hindi na tayo magpapaliguy-ligoy. Ang hinahanap nating agenda para sa pagbabago at panibagong pagpapalakas ng ekonomiya ay nakasalalay sa pilosopiya ng economic nationalism o makabansang pangkabuhayan.

What is the meaning of economic nationalism?

It means first of all giving substance to the Constitutional mandate to have an economy effectively controlled by Filipinos. This means recovering our economic sovereignty, our right to chart

and determine our own economic destiny. We have long lost our economic sovereignty when our past leaders allowed this country to sink deeper and deeper into indebtedness, especially with the IMF and the World Bank, and to rely more and more on their poisonous policy prescriptions based on the economic orthodoxy of the so-called Washington Consensus.

Secondly, economic nationalism means building up our capacity as a nation to grow and develop as one. We have a large population and a fairly large land and sea territory which can sustain a vibrant economy. We have a talented people capable of creating world-class products and services, if only their skills are developed and harnessed. The problem is that our neo-liberal economic technocrats, with the strong backing from the economists from the IMF and the World Bank, have simplified the policy choices to us – just open up your economy, let the ensuing liberalization make your industry efficient and wait for foreign investments to flow in and create jobs for everybody. Of course, we all know what happened under three decades of neo-liberal economic development paradigm. The promise of a job-full growth never materialized. Poverty and unemployment have worsened. And because there was no reversal of the neo-liberal economic policy regime, the economy kept deteriorating even after EDSA I and now, EDSA II.

Thirdly, economic nationalism means we have to rekindle the spirit of solidarity, of helping one another. *Paano mabubuhay ang industriya at agrikulturang Pilipino kung hindi natin susuportahan ang mga ito? At papaano lalago ang mga industriya at agrikulturang ito kung ang mga may hawak nito ay walang komitment sa mga konsumer na Pilipino at walang pagnanasa na mapabuti ang kanilang mga produkto hanggang sa mahigitan ang mga produkto at serbisyo ng ibang bansa – sa kalidad at sa presyo? At papaano bubuti ang industriyang Pilipino at agrikultura kung wala ang pag-aaruga at pagtanggilik mismo ng sarili nating pamahalaan? Tayo lamang mga Pilipino ang makatutulong sa sarili natin.*

Is economic nationalism passe, especially under globalization? Well, just look around us here in Asia. If China has not been practising economic nationalism, it will not be where it is now. If Japan and the Asian NICs did not practise economic nationalism, they will not be where they are today. If Malaysia, India and Thailand are not practising economic nationalism, they would not

have surpassed the Philippines as they did in the 1980s.

So our task today is to draw up a nationalist development agenda and help develop a road map on how this country can go back to the path of recovery, growth and development. We have identified at least six areas where a nationalist agenda must be fleshed out – industrialization, agricultural development, service sector, education and culture, national governance and local governance. The idea is to go beyond rhetorics. We need not preach to the converted and discuss over and over the roots of our national misfortunes, which are traceable to the abandonment of the principle of nationalism by our policy makers, especially in the area of economic policy formulation. We need to show the practical relevance and workability of the nationalist solution in addressing the major economic ills facing the country under globalization. Your presence here means the nationalists are prepared to roll up their sleeves and draw up a real development agenda guided by the spirit of nationalism.

May I close by personally thanking all of you for giving time to this Conference despite the very short notice and some limitations in the preparation of this Conference. You will understand that given the context of the times and the nature and urgency of the topics that we have outlined that we cannot postpone this Conference. Time is not a luxury we have.

Finally, may I introduce to you the partner of the Fair Trade Alliance in convening this Conference. We have always known him as a fighter when it comes to issues of principle and issues affecting the national interest. He readily agreed to the idea of holding this Conference and even insisted that we should not avoid making a clear and categorical stand on the crucial role of economic nationalism in turning the economy around. *Kilala natin siyang lahat. Utang panglabas, batas militar, pambansang dignidad, kalagayan ng mga maliliit, usapin ng korapsiyon at usapin ng makabansang kaunlaran – siya ay palaging nangunguna sa hanay ng mga makabansang aktibista sa pagtalakay at pag-ugit ng posisyon sa mahahalagang pambansang usapin. Siya ay ang kasama at kapatid nating Teofisto Guingona, ang Vice President ng Republika.*

Free the Nation!

Teofisto Guingona

Vice President

Republic of the Philippines

Mabuhay ang Fair Trade Alliance (FTA)!

Mabuhay ang lahat ng participants dito sa Conference ng Fair Trade Alliance!

Mabuhay si former Senator Wigberto "Bobby" Tañada!

Mabuhay ang ating moderator, Freddie de Leon ng Rubber Industry!

Mabuhay ang isang dating nasa serbisyo sa gobyerno. Nakikita natin siya sa public markets sapagkat gusto niyang makita ang presyo ng manok, baboy at kung ano-ano pa. Iniwang na niya ang kanyang tungkulin sa gobyerno to be the representative of the farmers and fisherfolks in the agricultural sector. Kaya the government's loss, if I understand correctly, is the private sectors' gain, the nation's gain. Mabuhay si Ernie Ordonez!

Thank you Bobby for the wonderful introduction. I wish to congratulate and thank the Fair Trade Alliance for this joint undertaking with the OVP. Thank you all for your concern for the Philippines and the 80 million Filipinos.

We fight anew for independence, for sovereignty, both economic and political, and for sustained development.

Before we can really join the global economy, we must first build our own economy, integrate our own economy before we integrate with the challenges of WTO. Because the global economy is harsh. Free trade means survival of the fittest, the strongest.

But we cannot fight globalization because we are already there and we have ratified it. I think Senator Tañada was in the

Senate. I was not, fortunately or unfortunately. And you brought the case to the Supreme Court together with the Atty. Magallona, but unfortunately the Supreme Court interpreted wrongly. Therefore like the Visiting Forces Agreement, natalo. Pero talo man, we will continue to fight for what we believe is for the best interest of the Filipino. Kaya mabuhay ang Filipino!

We fight for the nation. We fight for the Philippine interest in a global economy. Now, more than ever, the Filipino should be a nationalist. There is nothing wrong with nationalism. It is not passé. It is vital in this day and age. It is more relevant now, more necessary to survive the crisis and to develop sustainably.

However, other countries, developed and rich, distort free trade. That is why free trade is a dismal failure. It is not fair trade. It is free trade by the big, rich and developed nations versus the small, poor and developing nations.

Para bang football. If we let, for example, the best football team in the Philippines, they say it is De La Salle, champion sa football. If we let them play with Brazil, you know the consequences. Disaster. Why? Because Brazil constantly trains, exercises periodically, and is supported by their government for their national vision of pride and prosperity is captured in football. Four years to go, they are already training, even now. Eh tayo, wala. No training, no exercise, no support by our own government. That is why we are in disarray.

Globally, the rich nations have become richer and the poor, poorer. For example, manufactured goods. The *World Development Report* states that manufactures account for three quarters of developing country exports but the tariff on our exports to developed countries are on the average four times the tariffs on exports of developed countries to us.

For example, rubber shoes. Developing countries like the Philippines imposes zero to five percent tariffs on these shoes, whether they come from Bangkok or from the United States or from Singapore. The United States and other rich, developed countries impose 20 per cent on the same shoes when imported from a poor country like the Philippines. While developed countries protect their industries, we liberalize. In fact, the Philippines unilaterally reduced tariffs and eliminated non-tariffs barriers, starting in the 1980s in compliance with the pressure from the IMF-World Bank conditionalities in exchange for standby facilities and loans.

You want loans? We will give you loans but you have to reform. You have to liberalize. You have to lower the tariffs. Pero sila, the rich developed countries sustain their tariffs. Therefore, the inequality has become worse and the rich nations continue to become rich, and the poor, unfortunately, become poorer.

Tariffs of rich nations are not only higher for developing country exports. They also escalate with the level of processing. For example in Japan, in the European Union, fully processed food products face tariffs twice as high as those on products in the first stage of processing. For example, woven cotton fabric faces 16 per cent tariff in Canada, but the tariff becomes higher, at 22 percent, if the cotton fabric is processed into cotton shirts. The ratio is even higher with tariffs on fully processed food products and twelve times those on products in the first stage of processing. In the face of this distortion and unfair trade, how can the poor countries industrialize and compete?

It is worse in agriculture. Developed countries continue to protect its farmers not only through tariffs but also through export subsidies. Tariffs that developed countries impose on agricultural products from developing nations are almost five times higher than those on manufactures. Examples are meat, sugar, dairy products. Tariffs on vegetables like sweet corn, okra and carrots imposed by developed countries range from 16 to 22 percent. Further, because of our AFTA commitments, we have lowered our tariffs on these products from 0 to 5 percent.

Imbalance. De La Salle football team against Brazil's. There is no level playing field.

Moreover, agricultural protection and subsidies by the rich industrialized nations did not decline as promised. They said they were going to reduce but they did not reduce. In some cases, they even increased, as much as 66 percent of the value of the production. The subsidies are estimated to be \$ 1 billion per day in 1999. This means higher costs and losses for poor countries like the Philippines. This is a serious setback to farms and industries in poor countries.

Poor developing countries cannot afford to subsidize their agricultural exports. How much do we give to the farmers? How much have we appropriated for the NFA? Barely one (1) billion pesos. And the farmers, instead of selling to the NFA which takes long and which involves under-the-table deals, prefer to sell to the traders. The Philippines simply cannot afford to subsidize exports,

cannot afford to fund marketing, and cannot afford to fund cheap credit, not even infrastructure.

When we joined the WTO through the treaty ratified by the Senate, there were arguments that, anyway, there would be safety nets. Billions of pesos were supposed to be appropriated annually for these safety nets - irrigation, post-harvest facilities, farm to market roads. But most of these, I understand, went instead to the T-Bills. The banks, instead of lending for these safety nets, lent the money to the T-bill transactions. Today, we are just where we were, still basically without safety nets.

We demand fair trade, not false exchanges in the guise of free trade.

So, as Filipinos, what do we do to survive?

First, build on what the President has pronounced. Bobby says this may be a new beginning and the start of the reversal of a policy. She has frozen tariffs, she has asked for a review. This means a review, product by product, classification by classification. But in addition, we ask for deferment — while the review is going on — in the implementation of the tariff reduction program. We ask for the deferment of 5 years. They will ask for specifics and it is your duty as members representing your group to take part in the review.

We demand adjustments so that our farmers and industries will be prepared for globalization. We have to map out our plans in this forum that we are undertaking. Identify what government should do and what we should do to undertake and get ready.

Number two, stamp out smuggling. This is a major concern of our legitimate businessmen. However, if the national government cannot stop it, then the local governments should stop it, the NGOs must help stop it and all of us should cooperate in stamping out smuggling. I understand that in Nueva Ecija, onion is already a dying production because of smuggling. In Baguio and Benguet, vegetables are already dying because of inordinate importation, largely through smuggling. When shall we start protecting our own farmers from going to perdition?

These smugglers are committing economic sabotage and there exist a bill in congress punishing smuggling as an act of economic sabotage. I propose, therefore, that we support that bill and I further propose that a task force consisting of the private and public sectors go after smuggling. The task force should be composed of lawyer-volunteers to file and prosecute cases, with the private sector helping in the surveillance, information gather-

ing and monitoring of this nefarious activity within the next five years. Ernie Ordonez is good in monitoring. Perhaps he can lead one team and we all have to pitch in.

If that bill passes, we can impose the highest penalty of economic sabotage on smuggling. If there is a will, there is a way. If the President means to fight graft and corruption, and I think she does, then we must follow through by examples of actual practices for the benefit of the Filipino consumers, farmers and fisherfolks. Mabuhay ang Filipino!

Number three, create another task force to file cases with international bodies for countervailing measures and unfair trade practices. You know, these countervailing measures and unfair trade practices hearings can last long. In the meantime, the unwanted products come in to the prejudice of our farmers, fisherfolks and industrialists. If we do not expedite these cases and if we do not follow through, then time will mean perdition for our farmers, fisherfolks and industrialists.

Australia, for example, has planted their own men in key positions in the world trade organizations. Thailand has done the same. The Philippines has not. We have slept on this. If we file countervailing measures, certainly those people who have been planted there by their own nations will fight and win against our own interest should we have cases against these nations.

Fourth, we need bold measures. We need at least five (5) years to prepare. Why not defer for five years the implementation of the AFTA and the further unilateral reduction of tariffs? Slap a ten (10) per cent surcharge on all imports to raise revenues for competitiveness programs. Surcharge is not prohibited. Malaysia did this. Malaysia slapped a ten (10) percent surcharge to protect their car and vehicle industry. Then we can use that money for the massive education and technology upgrading needed by our farmers, fisherfolks and workers.

In the meantime we must focus on what we need to do. Set policies and programs, reform the power sector, build infrastructures and transport facilities, strengthen credit and marketing, build up information, get irrigation going, put up more warehouses and post-harvest facilities, educate our farmers and workers, acquire technology to modernize, and so on.

We do not say and we do not agree to the proposition that we do not have money because we already are in deficit. We have the money in ODA loans. We already have 15 billion dollars.

Some of these should go to the massive education of our farmers and fisherfolks. Some of that should be left for the local governments to dispose of in accordance with their own economic development.

Number five, starting with the Cancun meeting this year and in all the global forums and organizations, we must work for a voice, a voice for special and differential treatment of the poor and developing nations. We must band together with all similarly-situated countries to have a vibrant effective voice. International institutions should make all information available. This is not a club. WTO is not a club for the rich developed nations, to announce to us only the decisions that they have made. They must be transparent. We must participate. All developing and poor nations must band together and strengthen capacity to analyze the issues and effectively communicate our interests to them. Tell them: "we want this, we do not want that, we want fairness, we want justice, we want truth, we want equality".

For example, poor countries are at a significant disadvantage in the present negotiations in the WTO. We are at the disadvantage on such issues as labor, environment, intellectual property rights. Negotiations at the WTO are continuous but very few are on the table. Many meetings conducted by the few, mainly by the developed nations in disregard of the majority of the developing and less developed nations. Poor countries lack the expertise to participate in technical terms in trade debates. It has been estimated that almost 60 per cent of developing countries members of the WTO are handicapped in their participation. Poor nations must band together.

For example, in the Philippines we have only one representative in Geneva. I don't know how many staff members — 1 or 2? There is no policy of readiness. How can we face WTO? How can La Salle face the Brazil football team if there is no plan, at least, no policy of readiness? When shall we have training? When to have exercises? What support to give to the players?

In the preambular clause establishing the WTO, it says 'that there is need for positive efforts designed to ensure that developing countries, and especially the least developed among them, secure a share in the growth in international trade commensurate with the needs of their economic development.' And under paragraph 5 of the enabling clause of WTO, it states and I quote, 'the developed countries', that means the rich ones — the United

States, Japan, European Union — 'do not expect reciprocity for commitments made by them in trade negotiations to reduce or remove tariffs and other barriers to trade of developing countries'. Again, this means the developed countries do not expect the developing nations, in the course of negotiations, to make contributions which are inconsistent with their individual development, financial and trade needs. Developed contracting parties shall therefore not require the less-developed contracting parties to make concession that are inconsistent with the latter's development, financial and otherwise.

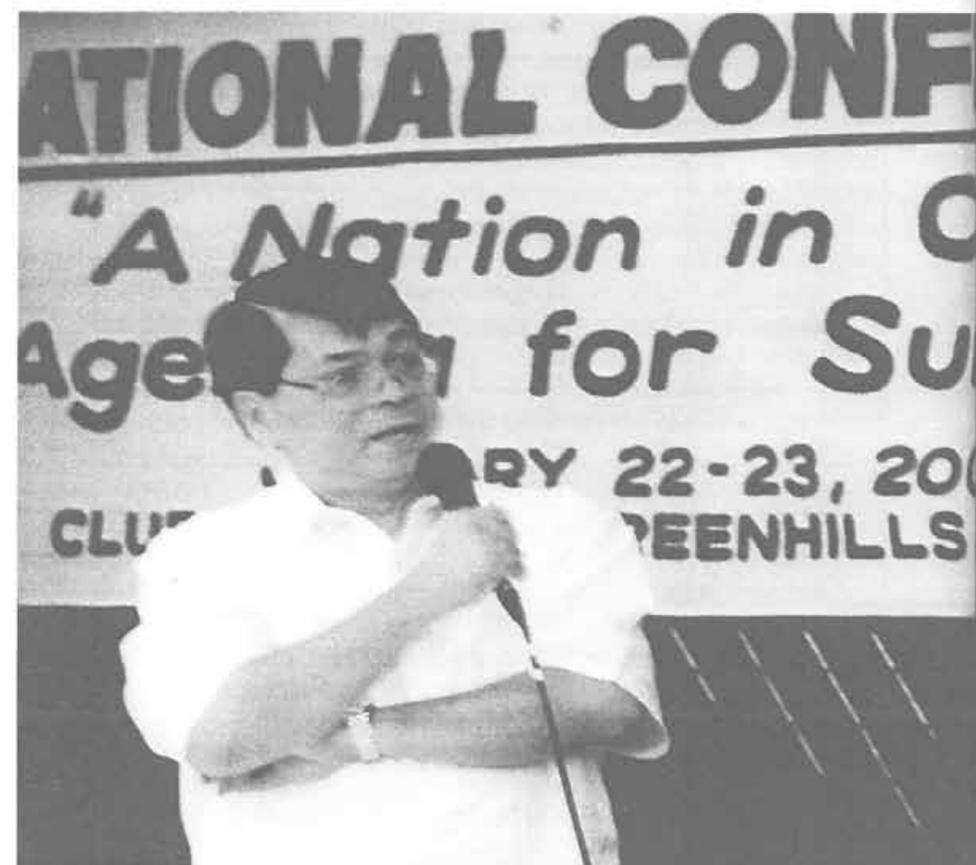
Therefore, I say, if the very WTO rules allow special and differential treatment, then we must cry out and say, 'let us invoke that and act accordingly'. We want access to their markets with lower tariffs. We need time to build and integrate our own industries, our own agriculture. We need time to integrate Basilan's rubber and algae, carageenan with the other industries in Cebu where there is processing. We need to integrate our island industries with our national economy. Build food, basic food, clothing and shelter for our people before we export. Anyway, we export tuna to European nations where they impose 25 per cent tariffs. It will be very hard for our people to sustain that kind of export. Let us feed our people first before we export.

Finally and sixth, my humble suggestion is that we must speak out, cry out, shout for other poor developing countries to join us in this cry for survival, justice and truth. On the experiences of poor people who are affected by globalization, we must speak out. Our local farmers, industrialists and businessmen should speak out.

Although I understand that they are already fired because government does not listen, we should continue to speak out. If we are not ready, then we must say so to the government. If we need something, then we must advocate. If we deserve something, we must undertake a crusade. We will be here to fight for you, for the national interest, to rouse the Filipino from a creeping sense of helplessness. Yes, the Filipino can rise again.

We must fight for the Filipino. We must fight for our rights and we must strengthen the agricultural and industrial sectors of this nation. As articulated by Bobby, we are even mandated by the Constitution to have effective control of the nation's economy.

We must build, not perish. We must be proud one day to be a Filipino manufacturer, a Filipino farmer or fisherfolk. We have this land of 7000 islands. We have these resources, God-given and blessed to our children. We must fight for them and proudly stand one day and say I am a Filipino.



SAAN TAYO PATUTUNGO?

Rene E. Ofreneo, Ph. D.



SITUATION IN 2000

(October 12, IMF's policy dialogue
with NEDA-PIDS experts)

QUESTIONS:

Fundamentals are OK (export growth, trade
surplus, low inflation, low interest)

But why

High Employment (13.9% April 2000) and
High Underemployment (25.1%),
and why the budget deficit

SITUATION IN 2002**QUESTIONS:**

Fundamentals are OK (export growth,
trade surplus, low inflation, low interest)

But why

High Employment (13.9% April 2000) and
High Underemployment,
and why the budget deficit (P210B?)

**UNEMPLOYMENT AND UNDEREMPLOYMENT
IN THREE DECADES OF NEO-LIBERAL ECONOMIES**

PERIOD	UNEMPLOYMENT	UNDEREMPLOYMENT
70-75	5.35	11.76
75-80	5.40	12.68
80-85	9.93	24.88
85-90	10.46	21.88
90-95	8.57	21.02
95-98	8.31	20.93

**UNEMPLOYMENT AND UNDEREMPLOYMENT
IN THREE DECADES OF NEO-LIBERAL ECONOMIES**

PERIOD	UNEMPLOYMENT	UNDEREMPLOYMENT
1999	9.8	22.1
2000	11.2	21.7
2001	10.8	16.9
2002 (July)	11.2 (4M)	17.1 (5M)

NOTE: Share of industrial sector employment — 14-17 per-
cent since the 1960s to the present (mfg., 10-12)

QUESTIONS, QUESTIONS, QUESTIONS

- If fundamentals are OK,
- Why unemployment growing?
- Why underemployment unchanged?
- Why poverty deepening?
- Why budget deficit escalating?

SOME ANSWERS

- Despite an open regime, investments not coming in
- Flood of imports drowning out local industry and agriculture
- Very few winners, many losers under globalization
- RP dependent on borrowings

MAJOR DEVELOPMENTS IN 2001-2002

- Narrow growth (telecom, call center)
- Crisis of domestic industry and agri under globalization
(drowning in imports)
- Services (informalization) and Overseas labor market ex-
panding (2800 OFWs daily)
- Endless borrowings to cover deficits
- Declining tax intake due to tariff reduction, smuggling, col-
lapse of taxable industries
- Layoffs, decreased incomes

MAJOR POLICY THRUSTS IN 2001-2002

- MTPDP – more of the same liberalization
- Infra spending through borrowing
- Holiday economics
- So-called shift in December 2002

- o from macro to micro
- o from demand to supply

SITUATION aggravated by political divisions, terror politics, war in Mindanao

PROSPECTS FOR 2003-2004

RP's credit rating going down – Fitch's, Standard and Poor, Moody's

More import flooding under AFTA, WTO (plus China Challenge)

Debt crisis resurfacing (might precipitate a financial crisis); debt almost equal the GDP

Global environment difficult (recession, Gulf War)

Crisis of unmet expectations

747 won't fly (unrealistic assumptions)

GMA's 8 - Point Program

- Strengthen SMEs
- Jumpstart housing
- Reduce cargo costs from Mindanao to Luzon
- Decongest Metro Manila
- Mark up PCGG's Fiscal contribution
- Make Makati and reclamation area tourism areas
- Stimulate private sector investment in agriculture
- Address budget deficit

OK - BUT DO THEY ADDRESS problems of collapsing industry and agriculture under globalization? Lack of depth and breadth of the agro-industrial structure?

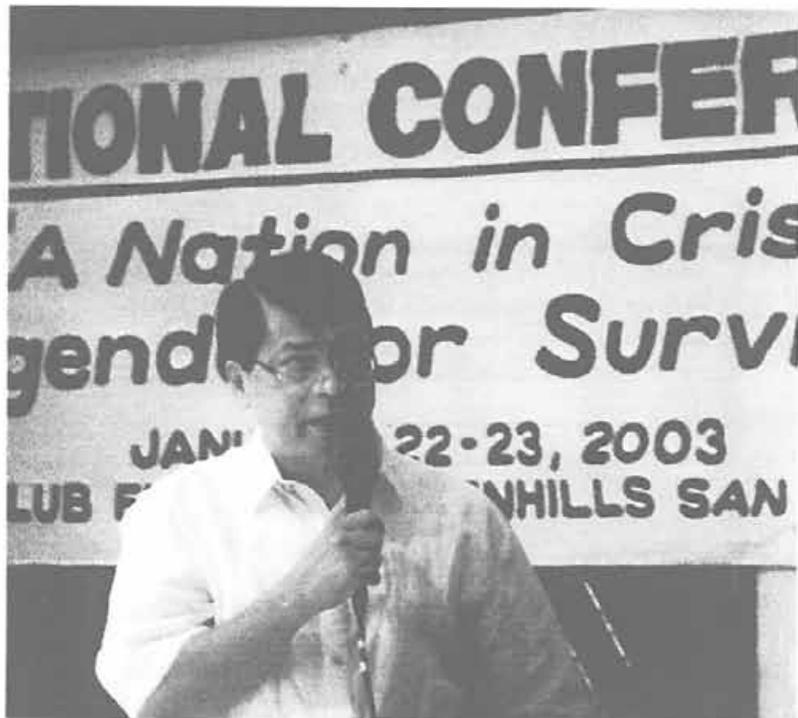
CHALLENGES FOR NGOs AND CAUSE-ORIENTED GROUPS

- Re-visioning development
- Re-thinking privatization
- Strategizing RP's position under globalization – AFTA, WTO, GATS, AoA, TRIMS, Cancun
- What to do with an eroded industrial sector
- What to do with a devastated agricultural sector
- What to do with a growing informal sector
- What to do with the disadvantaged and the non-tradeables

WHAT ARE ALTERNATIVE PROPOSALS IN BUILDING UP A STRONG REPUBLIC?

OVERALL CHALLENGE

How to mobilize the nation behind a development program the people can truly identify with and start the difficult process of transforming an economy debased and fragmented by three decades of narrow neo-liberal economics



From Core to Periphery: Why Has the Philippines Failed to Industrialize

Dr. Rene E. Ofreneo
Co-Convenor
Fair Trade Alliance

THE ROOT CAUSES of our industrial backwardness have been discussed many times over in various fora.

The latest discussion on this was the Conference held in August 2002 at the University of the Philippines on the theme "From Core to Periphery". The title 'core to periphery' means that the Philippines was once upon a time in the 'core' of development; now we are sadly at the 'periphery', clustered with countries such as Bangladesh, Sri Lanka and other countries being left behind by the Asian NICs and the new Asian dragons such as China, India, Malaysia and Thailand. In the early 1960s, the Philippines was considered one of the most progressive in Asia.

As a matter of fact, some of the Korean and Taiwanese auto experts used to come to the Philippines just to study our automotive industry. At one point, we even had the Sakbayan, the Filipino car, and the Trakbayan, the Filipino truck. We also developed the Ford Fiera, the forerunner of the Asian utility vehicle (AUV).

There were a lot of people from Thailand and Vietnam who went to UP Los Baños to study how to green their agriculture and how to promote self-sufficiency in food.

So what has happened? Why were we left behind by our neighboring Asian countries when we were ahead of them in the 1960s? In the Conference on 'From Core to Periphery', the unanimous answer of all the 20 resource persons – from industry, labor and academe – are one and the same: the Philippines failed to achieve a genuine structural transformation in the economy.

What are the indicators of the lack of structural transformation?

Let us start with some statistics.

In the 1950s and 1960s, we were ahead, industrially, in South-east Asia. In the 1950s, the Philippines was averaging 6.5 percent GDP growth rate annually, with the industrial sector registering a GDP growth rate of double digits annually. From a predominantly agrarian economy, the Philippines managed to develop in the 1950s a fairly brant industrial sector, facilitated by the imposition of import and foreign exchange controls. The control program allowed the government to promote 'new and necessary' industries, mainly assembly type at the beginning, to replace imported finished industrial products through a virtual program of import-substituting industrialization (ISI).

However, in the next three decades, 1960s to 1980s, our East (Taiwan, South Korea and Hong Kong) and South Asian (Singapore, Malaysia and Thailand) neighbors posted substantial and sustained increases in their GDP. In these decades, Taiwan, South Korea, Singapore and Hong Kong emerged as the new Asian tigers or NICs (newly-industrialized countries). On the other hand, the Philippines began registering a positive but decelerating growth in the 1960s and 1970. And in the 1980s, our growth was even close to zero, a flat one percent, as shown in table 1.

Table 1.

Average growth of GDP in SE Asia, 1950-2000
(average annual percentage)

Country	1950-60	1960-70	1970-80	1980-90	1990-2000
Philippines	6.5	5.1	6.3	1.0	3.2
Singapore	NA	8.8	8.5	6.6	7.8
Malaysia	3.6	6.5	7.8	5.3	7.0
Thailand	5.7	8.4	7.2	7.6	4.2
Indonesia	4.9	3.9	7.6	6.1	4.2

Source: Arsenio Balisacan and Hal Hill, eds., 2003. *The Philippine Economy: Development, Policies and Challenges*, Ateneo Press, p. 7

In the 1980s and 1990s, the Asian NICs continued to forge ahead, while Malaysia and Thailand began leaving the Philippines behind, especially in the industrialization process. Table 2 shows the dramatic structural transformation – measured in terms of the growth of the industrial sector — in the economies of Indonesia, Malaysia and Thailand.

Table 2.

Share of Manufacturing to Total Output
(percent)

	Indonesia	Malaysia	Philippines
Thailand			
1980	15.2	19.6	23.1
2002	26.6	30.0	37.1

Source: ADB Key Indicators.

Another telling indicator of structural transformation, or the lack of it, is the distribution of employment by sectors. In the case of the Philippines, the share of industry in total employment was about 15.5 per cent, which was also the share of industry to employment in the 1960s. In other words, the share of industry to employment generation almost did not change. Up to the present, it is still around 15 per cent. The sector that has been increasing in terms of employment share is services, while that of agriculture has been stagnating.

In contrast, the share of industry in Thailand's total employment nearly doubled in two decades, from 1980 to 1998 (see table 3). Indonesia also did well in its industrialization efforts, although the 1997-98 Asian financial crisis changed the trajectory of growth in this other archipelagic Asian country. As to Malaysia, its industrial employment share went up from 19 to 23 per cent in ten years (1980-1990) but tapered off to 19.0 per cent in 1998. This is still amazing considering that Malaysia was largely agricultural in the 1950s.

Table 3.

Employment by Sectors in Selected Asian Countries
(Percentage Shares, 1980-98)

	<u>Agriculture</u>			<u>Industry</u>			<u>Services</u>		
	1980	1990	1998	'80	'90	'98	'80	'90	'98
RP	51.7	44.5	39.2	15.5	15.9	16.4	32.9	39.5	44.4
Thailand	71.0	64.0	50.3	10.0	14.0	19.7	19.0	22.0	30.0
Indonesia	59.0	57.0	41.2	12.0	14.0	19.0	29.0	29.0	39.8
Malaysia	1.0	27.0	17.3	19.0	23.0	19.0	40.0	50.0	63.7
Korea (S.)	37.0	18.0	13.6	27.0	35.0	33.2	36.0	47.0	53.2

Source: Esguerra et al., 1999.

Note that in the case of South Korea, one of the Asian NICs, its employment in industry was already 27 per cent by 1980, when its industrial base was relatively smaller than the Philippines in the 1950s.

So what is the industrial policy in the last three decades that industrial and economic growth was declining?

There are many political and economic explanations given by different analysts for the Philippine industrial debacle.

But one fact will be difficult to dispute – the development strategy in place in the last three and half decades has not worked. This strategy was crafted by a group of neo-liberal economists working within the confines of the National Economic Development Authority (NEDA) and with strong backing from the IMF-World Bank group.

You see, one agency that was created when martial law was declared in 1972 was the NEDA. Headed by Dr. Gerardo Sicat, NEDA introduced into the country a new development paradigm called the labor-intensive export-oriented (LIEO) industrial strategy, which officially ended the old ISI development paradigm that was in place mainly in the 1950s and partly in the 1960s.

Several foreign LIEO expert economists also came to the Philippines to support the work of Dr. Sicat and convince the government of the supposed benefits accruing to the country once the new development strategy is adopted. These included Dr. John Powers, who based himself at the UP School of Economics (still a

department then) and co-authored with Dr. Sicat a series of articles critical of the ISI strategy; Dr. Gustav Ranis of the Yale Growth Center, who used an ILO Employment Mission to produce a book on how the LIEO strategy can create jobs for the Philippines; and Dr. Hla Myint of the Asian Development Bank, who wrote for the newly-established Asian Development Bank (ADB) the rationale for giving development financing in support of the LIEO strategy in labor-surplus agrarian economies of Southeast Asia.

One way or the other, Dr. Sicat and these economists have been instrumental in forming the new development paradigm. They said then that there was massive unemployment in the Philippines because there were not enough jobs being generated by industry and agriculture, and that industry and agriculture were not doing well because they were servicing or focused on a very limited domestic market. So, the question raised was: why does not the Philippines adopt this new paradigm called labor-intensive, export-oriented industrialization? This was the reason we put up the Bataan Export Processing Zone (BEPZ) and other EPZs, supplemented by the bonded warehousing manufacturing program (BWMP), which allowed re-export manufacturers to import raw materials duty-free so long as they were for re-export manufacturing. Eventually, these BWMP units multiplied and a good number of them today have become havens for the smuggling of cheap imports distributed in the domestic market, not storage of materials for export.

At any rate, the whole idea was to make the economy 'outward looking', not 'inward looking', on the assumption that this was the best way of reducing unemployment.

And how should LIEO work? Aside from the creation of the EPZs and the accreditation of BWMP units, the government enacted laws giving fiscal and export incentives to LIEO investors, principally multinationals with access to the world market. To develop the needed infrastructures, the government went into 'development finance' or borrowing to finance development. The World Bank, in fact, declared the Philippines as 'an area of concentration' of WB lending activities, ostensibly in support of the development projects of the martial law regime. In reality, the WB projects were meant to strengthen the LIEO development strategy.

In the late 1970s, the WB pushed for the deeper liberalization of the economy, arguing that it was not outward looking enough. This paved the way for the adoption by a beleaguered Marcos

regime of a new economic program dubbed as structural adjustment program (SAP) aimed at opening up the economy wholesale, sector by sector, starting with the industrial sector, followed by the agricultural sector, financial sector, energy sector and so on. The major implementing policy measures used for the implementation of SAP include trade liberalization measures (tariff reduction and de-listing of restricted imports), investment liberalization, export promotion, agricultural deregulation, currency and interest rate flotations, privatization and other measures meant to liberalize the economy.

The change in government ushered in by the EDSA I's 'People's Power Revolt' in 1986 did not alter the economic policy regime. In fact, SAP was maintained and even deepened by the government of Mrs. Corazon C. Aquino.

In the 1990s, SAP was consolidated by the Ramos Administration with the adoption of ultra-liberalization measures such as the implementation of a radical tariff reduction program aimed at reducing the average tariffs to 0-5 percent by the late 1990s. Thus, when the Philippines joined the WTO in 1994, it made tariff binding commitments based on a tariff schedule which was relatively lower than those made by other developing countries. It was under the Ramos Administration that the term 'globalization' became nearly synonymous with trade liberalization and privatization.

But what has happened under LIEO and SAP policy regimes?

First, the promised growth in jobs and reduction in unemployment did not materialize. As shown in table 4, unemployment, in the single digit in the 1970s, virtually doubled in the 1980s. It eased a bit in the 1990s but returned to double digits starting the year 2000.

The picture of mass unemployment and stagnant growth would have been worse were it not for the phenomenal expansion of overseas employment, in itself an indication of the failure of the economic policy regime. From several thousands in the early 1970s, the 'temporary' 'overseas contract workers' (OCWs) grew rapidly to several millions of re-baptized 'overseas Filipino workers' (OFWs). In 1995, in the course of the official inquiry made by the Gangayco Commission on the death of Flor Contemplacion in Singapore and the situation of OFWs in other countries, it was estimated that there were around five (5) million

OFWs in over 100 countries and nearly half of the total are 'un-documented' OFWs.

Table 4.

Unemployment and underemployment 1970-July 2002 (percent)

<i>Period</i>	<i>Unemployment</i>	<i>Underemployment</i>
1970-75	5.35	11.76
1975-80	5.40	12.68
1980-85	9.93	24.88
1985-90	10.46	21.88
1990-95	8.57	21.02
1995-98	8.31	20.93
1999	9.8	22.1
2000	11.2	21.7
2001	10.8	16.9
2002 (July)	11.2 (4 million)	17.1 (5 million)

Source: NSO, various years.

In 1986-87, the 'Yellow Development Plan' of President Corazon Aquino retained the SAP program. The plan declared that unemployment shall be reduced to 5 percent by the end of 1991. The opposite happened. And a decade after, in 2001, the unemployment figure remained at double digits. The latest, as of July 2002 is 11.2 percent. There are today roughly four million unemployed and 5 million underemployed.

But there are other facts to consider:

The share of the industrial sector to Philippine employment has remained virtually unchanged, fluctuating between 14 to 16 percent from 1960 to the present (see table 3). In other words, there is no meaningful structural transformation in terms of industrial expansion. The share in employment of manufacturing — the most important indicator of industrial growth — has remained in the range of 9 to 12 percent

What has been increasing is the services sector, at the expense of the stagnating agricultural sector. But a large part of the

services sector is informal. The formal side of the services sector is sustained by the spending of OFW families, who patronize most of the new malls sprucing up in the country. On the other hand, the informal side of the services sector is driven by the survival needs of the ever-expanding army of rural and urban poor who cannot find sustainable jobs in the small formal industrial sector and in the stagnating agricultural sector.

So why has there been no structural transformation in the economy?

As captured in the statistics on employment and growth, the Philippine economic story is one of failure of transformation – the industrial sector hardly growing, the agriculture sector stagnating and the services (both the formal and informal sides) the only sector growing. A new sector has also been added to the economy – the OFW labor market, which keeps growing and serves as the economy's lifeline.

But is the OFW phenomenon not a clear indicator too of the failure of the industrial policy regime? During the 1970s, the government did not tire telling the nation that the labor migration policy was a stop-gap measure and would disappear once the LIEO program took off. So why has the economy failed to take off under the LIEO-SAP policy regime and why has the stop-gap labor migration policy become permanent?

One clear answer is the narrowness of the LIEO-SAP program. The program is dependent mainly on foreign investments flowing into ODA-built EPZs. Investors did come in but mainly in two industries – electronics assembly and sewn garments. Such investments came in as part of a global multinational strategy of relocating labor-intensive production in cheap-labor export platforms in the Third World. They are part of the global contract manufacturing of MNCs.

Of course, there is nothing wrong in allowing foreign investments to come in and create productive facilities and jobs. The problem is that the amount of foreign investments that came in was not enough to lift the entire country out of its stupor or boost growth nation-wide. Moreover, operating in economic enclaves, the new investments were not able to create value-adding linkages nor trigger a substantial multiplier effect on domestic industry and agriculture.

Secondly, the LIEO-SAP program was outrightly biased against local producers and industrialists, often pictured in the

writings of neo-liberal economists as 'inefficient' and 'rent-seeking' based on the plistic logic that these producers were getting assured profits or rents through high tariffs and import restrictions. There maybe some basis for such an analysis but the overall objective effect of the implementation of the LIEO-SAP program was a failure to involve the domestic entrepreneurial and industrializing class in the country's industrialization efforts. Thus, two or three decades after the LIEO-SAP, the country could hardly identify any major Filipino global export champions producing local products out of local materials and talents.

Moreover, the domestic industrial sector has been weakened, if not penalized, by the government's failure to maintain support for the locals, the government's failure to inform and coordinate with them with regard to the implementation of the SAP measures, the government's unilateral and radical reduction of tariffs and liberalization of the trade regime, the government's tendency to levy more and more taxes on the domestic producers (since the EPZ firms are usually exempted), and the rising cost of doing business due to the declining peso (which makes importation of inputs and technology expensive), rising interest rates, increasing cost of power and so on and so forth. Thus, by the late 1990s, the industrial landscape was littered with the carcasses of domestic industries which had collapsed. A good example is the textile industry. In the 1970s, there were over 200 textile companies. Today, there are less than ten, as the industry, instead of modernizing and expanding, has been gobbled up by cheap textile imports, many of which are smuggled through the bonded warehousing facilities of garments exporters, a number of which are now leaving the country in favor of other cheaper locations in Asia and elsewhere.

To complete the story, the Philippines, since the early 1980s, has to pay a high price for the cost of borrowing so much in the 1970s in support of the LIEO program, in support of the reorganization of the economy. The \$24 billion bequeathed by the Marcos regime has since ballooned to \$50 billion or so as of 2002. The problem is that the servicing of the foreign debt eats up 40 percent or so of the national budget, thus making the Philippines less competitive as the government is unable to provide cheaper infrastructures and invest more on competitiveness-raising programs such as science and technology development, better education and the likes.

The LIEO-SAP is a stark failure. And yet, there are voices in the neo-liberal school saying that the Philippine industrial failure is due to the ISI policy and general economic protectionism.

So what is the future for the economy?

Today, the economy has domestic industry, agriculture, services and exports, which are operating as separate "islands". There is limited complementation among them. There is also limited processing of agricultural and industrial products. Because of limited linkages and limited processing, there is limited value addition. The limited exchange and complementation between regions explains why some economists have the temerity to say that the Mindanao conflict has a limited impact on the national economy. Of course!

Because of the precarious nature of the economy and the decline of the culture of industrialism in the country, many Filipino businessmen have been shying away from long-term industrial projects. Some authors call this phenomenon 'ersatz capitalism'. However, they fail to give the deeper reasons why businessmen are behaving this way. For in the present scheme of things, the most profitable undertakings or options for an entrepreneur will be — to serve as subcontractors for multinationals, to go into trading, to invest in government-guaranteed bonds or infrastructure projects (via the build-operate-transfer scheme), or to engage in manpower recruitment for the overseas labor market.

Due to the fragmented nature of the economy and the lack of a coherent development vision, the government sometimes takes a hands-off standby policy in dealing with problems involving quarrels among industries, for example, the quarrel between the food-processing and the sugar industries, the downstream versus the upstream industries in the petrochemical industry, the livestock growers versus the meat integrators and so on. Instead of harmonizing their interests and promoting a unified win-win industrial vision for each industry, the government is reduced to a spectator, unable to play the role of a development leader for all sectors and the economy as a whole. Instead of becoming Philippines, Inc., we have become Philippines Divided.

In the meantime, our agro-industrial base keeps eroding. We have only two export winners — electronics assembly and sewn garments, which account for 70-80 per cent of the total exports of

the nation. But even these two industries are starting to contract, as the MNCs and their global contract manufacturers have started looking for cheaper location sites such as China.

Can the Philippines grow on the basis of only one or two 'export winners'? Can the Philippines remain only a sub-contractor of transnationals?

The Philippines, unlike Taiwan, never graduated into what is called as 'original export manufacture'. At one time, we tried to promote the Filipino car industry, requiring that car assemblies be sourced locally. We required 40 percent local content. This was never followed. Several of our car parts manufacturers closed down. With the ASEAN Free Trade Agreement (AFTA) coming in force this year, some of the car assemblers are thinking of relocating or consolidating their operations in Thailand, which is five times bigger than our assembly, and even China. Our remaining parts manufacturers are those producing globally like the Yazaki Torres.

Can the Philippine population depend mainly on OFW earnings? This is what keeps our economy alive. Of course, we also know that there are developments in the overseas labor market. Countries like China, India, those in Eastern Europe are eating into it. In the Middle East, they have a nationalization or localization program. We do not know how long we can send our people there.

Can the Philippines afford a continuing erosion of the traditional industrial and agricultural base? They say that with the global opening up and the global competition, industry will become more efficient and we will see the rise of stronger industry and stronger agriculture. That was the theory. In practice, the opposite happened.

Can the Philippines feel secure amid an avalanche of agricultural imports?

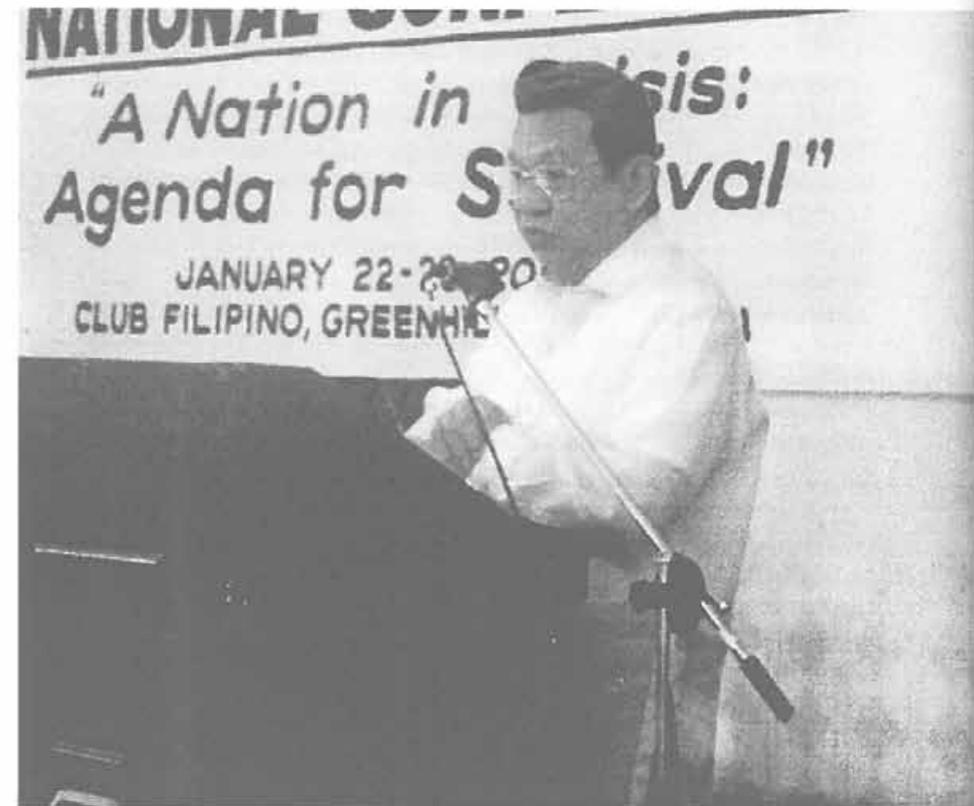
Can the Philippine pay its way out of its huge debt crisis? Our debt now, like in the 1980s, is almost as huge as our Gross Domestic Product. In Argentina, their debt crisis exploded when the debt-to-GDP ratio reached 70 to the GDP. Probably because of the substantial remittances from our OFWs, we are still a bit stable and do not feel the problem related to this. But for how long can sustain the stability of our fiscal-monetary situation?

Overall, can the Philippines sustain itself without a clear vision of an integrated development program crafted mainly on the basis of Philippine national interests?

Economic Nationalism and the National Treatment Clause: The Philippine Constitution vs. The WTO Agreement

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IT WILL NOT DO JUSTICE to the long-term interests of the Filipino nation to present the wide-ranging impact of the Agreement Establishing the World Trade Organization (WTO) on Philippine civil and political life in terms solely of commodity trade. For the Uruguay Round of Multilateral Trade Negotiations, which resulted in that Agreement, are not limited to regulation of trade in goods as was the case with the General Agreement of Tariffs and Trade (GATT) of 1947. Precisely, a notable feature of the Uruguay Round consisted of entirely new areas of international legal regulation to be enforced by a new world body, the World Trade Organization. The Agreement on Trade-Related Investment Measures (TRIMS) establishes significant aspects of an international regime on foreign investments. The Agreement on Trade-Related Aspects of Intellectual Property (TRIPS) governs intellectual property, which used to be within the traditional coverage of national jurisdiction. The General Agreement on Trade in Services (GATS) institutes international standards for the practice of professions across national borders, as well as regulate banking and other financial services, insurance, telecommunications, transport, construction, tourism, and a much broader field of other services. Philippine professions which will be subject to international regulation under GATS include accounting and auditing, medicine, law, management, engineering, and architecture. The impact on national culture will be considerable, generated by unimpeded transborder dataflow and information systems, in particular of satellite television, movies, videos and other cultural goods.



The intrusion of multilateral decision-making into strategic and vital areas of Philippine policy is by no means limited to economic matters. It reaches into social and political relations in our society, which will expectedly pass into the jurisdiction of the WTO.

A question of deep-going implications on our future as a people is raised by the fact that under the WTO Agreement the Philippines is governed by the national treatment principle with respect to the treatment of certain categories of foreign investments and intellectual property rights, as well as in regard to the practice of profession, banking and financial services, insurance and a broader spectrum of other services. This means that in these matters the Philippines is under obligation to treat foreigners as having the same relevant rights as Filipino citizens, as defined by the WTO Agreement. In our history, the parity rights in favor of American investors, which the US government forced upon our Constitution became an explosive controversy. Now we are presented with parity rights in favor of all foreigners as defined by the WTO agreement, covering a much more extensive field of rights and privileges. In particular, national treatment in favor of foreign investors will strike directly on interests decisive on the future course of the national economy, in the sense that this will accelerate the speed of developments towards a new century when foreseeably the Philippine economy will lose its national character.

Consequently, under the WTO Agreement, national treatment of foreign interests holds the inevitable prospect of superseding economic nationalism as a fundamental premise of the Philippine economy, as outlined below. Considering that the Constitution is founded on economic nationalism, then the operations of global capital under the aegis of the WTO Agreement are on the way to sweeping away the very rationale of the Philippine nation-state in our fundamental law.

On the whole, the WTO Agreement will have the effect of shifting the fundamental premises of our national life, on two points:

Firstly, the shift from economic nationalism to national treatment of relevant foreign interests; and

Secondly, the transfer of decision-making from national supranational authorities, in matters vital to our economic, social and political life.

The first undermines the fundamental premises of the Constitution based on economic nationalism. The second entails a serious restriction of self-determination through the enactment of laws in policy areas covered by the Agreement.

Altogether the two shifts will spell the transformation of the Philippines from a national economy to globalized economy. How foreign capital will assume decisive power without responsibility is pointed out by Sinco in the context of the parity rights question in the 1940s, as follows:

To give aliens the right to exploit the natural resources is to create a condition of inequality between them and the citizen. The alien will become a privileged individual. For he does not have all the duties and obligations of a citizen. The citizen has more obligations and responsibilities. The government may not compel an alien to render military or civil service to the country. He is not bound to pay taxes for his income or business abroad The country may not expect from him unstinted devotion and undivided loyalty. His loyalty is first and foremost to his own motherland. Thus to give aliens exactly the same rights as citizens, particularly in respect to natural resources, is to place the alien on a superior position over the citizen.¹

The situation involved in the national treatment principle under the WTO Agreement is far more serious than what was contemplated by Sinco in the context of parity rights issue of the 1940s. The WTO national treatment clause covers more sectors and activities in the Philippine economy.

As the US government forced the amendment of the Philippine Constitution to establish national treatment for US investors, predictably the WTO Agreement will generate tremendous pressure on the Philippines to eliminate constitutional obstacles that impede the application of the WTO national treatment principle.

I. Economic Nationalism in the Constitutional System

1. Economic Nationalism as a Foundation Principle

Integral to the membership in the Philippine polity are economic rights which are essential to the life's support of the people not only in their individual selves but as a nation. Priority, or even exclusivity, in access to the country's natural resources is a safeguard accorded to citizens by the fundamental law as a means

of economic security as well as the material basis for their economic well-being and social progress. Thus, economic nationalism is established as one of the fundamental principles of Philippine constitutional law.² Described by the Philippine Supreme Court as "a primary objective of the Constitution,"³ nationalist protectionism underlies its provisions relating to "public ownership of natural resources and the limitation of their exploitation to Filipino citizens or Filipino-controlled corporations or associations; nationalization [i.e., Filipinization] of public utilities; and prohibition against landholdings by aliens."⁴ These provisions show that the Constitution was, according to the Supreme Court, framed in "an intense spirit of nationalism".⁵

To Sinco, among the premises of the Constitution is the principle that "land and other natural resources of the Philippines constitute the exclusive heritage of the Filipino nation."⁶ The Filipinization safeguards of the Constitution express "the anxiety of the Filipino people over alien control of the nation's economic life."⁷ This reflects the underlying philosophy in the proceedings of the 1934 Constitutional Convention's Committee on Nationalization and Preservation of Lands and Other Natural Resources, which affirms that –

*land, minerals, forests, and other natural resources constitute the exclusive heritage of the Filipino nation. They should, therefore, be preserved for those under the sovereignty of that nation and for their posterity.*⁸

The purpose of the Filipinization safeguards in the Constitution, according to the Supreme Court in *Krivenko v. Register of Deeds*, is –

*to establish a permanent and fundamental policy for the conservation and utilization of all natural resources of the nation.*⁹

The proceedings of the Constitutional Convention of 1934 are instructive on the rationale of the protectionist principles of the fundamental law. The framers of the 1935 Constitution, were of the conviction that, as summarized by Aruego:

....the natural resources, particularly the mineral resources which constituted a great source of wealth,

*belonged not only to the present generation then but also to the succeeding generations and consequently should be conserved for them. They expressed the fear that, if the freehold system was adopted, some of the mineral lands after they had become private property through the grant of a patent might eventually get into the ownership or control of foreigners to the prejudice of Filipino posterity.*¹⁰

The place of economic nationalism in our Constitutional system in relation to the durable interests of the nation is interpreted by a constitutional law authority (Vicente Sinco) in the following tenor, which the Supreme Court quoted with approval in *Republic v. Quasha*:¹¹

It should be emphatically stated that the provisions of our Constitution which limit to Filipinos the rights to develop the natural resources and to operate the public utilities is one of the bulwarks of our national integrity. The Filipino people decided to include it in our Constitution in order that it may have the stability and permanency that its importance requires. It is written in our Constitution so that it may neither be the subject or barter nor be impaired in the give and take of politics. With our natural resources, our sources of power and energy, the material basis of the nation's existence, in the hands of aliens over whom the Philippine Government does not have complete control, the Filipinos may soon find themselves deprived of their patrimony and living as it were, in a house that no longer belongs to them.

Even as the Parity Amendment in favor of US citizens and corporations in the exploitation of Philippine natural resources, constituted an imposed exception to the Constitutional principle of economic nationalism – a case of national treatment accorded to US investors – still the Supreme Court construed it so strictly as to uphold the nationalist objectives of the fundamental law. Thus, in *Republic v. Quasha*, it declares:

That Filipinos should be placed under the so-called Parity in a more disadvantageous position than United

*States citizens in the disposition, exploitation, development and utilization of the public lands, forests, mines, oils and other natural resources of their own country is certainly rank injustice and inequity that warrants a most strict interpretation of the "Parity Amendment", in order that the dishonorable inferiority in which Filipinos find themselves at present in the land of their ancestors should not be prolonged than is absolutely necessary.*¹²

Little did the Supreme Court anticipate that as we move towards the new century, the nation will be confronted with the prospect of a wholesale ascendancy of Parity, this time for all foreign investors in the national treatment clause of the WTO Agreement, a grim possibility that might carry us to a revision of the present Constitution of economic nationalism, to be replaced by a new regime which Sinco called an "alien sovereignty in the Philippine Republic," in which parity rights for foreign investors will be the rule, and economic nationalism reduced to a meaningless exception.

2. The Present Constitution Strengthens Economic Nationalism

Retaining the nationalist orientation of the 1935 Constitution, the present fundamental law covers more grounds under its protectionist policy. It has eliminated the concept of the service contract introduced by the martial law Constitution and restored the original strength of the Filipinization safeguards against alien exploitation and utilization of the country's natural resources.¹³

The broader coverage of economic nationalism under the 1987 Constitution consists of the following features:

1. Section 7, Article II declares as a State Policy the pursuit of an independent foreign policy in which "national sovereignty, territorial integrity, national interest, and the right to self-determination" shall be the paramount consideration in relations with other States. This should subserve the Constitutional objective set in another State Policy under Section 19, Article II, namely, that "the State shall develop a self-reliant and independent national economy effectively controlled by Filipinos". This implies that, for the first time in our constitutional history, foreign policy becomes explicitly instrumental, geared to a specific goal in developing an economy based on nationalism.

2. Within this Constitutional policy framework, various provisions assume a definite pattern, each serving as a component of a national economy of nationalist character:
 - (a) The mandate of Section 2, Article XII places the exploration, development, and utilization of natural resources under the full control and supervision of the State, and in undertaking those activities, the State is restricted to deal only with "Filipino citizens, or corporations or associations at least sixty per centum of whose capital is owned by such citizens."
 - (b) Only Filipino citizens can acquire private lands or lands of the public domain, under Sections 2, 3 and 7, Article XII.
 - (c) In Section 2, Article XII, it is the duty of the State to reserve the nation's marine wealth in its waters and maritime zones for the exclusive use and enjoyment of Filipino citizens.
 - (d) Franchise, certificate, or any form of authorization for the operation of public utilities can only be granted to "citizens of the Philippines or to corporations or associations organized under the laws of the Philippines at least sixty per centum of whose capital is owned by such citizens," as required by Section 11, Article XII. In the case of the corporations with the requisite equity for foreigners, there is the further restriction that the "participation of foreign investors in the governing body of any public utility enterprise share in its capital." It is also required that all the executive and managing officers of such corporations "must be citizens of the Philippines".
 - (e) Section 4(2), Article XIV requires that outside those established by religious groups of mission boards, educational institutions shall be owned solely by citizens of the Philippines or corporations or associations at least sixty per centum of the capital of which is owned by such citizens", vesting in Congress the express authority to require "increased Filipino equity participation in all education institutions". In any case, "control and administration" of educational institutions shall be in the hands of Filipino citizens.
 - (f) Section 11(1), Article XVI provides that the "control and management of mass media shall be limited to citizens of the Philippines, or to corporations, cooperatives or associations, wholly-owned and managed by such citizens".
 - (g) Foreign presence in the advertising industry is limited. Under Section 11(2), Article XVI, "Only Filipino citizens or corpora-

tions or associations at least seventy per centum of the capital of which is owned by such citizens shall be allowed to engage in the advertising industry". Accordingly, the participation of foreigners in the governing body of advertising firms is limited to "their proportionate share in the capital thereof". The executive and managing officers of such firms are required to be Filipino citizens.

- (h) Under Section 14, Article XII, Filipino citizens receive special Constitutional protection in the practice of their professions. It establishes the general rule that the "practice of all professions in the Philippines shall be limited to Filipino citizens."

Their protection subserves a national purpose of promoting a "sustained development of a reservoir of national talent of Filipino scientists, entrepreneurs, professionals, managers, high-level technical manpower and skilled workers and craftsmen in all fields." This reservoir is the constitutional basis for achieving technological independence for the welfare of the nation.¹⁴

- (i) Legislative power takes a more comprehensive direction along economic nationalism when in Section 10, Article XII, the Constitution prescribes under certain conditions that Congress shall :

(1) "reserve to citizens of the Philippines or to corporations or associations at least sixty per centum of whose capital is owned by such citizens, or such higher percentage as Congress may prescribe, in certain areas of investments"; and

(2) "enact measures that will encourage the formation and operation of enterprises whose capital is wholly owned by Filipinos."

This mandate receives a reinforcing complement in an equally comprehensive requirement in the same Constitutional provision to the effect that –

In the grant of rights, privileges, and concessions covering the national economy and patrimony, the State shall give preference to qualified Filipinos.

- (j) Congress has the primary responsibility to take positive measures to carry out the directive of Section 12, Article XII that —

The State shall promote the preferential use of Filipino labor, domestic materials and locally produced goods, and adopt measures that help make them competitive.

- (k) Section 7, Article XIII affords special protection to our subsistence fishermen. What deserves emphasis in the present context is the fact that the protection is based on nationalist consideration. It provides, thus:

The State shall protect the rights of subsistence fishermen, especially of local communities, the preferential use of the communal marine and fishing resources, both inland and offshore....The protection shall extend to offshore fishing grounds of subsistence fishermen against foreign intrusion.

Philippine jurisprudence provides a safeguard mechanism to insure strict compliance with the Constitutional principle of economic nationalism. Commonwealth Act No. 108, known as the Anti-Dummy Law, enforces the Filipinization requirements of the Constitution by subjecting to criminal prosecution any Filipino citizen or foreign national "who allows his name or citizenship to be used for the purpose of evading" any constitutional or legal provision which requires "Philippine or any other specific permitting or allowing citizenship as a requisite for the exercise or enjoyment of a right, franchise or privilege."

In particular, criminal liability attaches to any of the following acts under the Anti-Dummy Law:

- (1) permitting or allowing the use, exploitation or enjoyment of such right, franchise, privilege, property or business by a person or corporation not possessing the requisites prescribed by the Constitution or the law;
- (2) leasing, transferring or conveying such right, franchise, privilege, or property or business by a person or corporation not qualified under the Constitution or the laws; and in any manner such person or corporation "to intervene in the management, operation, administration or control" of such right,

privilege, property or business "whether as an officer, employee or laborer therein, with or without compensation."

Expectedly, the trends to be generated by the national treatment clause of the WTO Agreement have the prospects of eliminating nationalism as the economic basis of the Constitution and thus the abolition of the dummy, or if WTO of the GATT principles will be enthroned in the fundamental law through the next wave of the Constitutional amendments or revision, we may see the imminent constitutionalization of economic rights of aliens.

The language and intent of the fundamental law is plain and unmistakable, and it should be a source of public amazement that its central message is disregarded amidst the controversies over the WTO Agreement. Perhaps, the Constitution has become the hardest document to read because it speaks the language of economic nationalism and thus it becomes an impediment to the undisguised ascendancy of global capital as the prime-mover of the nation's economic development, with the consequence that the country's traditional political leadership has developed a sense of shame towards nationalism in the conduct of international trade and finance.

II. **The War Against Economic Nationalism: WTO Regime of National Treatment for Foreign Investors**

1. **Assault on the Constitution**

The Constitution has been under attack on account of economic nationalism as a principle of conservation and development of the national patrimony. With the ascendancy of global capital, the pressure has increased all the more to do away with the Filipinization safeguards, in particular with respect to ownership of lands. Through the decisive leverage of multilateral financial institutions, the central role of global capital in the formulation of economic-development strategies has placed the country's political leadership in the hands of those whose thinking coincide with the intellectual outlook and material interests of foreign capital—which altogether finds consolidation in the programs applied on the Philippines by the IMF and the World Bank in the last 45 years.

Foremost is the special interest of the World Bank Group in the elimination of constitutional restrictions on land ownership as a

measure to attract foreign investments.¹⁵ Japanese investors have articulated the need to own land for factory sites, through the Philippine-Japan Economic Cooperation Committee.¹⁶ The Japan Chamber of Commerce and Industry has called for recognition of the right to own real estate on the part of its member companies. Japanese business leaders consider the 60-40 capital equity requirement in favor of Filipino partners as "disincentive" to foreign investors. Foreign business groups have collectively taken a stand for changes in these nationalist policies.¹⁷ US diplomatic pressures have been made on the same issues.¹⁸

It should be recalled that just before the May 1992 elections, the Special Envoy of US President Bush, Elliott Richardson, identified the same constitutional restriction as an obstacle to increased foreign investments in the Philippines. He advised former Senate President Jovito Salonga that this restriction be removed by appropriate constitutional amendment. Referring to relevant limitations under the 1987 Constitution, US Ambassador Frank Wisner called upon the new administration following the May 1992 elections to seek the elimination of impediments to land ownership presumably in the interest of foreign investors.¹⁹

On February 18, 1992, at a conference in London, the transnational mining companies assessed the Philippine situation in the light of their demand for liberal terms in the exploitation of mineral resources. The views presented by Tony Robbins, exploration manager of Western Mining Corporation, are most relevant to our theme. He described the Philippines as "a window of opportunities which no longer exists in many parts of the world," but he presented the constitutional restriction on foreign capital to forty percent of capital ownership as a serious problem which, according to him, appeared to "a strong body of responsible opinion in the country" as detrimental to resources development of the Philippines. Robbins expressed the hope that a change in policy could be ushered in by the new government following the May 1992 national election.²⁰ Curiously enough, the administration installed by that election ushered in a mining law allowing a corporation with 100 percent foreign equity to enjoy in mining operations.

2. **IMF-World Bank Sovereignty: Local Leaders Join the Attack**

Until the advent of the Asian financial crisis, the drive of the Government to achieve "NIC-hood" had become the vehicle for a more thorough dismantling of economic nationalism as ob-

stacle to foreign investments. Spearheaded by the IMF and the World Bank through financial inducement and coercion, and the campaign involves a revamp for the legal system for the purpose of removing long-standing policies based on economic nationalism. The 45-year-old General Banking Act, which bans the entry of foreign banks, has been revised by a law "liberalizing the entry and scope of operations of foreign banks." One of the reforms included in the IMF's conditionalities attached to a three-year economic program,²¹ the new banking law paves the way for the entry of 10 foreign banks in the initial phase of implementation.²² Congress circumvented the constitutional policy prohibiting foreigners from owning lands by enacting Republic Act No. 7652 which grants the right of long-term lease on private lands to foreigners "for the establishment of industrial estates, factories, [and] assembly or processing plants"; the lease is permitted "for a period [not] exceeding fifty (50) years, renewable for a period not more than twenty-five (25) years." By distorting the restrictive service-contract clause in Section 2, Article XII of the Constitution, Congress passed a new Mining Code which allows corporations with 100 per cent foreign equity to engage in mining operations. Against the opposition of three major Filipino producers and manufacturers associations, a new Foreign Investment Act was passed by Congress, liberalizing rules on foreign ownership by allowing 100 per cent foreign equity in various industries. The new investment law opens "strategic industries" to investors with 100 percent foreign equity. Complying with changes required by the IMF and the World Bank, the Government adopted a full liberalization of foreign exchange regulations, ending "an era of over 40 years of foreign exchange control in the Philippines." The Senate had ratified the World-Bank sponsored Multilateral Investment Guarantee Agreement (MIGA) which in effect makes the Philippines an "insurance company", charged with the obligation to insure the safety of foreign investments within its territory from political risks, such as civil disturbances and expropriation. Under the MIGA, the Philippines is inhibited from passing a law which will have the "effect of depriving a guaranteed foreign investor of his ownership or control of, or substantial benefit from, his investment."

3. Final Overthrow of Economic Nationalism: Towards Constitutionalizing WTO Rule

In the last five years, public consciousness has been induced to recognize the need for changes in the Constitution, curiously

enough at the time the demands of global capital for the elimination of constitutional restrictions to foreign investments have intensified. Public support for constitutional changes may be enticed by non-controversial proposals for amendment, but the intention is to pave the way for broader changes. Is economic nationalism the real target for constitutional revision? Are we facing the prospect of the WTO principles, including its national treatment clause, on the way to being enthroned in a new Philippine Constitution for the 21st century?

There is an urgent need for us to transcend the deceptive presentation of the issues raised by the WTO Agreement. We will increasingly realize that the stand we take now will determine the kind of fundamental law by which we can control our national destiny. The real choice is not between 30% or 50% tariff duty on garments or tomatoes; it is between a Constitution of economic nationalism or a constitution of WTO principles.

III. National Treatment Under the WTO Agreement

1. National Treatment Under GATT 1994

The national treatment clause, as provided in Article III of the General Agreement on Tariff and Trade of 30 October 1947,²³ reads in part, as follows:

1. *The contracting parties recognize that internal taxes and other internal charges, and laws, regulations and requirements affecting the internal sale, offering for sale, purchase, transportation, distribution or use of products, and internal quantitative regulations requiring their mixture, processing or use of products in specified amounts or proportions, should not be applied to imported or domestic products so as to afford protection to domestic production.*
2. *The products of the territory of any contracting party imported into the territory of any other contracting party shall not be subject, directly or indirectly, to internal taxes or other internal charges of any kind in excess of those applied, directly or indi-*

rectly, to like domestic products. Moreover, no contracting party shall otherwise apply internal taxes or other internal charges to imported or domestic products in a manner contrary to the principles set forth in paragraph 1.

* * *

4. The products of the territory of any contracting party imported into the territory of any other contracting party shall be accorded treatment no less favorable than that accorded to like products of national origin in respect of all laws, regulations and requirements affecting their internal sale, offering to sale, purchase, transportation, distribution or use. The provisions of this paragraph shall not prevent the application of differential internal transportation charges which are based exclusively on the economic operation of the means of transport and not on the nationality of the product.

In a general interpretative note to its Annex 1A, the WTO Agreement makes it clear that GATT 1994 consists of, among other instruments,

The provisions in the General Agreement on Tariffs and Trade dated 30 October 1947....as rectified, amended or otherwise modified....before the entry into force of the Agreement Establishing the World Trade Organization are hereby made an integral part of this Annex.

As part of GATT 1994, GATT 1947 together with its national treatment clause becomes an integral part of the WTO Agreement. Thus, national treatment is an operative principle as well under the GATT 1994.

National treatment under paragraphs 1 and 2 of Article III of GATT, as given above, is limited in its application to the imposition of taxes or "internal charges of any kind" within Philippine territory. It precludes taxation of imported goods except on equal terms as those imposed on products made in the Philippines, or "like products of national origin."²⁴ In paragraph 1, the Philippines as party to the GATT recognizes that taxation "should not be applied to

imported or domestic products so as to afford protection of domestic production." Its intent is to prevent discrimination against imports by means of internal taxes, with the result that under the GATT national treatment clause domestic or Filipino-owned industries cannot be protected by internal taxation as against foreign-made products imported into the country. In competing with imports from any origin, domestic goods produced by Filipino labor and capital cannot be favored by Congress through the enactment of tax laws. If coupled with tariff reduction, this means that locally manufactured goods which suffer from the reduction of customs duty cannot be saved by increase of internal taxes imposed to offset such tariff reduction, because, precisely the "final and most important reason for national treatment is to prevent internal taxes from being used to wipe out the effects of reduction in the customs duty."²⁵

In national treatment under Article III(1) and (2) of GATT the power to tax is controlled by GATT regulation; in particular, taxation is eliminated as a policy instrument to carry out economic protectionism for Filipino producers as against foreign competition. With the creation of the WTO, this control is given effective jurisdiction through enforcement mechanism and dispute settlement procedures.

National treatment expands its coverage under paragraph 4 of Article III of GATT. It must now be applied to provide equal treatment to imported products "in respect of all laws, regulations and requirements affecting their internal sale, offering for sale, purchase, transportation, distribution, or use." Hence, in virtually all aspects of treatment under Philippine law, the Philippine Government cannot give protection to domestic production to the disadvantage of imported products. In all matters covered by the GATT national treatment clause in Article III imported products are given equal treatment as domestic products. As a consequence, Congress is prevented to enact laws even if intended to give statutory implementation to the protectionist provisions of the Constitution, which favor domestic products as against foreign-made goods in matters pertaining to their sale, offering for sale, transportation, distribution or use within Philippine territory. The national treatment principle contravenes the intent of the Constitution which requires "preferential use of Filipino labor, domestic materials and locally produced goods" in Section 12, Article XII.

2. National Treatment under GATS

The expansive coverage of national treatment under Article III of GATT 1947 applies only to trade in goods. However, under the General Agreement on Trade in Services (GATS), national treatment is extended to a new area of international trade regulations called "services." Taking into account the text of (GATS) as well as its *travaux préparatoire* "services" regulated by GATS primarily include the following service sectors: banking, financial services, insurance, tourism, transport, telecommunications and professional services. The coverage of GATS is by no means limited to these mainstream services.

In the reality of international trade, services consist of innumerable cross-border activities, among which are advertising, market research, news-gathering and reporting agencies, radio and television broadcasting, hotel and restaurant services, public utility services, shipping, car rental services, data-processing and transmission, motion-picture production and distribution, entertainment and recreational services, management and business consultancy, education, health services, publishing, library services, research services, wholesale and retail; trade, manpower search or employment agencies, travel services, investment analysis, brokerage services, foreign exchange and securities dealing, real estate services, and fashion design.²⁶ The term "professional services" refers to the professions, in particular accounting and auditing, engineering, architecture, law and medicine.

This goes to show that "services" as a category of international trade is an expanding constellation. Moreover, under GATS "supply of service" by a foreign service-supplier includes "the production, distribution, marketing, sale and delivery of service."²⁷

A category of services is defined in terms of their strategic importance to the national economy and security. Among these are communications, transportation, banking and finance. Services of significant socio-cultural impact are education, publishing, mass media, and advertising.

In principle, all services come within the purview of GATS and therefore are covered in principle by the national treatment principle. The operative provision on national treatment is Article XVIII(1), which states:

In all sectors inscribed in its schedule, and subject to any conditions and qualifications set out therein, each

Member shall accord to services and service suppliers of any other Member, in respect of all measures affecting the supply of services, treatment no less favorable than it accords to its own like services and service suppliers.

Pursuant to Article XX of GATS, the Philippines is required to set out in a Schedule of Specific Commitments the industrial sectors in which it will give market access to foreign service suppliers. The Schedule is binding on the Philippines as an integral part of GATS.²⁸ It is only with respect to the sectors included in the Schedule that the Philippines undertakes commitments to be governed by GATS.²⁹ The Schedule specifies, among others, the terms, limitations and conditions on market access and the conditions and qualifications on national treatment.³⁰

In other words, GATS comes into operation only on the basis of the sectors specified in the Schedule. In particular, national treatment applies only to the services which the Philippines includes in the Schedule, and its application is subject to the conditions and qualifications contained in the Schedule.

In the Schedule which the Philippines has annexed to GATS, it specified the following services in regard to which it undertakes initial commitments:

- (1) Transport services, which cover maritime transport services, rail transport services, road transport services, and auxiliary service common to all modes of transport.
- (2) Communication services, which include courier services and telecommunications services.
- (3) Financial and banking services which include commercial banking, financial advisory services, factoring, financial leasing, money broking and foreign exchange broking, credit card services, securities dealership or brokerage, services of stock transfer agent and life, pension and education plans services.
- (4) Insurance and reinsurance services, including life, health and accident insurance; general non-life insurance covering fire, marine, casualty insurance, and suretyship; and insurance auxiliary services.
- (5) Tourism services, including hotel and specialty restaurant services, travel agencies, and professional congress organizing.

When the GATS entered into force with respect to the Philippines as a party to the WTO Agreement, the national treatment principle began to apply to the Philippines with respect to the services in its Schedule as shown in the list above. This means that as to those services, the Philippines is under duty to treat foreign service suppliers in the same terms as Filipino services and service suppliers in its own territory, subject to the terms and conditions in that Schedule.

The commitments of the Philippines under the present Schedule is just the beginning of a continuous process of liberalizing all its services sectors, which entails opening more sectors, liberalizing more transactions, and extending more market access for foreign service suppliers, to be included in the Schedule of Specific Commitments. The Philippines is governed by the following provisions of Article XIX of GATS:

- (1) "...Members shall enter into successive rounds of negotiations, beginning not later than five years from the date of entry into force of the Agreement Establishing the WTO and periodically thereafter, with a view to achieving a progressively higher level of liberalization."³¹
- (2) "Such negotiations shall be directed to the reduction or elimination of the adverse effects on trade in services of measures as a means of providing effective market access."³²
- (3) "For each round, negotiating guidelines and procedures shall be established."³³
- (4) "The process of progressive liberalization shall be advanced in each such round through bilateral, plurilateral or multilateral negotiations directed towards increasing the general level of specific commitments undertaken by Members under this Agreement."³⁴

Although the Philippines is to be benefited by the rule in Article XIX(2) that the "process of [progressive] liberalization shall take place with due respect for national policy objectives", it must be emphasized that the rounds of negotiations will involve precisely a change of policy since the impediments to market access or limits to national treatment are contained in national policies, laws, or regulations. This is clearly implied by Article XIX(2) quoted

above. While it is true that market access is subject to the conditions and limitations set forth in the Schedule of Specific Commitments, these conditions and limitations themselves are subject to future negotiations, "with the view to achieving a progressively higher level of liberalization", as prescribed in Article XIX(1) of GATS.

The Government has already identified the changes to be effected in our laws in order to accommodate the results of the Uruguay Round negotiations.³⁵ Philippine membership in the WTO will effectuate the most comprehensive replacement of present laws and a wholesale introduction of new corpus of rules, without the participation of the *entire* Congress which under our Constitution possesses the plenary power of making laws. In this regard, since the whole of Congress is the seat of popular representation in our political system, the concurrence of the WTO Agreement by only one of House of Congress marks a diminution of our republican form of government. It is an attack on the central concept in the Constitution which declares that "The Philippines is a democratic and republican State."

Not only that, there are already attempts to align the Constitution itself to GATS. The Government, according to a publication of the Department of Trade and Industry, has made a commitment in the Uruguay Round negotiations that the Philippines will "explore the possibility of passing legislation to...introduce certain exceptions to nationality requirements in the Constitution relating to the practice of licensed profession, including consultancy services."³⁶ The commitment includes the intent to "declassify value-added telecommunications services from the public utilities category", apparently with the intention to take it out from the coverage of the Filipinization requirement of the Constitution on public utilities in Section 12 of Article XII.

A study on the far-reaching implications of national treatment under GATS must take into account the fact that its application is complemented by the operation of the most-favored-nation principle which requires the Philippines to give to all the Members of WTO equal treatment as to the terms, limitations and conditions specified in its Schedule. A grant of market access in services to one WTO Member means a grant to all Members on equal terms.

3. National Treatment in the TRIPS Agreement

The national treatment clause of the Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS) reads in part:

Each Member shall accord to the nationals of other Members treatment no less favorable than that it accords to its own nationals with regard to the protection of intellectual property....³⁷

Generally, this will require the Philippines to give to the nationals of all the Members of WTO protection of their Intellectual Property Rights (IPR) in the same measure that the Philippines so provides for its citizens. The combined operation of national treatment and the most-favored-national treatment³⁸ will place the Philippines under duty to accord equal protection to the nationals of all WTO Members. Any right, privilege, advantage, or immunity which the Philippines grants to a national of any other Member shall be deemed as extended to nationals of all Members "immediately and unconditionally."³⁹

However, national treatment as controlled by the TRIPS Agreement further expands its operation. Firstly, under this Agreement IPR protection includes "matters affecting the acquisition, scope, maintenance, and enforcement of intellectual property rights."⁴⁰ Secondly, protection in this context covers all types of IPR, such as patents, copyrights, trademark, trade secrets, industrial designs, and layout-design of integrated circuits, and thus covers those which are not within the purview of present Philippine law on IPR. Thirdly, in addition to establishing minimum universal and adequate standards and principles on IPR, it provides effective means of endorsing IPR in addition to those provided by Philippine laws. Fourthly, the scope of things patentable is considerably widened. Any invention, whether product or process is open to patentability. Under the TRIPS Agreement, virtually the entire agricultural and industrial sectors will be covered by IPR protection including micro-organisms, plant varieties, non-biological and micro-biological processes.

Hence, the scope of IPR protection to which the Philippines commits itself under the national treatment principle embraces protection under Philippine law, plus protection as ex-

panded by the TRIPS Agreement. Moreover, the Philippines is charged with obligations provided in other IPR international agreements of which it is not a party. In which case, national treatment of the TRIPS Agreement will automatically operate with respect to protection rights which are concomitant to those obligations. Accordingly, the much broader coverage of national treatment corresponds to the enlarged IPR protection under the TRIPS Agreement.

In some respects peculiar to the foreign patent holders, national treatment as provided in the TRIPS Agreement will in actual practice spell more protection for the foreign patent holders than Filipino citizens. On account of the patent protection a foreign national in the Philippines will be accorded the exclusive right to import the product or process covered by his patent, since under the TRIP Agreement he has the exclusive right not only to use or sell the product produced by the patented process, but also to import it. For the reason that *importing* such a product is considered "working" the patent under the TRIM Agreement, a foreigner therefore is not required to actually "work" his patent in the Philippines; whereas, a Filipino patent holder has to really "work" his patent in the Philippines as required by our patent law since he is not in the peculiar position to *import* the product arising from his patented process.

4. National Treatment in the TRIMS Agreement

The national treatment clause under the Agreement on Trade-Related Investment Measures (TRIMS) states in Article 2(1):

Without prejudice to other rights and obligations under the GATT 1994, no Member shall apply any TRIM that is inconsistent with the provisions of Article III or Article XI of the GATT 1994.

Note that the TRIMS Agreement merely applies the national treatment clause of Article III of the GATT 1947, above, to the regime of TRIMS.

Trade-related investment measures or TRIMS have been described by two UNCTAD senior trade policy advisers as –

... measures adopted by host-country governments to attract and regulate foreign direct investment in their territories. They are mainly of two kinds. The first kind consists of a series of incentives designed to attract investment, such as fiscal incentives, loans, tax rebates, provisions of services of preferential terms, etc. The second kind, a series of requirement or conditions, is designed to encourage the use of the investment according to national priorities. They can take the form of local content requirements, manufacturing requirements, export performance requirements, technology transfer or licensing requirements, etc. The use of these two kinds of measures may constitute the terms and conditions for the entry into the host country.⁴¹

If national treatment under Article III of GATT 1947 (or GATT 1994) is applied to TRIMS, then the resulting situation is that whatever TRIMS Philippine internal laws or regulations provide for domestic production the same treatment has to be accorded to foreign-manufactured goods imported into the country. Hence, national treatment implies that the investment regulations cannot be applied in preferential treatment to the disadvantage of imports. It does not permit a Philippine law or regulation to have the effect of restricting the operations of a corporation or an enterprise such that domestic products are protected to the prejudice of imported products.

The Annex to the TRIMS Agreement contains an Illustrative List of TRIMS which are inconsistent with the national treatment principle and therefore impermissible. It provides in paragraph 1:

TRIMS that are inconsistent with the obligation of national treatment...include those which are mandatory or enforceable under domestic law or under administrative rulings, or compliance with which is necessary to obtain an advantage, and which requires:

- (a) *the purchase or use by an enterprise of products of domestic origin or from any domestic source, whether specified in terms of particular products, in terms of volume or value of products, or in terms of a proportion of volume or value of its local production; or*

- (b) *that an enterprise's purchase or use of imported products be limited to an amount related to the volume or value of local products that it exports.*

Whereas the Constitution enjoins, through appropriate law or regulation, "the preferential use of Filipino labor, domestic, materials and locally produced goods" in Section 12 of Article XII, the Illustrative List of the Annex to the TRIM Agreement, on the other hand, prohibits "the purchase or use by an enterprise of products of domestic origin or from any domestic source."

As a complement to national treatment, the TRIM Agreement does not allow quantitative restriction in the importation of products used in local production, or in the export of locally produced goods by an enterprise. The prohibition covers:

- (a) *the importation by an enterprise of products used in or related to its local production, generally or to an amount related to the volume or value of local production that it exports;*
- (b) *the importation by an enterprise of products used in or related to its local production by restricting its access to foreign exchange to an amount related to the foreign exchange inflows attributable to the enterprise; or*
- (c) *the exportation or sale for export by an enterprise of products, whether specified in the terms of particular products, in terms of volume or value of products, or in terms of a proportion of volume or value of its local production.⁴²*

The effect of these rules is to give full freedom of action to foreign investors or companies, in particular with respect to transborder flow of its products and to access of foreign exchange in the Philippines. Firstly, they are assured to be competitive with Filipino enterprises; national treatment will insure them to compete with Filipino firms on the same terms and conditions.

Secondly, foreign firms will be accorded freedom of action in dealing with their parent or affiliated companies located in other countries; no restriction will be imposed on the flow of im-

ports and exports between them. This is particularly suited to the new structure of international trade which has become a function of foreign direct investments, in which affiliated firms located in different countries but belonging to the same transnational corporate group, such as Toyota, IBM, Siemens, or Levi, deal with one another in the manufacture of internationalized products, the integral processes of production being farmed out to various affiliated companies or sub-contractors in different countries. Understandably, in this context national borders increasingly become obstacles to the integration of those integrated production processes. The prohibition against quantitative restriction in the Annex to the TRIMS Agreement, as quoted, above is intended to minimize or eliminate restriction to *intra-firm* transactions across national borders.

On the whole, the national treatment in the WTO Agreement thus discussed is designed to overcome the protectionist policies of countries like the Philippines and to enforce equal treatment between Filipino industries and foreign-manufacture products within Philippine territorial jurisdiction, thus removing discrimination. In contrast, the Constitution defines economic rights and preferential privileges for the exclusive protection or discriminatory treatment in favor of Filipino citizens. The problem of the WTO Agreement is to make foreign product or business competitive in the Philippines by insuring equal terms and conditions *vis-a-vis* Filipino citizens or business. In contraposition, the burden of the Constitution is to make Filipino interests competitive in their own country by assuring them protection against foreign interests, which is the essence of the concept of *citizenship* under the Constitution.

IV. Congressional Power vs. Presidential Treaty- Making: Erosion of Republicanism and Usurpation of Legislative Authority

1. WTO Agreement and the Tariff Clause of the Constitution

It is only on very specific ground that the President's authority to participate in multilateral negotiations under the Uruguay Round and to conclude the WTO Agreement can be justified under the Tariff Clause of the Constitution. This Clause provides as follows:

The Congress may, by law, authorize the President to fix within specified limits, and subject to such limita-

*tions and restrictions as it may impose, tariff rates, import and export quotas, tonnage and wharfage doses, and other duties or imposts within the framework of the national development program of the Government.*⁴³

Congressional authority under this provision is now granted to the President by the Tariff and Customs Code, in particular Sections 401 and 402. Section 401, as amended by Presidential Decree No. 1690, empowers the President –

- (1) *to increase, reduce or remove existing protective rates of import duty....The existing rates may be increased or decreased to any level, in one or several stages but in no case shall the increased rate of import duty be higher than a maximum of one hundred (100%) per cent ad valorem;*
- (2) *to establish import quota or to ban imports of any commodity, as may be necessary; and*
- (3) *to impose an additional duty on all not exceeding ten (10%) per cent ad valorem whenever necessary.*

It is reasonable to interpret the Constitution to the effect that in all matters pertaining to tariffs, there is only one particular item in which Congress is authorized to delegate to the President, namely, the power to *fix tariff rates* in the manner set out in the Tariff Clause of the Constitution and as thus provided in the Tariff and Customs Code. In all tariff matters or questions other than the fixing of tariff rates, the authority belongs to Congress as part of its plenary legislative powers. This is implied from Section 24, Article VI of the Constitution, which states thus:

*All appropriation, revenue or tariff bills, bills authorizing increase of the public debt, bills of local application, and private bills shall originate exclusively in the House of Representatives, but the Senate may propose or concur with amendments.*⁴⁴

Interpreted together, Section 24, Article VI and the Tariff Clause convey the sense of the Constitution that *all matters which*

have to do with tariffs are retained within the powers of Congress to be considered by it as embodied in tariff bills and subject to the procedure required in Section 24, Article VI, with the sole exception of fixing of tariff rates, which the Tariff Clause authorizes to be delegated by statutory law to the President.

Outside of the strict and narrow coverage of the Tariff Clause all tariff matters which are retained by the plenary powers of Congress are required to be considered by it as *tariff bills, not tariff treaty or international agreement on tariffs*. In other words, it is required by the Constitution that they be enacted by the *entire legislative body*, not by the Senate alone, as would be the case in the concurrence of a tariff treaty or international agreement on tariffs under Section 21, Article VII of the Constitution.⁴⁵

When we go through the entire cosmos of rules provided in the GATT agreements, in particular the WTO Agreement and the GATT 1994, they will inevitably have the effect of *virtually covering (or usurping) the entire territory of tariff regulation in the Philippines*. The result is that there may be nothing left for Congress to deal with in terms of *tariff bills* under Section 24, Article VI.

A massive usurpation of Congressional power over tariffs is involved in Article XVI(4) of the WTO Agreement, which reads:

Each Member shall ensure the conformity of its laws, regulations and administrative procedures with its obligations as provided in the annexed Agreements.

In entering into negotiations and in concluding agreements with respect to this provision of the WTO Agreement, the President has consented that *the entire system of legislation and rule-making of the Philippines with respect to matters within the scope of the WTO Agreement be regulated by the WTO*. The above-quoted provision constitutes a *regulation as to how Philippine laws, rules and regulations should be made and interpreted in particular with respect to tariffs*. Under the Constitution, this power decidedly belongs to Congress and insofar as this power is exercised on matters outside Section 28(2), Article VI, Congress cannot even delegate it to the President.

The following provisions of the Agreement on Implementation of Article VII of GATT 1994 are samples of rules pertaining to *tariffs* which are outside the *delegated power of the President under Tariff Clause of the Constitution*:

1. No Member may require or compel any person not resident in its territory to produce for examination, or to allow access to, any account or other record for the purposes of determining a computed value...⁴⁶
2. In framing its legislation each Members shall provide for the inclusion in or the exclusion from customs value, in whole or in part, of the following:
 - (a) the cost of transport of the imported goods to the port or place of destinations;
 - (b) loading, unloading and handling charges associated with the transport of the imported goods to the port or place of importation; and
 - (c) the cost of insurance.⁴⁷
3. The legislation of each Member shall provide in regard to a determination of customs value for the right of appeal, without penalty, by the importer or any other person liable for the payment of the duty.⁴⁸

The first provision listed above regulates the very conduct of the Philippine State in defining certain acts of persons within its jurisdiction. The second and third provisions regulate the manner by which the Philippine Republic will exercise its legislative power.

Certainly, while it is conceded that these rules pertain to the tariff system of the Philippines, or its administration, their objects of regulation are outside the contemplation of the Tariff Clause of the Constitution and are definitely and exclusively within the purview of the powers of the *entire Congress*.

Attention should focus on the fact that in the three sample provisions of GATT 1994 given above, the *President has concluded an agreement which determines how or by what manner Congress should exercise its legislative powers*.

Of the same import are the rules under paragraphs 1 and 2, Article III of GATT 1947, which are incorporated into GATT 1994; they prohibit the exercise of the power to tax "to afford protection to domestic production."⁴⁹ Since the power to tax, as expressed

in revenue bills, belongs to Congressional authority and must "originate exclusively in the House of Representatives" by the mandate of Section 24, Article VI of the Constitution, the GATT provisions in question have the effect of the President contracting away a power which does not belong to him and, thus, usurping Congressional authority in concluding the WTO Agreement.

By no means are the sample provisions given above exhaustive. The WTO Agreement abounds in rules of the same nature, pertinent to this point. But the provisions thus mentioned should suffice to show a brazen violation of the separation of powers doctrine, which is a foundation principle of the Philippine constitutional order.

Concluding Remarks

Over all, the President's treaty-making power on matters within the coverage of the WTO Agreement *intrude into vast areas of internal legislation* and the resulting treaty rules cover very broad areas of policy which has the effect of his *treaty-making authority supplanting legislative powers of the entire Congress*.

This time, the President's treaty-making power is not limited to the country's *external relations*. They are exercised in matters which spread throughout civil and economic relations of *domestic jurisdiction*.

In the country's history, there has never been instance where the major dimensions of Philippine *internal life* are so extensively subject to rules of an international agreement resulting from the exercise of the President's powers and concurred in only by one House of Congress, and without the exercise of legislative authority vested by the people in the *entire Congress*. The exclusion of the House of Representative from decision-making in all matters which are traditionally known to pertain to the internal life of the people is a denigration of the most representative institution in our system of government. It is at war with republican democracy on which the Philippine State is founded. The foundation principle is established in Section 1, Article II of the Constitution that "The Philippines is a democratic and republican State."

In the light of Philippine membership in the WTO no amendments by Congress with the view to moderate or alter the adverse consequences of WTO Agreement will change the treaty rules and principles which bind the Philippines. Such enactments will not affect the rights and obligations of the other States Parties to the WTO Agreement in relation to the Philippines. Philippine laws, including the Constitution, cannot extend their jurisdictional reach to govern the relations with other States. Despite statutory enactments to the contrary, therefore, the rights of other WTO members with respect to the Philippines will remain unaffected. Whatever may be the effects of those amendatory enactments within Philippine territorial jurisdiction, the Philippines will continue to be bound by its obligations under the WTO Agreement, reinforced by the general norm of international law now codified in Article 26 of the Vienna Convention on the Law of Treaties,⁵⁰ which states that:

A Party [to a treaty] may not invoke the provisions of its internal law as a justification for its failure to perform a treaty.

All this leaves us to face the problem as to whether under the regime of the WTO Agreement, the fulcrum of political power in the Philippines may have shifted from the duly constituted *national* organs of constitutional authority to a *supranational* power. If so, then, the dismantling of the Philippine Nation-State founded on the economic protection of its own citizens may have entered a new phase.

NOTES:

- ¹ Vicente G. Sison, *Alien Sovereignty in the Philippine Republic* (Manila, 1947), p. 27.
- ² V. Sinco, *Philippine Political Law*, 1962, p. 445; M. J. Gamboa, *An Introduction to Philippine Law*, 1969, pp. 396-399.
- ³ See *Ichong v. Hernandez*, 101 Phil. 115.
- ⁴ Gamboa, *op.cit.*, p. 397.
- ⁵ *Gold Creek Mining Co. v. Rodriguez*, 66 Phil. 259, 270.
- ⁶ Sinco, *op cit.*, p. 445.
- ⁷ V. Sinco, *Philippine Constitutional Law*, 1960, p. 20.
- ⁸ As quoted in *Krivenko v. Register of Deeds*, 79 Phil. 461.
- ⁹ 79 Phil. 461.
- ¹⁰ *The Framing of the Philippine Constitution*, vol. 2, 1939, p. 603.
- ¹¹ 46 SCRA 160, 170.
- ¹² Emphasis is the Court's.
- ¹³ See Merlin M. Magallona, "Service Contracts in Philippine Natural Resources", 9 *World Bulletin* 2 (Sept.-Oct. 1993).
- ¹⁴ See J.G. Bernas, *The Constitution of the Republic of the Philippines: A Commentary*, vol. 2, 1988, p. 457.
- ¹⁵ *Philippine Daily Inquirer*, 1 March 1992.
- ¹⁶ *Ibid.*
- ¹⁷ *Phil. Daily Inquirer*, 13 Aug. 1992.
- ¹⁸ *Phil. Daily Inquirer*, 17 May 1992.
- ¹⁹ *Phil. Daily Inquirer*, 17 May 1992.
- ²⁰ *People's Daily World*, New York, April 11, 1992.
- ²¹ *Phil. Daily Inquirer*, 12 My 1994.
- ²² *Phil. Daily Inquirer*, 19 May 1994.
- ²³ Articles III, GATT 1947, as amended by the Protocol Modifying Part II and Article XXVI of GATT, 14 September 1948, 62 UNTS 80,82-84.
- ²⁴ Article II(2) of the WTO Agreement provides: "The Agreements and associated legal instruments included in Annex 1, 2 and 3...are integral parts of this Agreement, binding on all Members."
- ²⁵ G.P. Verbit, *Trade Agreement for Developing Counties* (New York: Columbia University Press, 1969), p. 111.
- ²⁶ J.H. Dunning, *Transnational Corporations and the Growth of Services: Some Conceptual and Theoretical Issues* (New York: UN, 1989, UNCTC Current Studies, Series A), pp. 1-5,27-42; UNCTC, *Foreign Direct Investment and Transnational Corporation in Services* (New York, UN, ST/CTC/94), pp. 4-5

- ²⁷ Art. XXVIII(6).
- ²⁸ GATS, Art. XX(3), in relation to Art. XX(1).
- ²⁹ Art. XX(1).
- ³⁰ *Ibid.*
- ³¹ Article XIX(1)
- ³² *Ibid.*
- ³³ Art. XIX(2).
- ³⁴ Art. XIX(4).
- ³⁵ Bureau of International Trade Relations, Department of Trade and Industry, *The GATT, The Uruguay Round and the Philippines* (23 June 1994), pp. 14, 25, 33-35.
- ³⁶ *Ibid.*, p. 20.
- ³⁷ TRIPS Agreement, Art. 3(1).
- ³⁸ TRIPS Agreement, Art. 4.
- ³⁹ *Ibid.*
- ⁴⁰ See explanatory note to Art. 3 of TRIPS Agreement.
- ⁴¹ H. Puri and D. Bondad, TRIMS, Development Aspects and the General Agreement, in UNCTAD Uruguay Round Further Papers on Selected Issues (New York, UN, 1990), p. 57.
- ⁴² TRIMS Agreement, Annex, paragraph 2.
- ⁴³ Art. VI, Sec. 28(2). Emphasis added.
- ⁴⁴ Emphasis added.
- ⁴⁵ This provision reads: "No treaty or international agreement shall be valid and effective unless concurred in by at least two-thirds of all the Members of the Senate."
- ⁴⁶ Art. 6.
- ⁴⁷ Art. 8(2).
- ⁴⁸ Art. 11(1).
- ⁴⁹ See *supra*, pp. 12-14.
- ⁵⁰ The Philippines is a party to this Convention, and so are the majority of the other WTO members.



VIEWS FROM THE FLOOR

*(Highlights of the Conference plenary sessions,
with Senator Wigberto E. Tañada presiding)*

Mr. Raul Segovia, Citizen's Alliance for Consumer Protection:

Why is it that the Department of Agriculture, and for that matter in the case with the other departments, with the bureaus and agencies under them, why are not they open to NGOs participating in policy-making?

Ang sagot ni Sec. Lorenzo, sa community level ka na, whatever province, whatever community, whatever town you are, doon tayo magpa-participate? My objection to that is kapag community level ka na, tapos na ang boxing because the policy has already been pre-determined at the higher level, implementation ka na lang. We NGOs do not like to be utus-utusan. We want to be involved in policy-making right from the start.

First, the government does not pay NGOs. When we ask for participatory decision-making on the top level, we don't want to be paid. We are not asking for pay the way the cabinet members are being paid. In other words, we are not only cheap but we also promote the practice of transparency.

How do they arrive at certain policy decisions that are hidden from public eyes?

Ka Bobby Tañada:

Maraming salamat, Ka Raul. Nandoon din po ako sa workshop na yan. Narinig ko po yung sagot niya sa inyong tanong. Ang pagkakaintindi ko po naman ay bukas naman siya na maging kabahagi ang civil society, NGOs, even on the national level. Nabanggit lamang niya na yong mga NGOs, civil society na

nandoon na sa local, makakatulong din kayo diyan. Hindi naman niya sinabi na hindi welcome ang NGOs, lalo na sa national level, because he also wants to be transparent: Sinabi nga niya, 17 or 18 months na lang siya dito sa posisyong ito, kakailanganin niya ang tulong natin.

Kaninang umaga po, nabasa ko sa ating pahayagan na ang Department of Agriculture is pushing for an increase in the tariffs of vegetables from 7% to 40%. Kung magagawa po ng Department of Agriculture yan, sa tingin ko iyan ay malaking bagay. Baka yan ay magpakita doon sa iba nating kagawaran, lalung-lalo na sa Tariff Commission, DTI, sa NEDA, na maaari namang gawin yan.

Katulad nga ng sinabi ni Meilou, yong MFN sa WTO, iyan yong binding lang. We committed ourself to a ceiling. Yong ating existing tariff lines are not yet above the ceilings, so talagang pwede nating itaas yang tariff rates na yan without violation ng WTO. Hindi katulad noong palagi nating naririnig na lalabag tayo sa WTO at baka tayo balikan, hindi naman pala ganoon ang katotohanan.

Mr. Ernie Ordonez, Agriwatch:

Ito po ay very much related sa sinabi ni Ka Raul Segovia. Sa workshop po namin sa agrikultura, sabi namin na ang Fair Trade Alliance, kung gusto talagang lumakas, dapat nasa probinsiya. Related po ito sapagkat ako po ay nasa Tariff Commission two days ago and kahapon nag-position paper kami, Agriwatch, na 40% talaga. Meron kaming formal letter sa kanila at nagkausap kami ng Benguet Farmers kahapon. Sama-sama kami doon. Ito pong proposal ko ay action proposal.

Alam po ninyo galing po ako sa Department of Agriculture at doon po sa Department of Agriculture, may batas. Ang batas doon merong NGO, civil society sa Agriculture and Fisheries Council. Nasa batas yon. Ngunit noong nandoon ako sa Department of Agriculture, nakita ko na maski nasa batas yon, hindi ibinibigay ang lahat ng information sa Agriculture and Fisheries Council. May tinatago.

Nagagalak ako na nandito ako sapagkat yong presidente ng lahat ng Regional Agriculture and Fisheries Council ay galit rin na katulad ko. Dahil doon siya ay sumali sa Bantay Agrikultura o Agriwatch. Siya ay kasali sa aming Board of Directors.

Ito ang sinasabi ko kay Raul Segovia. Sa batas, nandoon po

na dapat nandoon ang NGO. Yong presidente ng Regional Agriculture and Fisheries Council ay sumama na sa Bantay Agrikultura namin at kami naman po ay gustong sumali na sa Fair Trade Alliance. Ito po ang recommendation ko. Sa Fair Trade Alliance po, kami ay sasali kung tatanggapin kami ...

Ka Bobby Tañada:

Tanggap po kayo ng buong loob, buong puso ...

Mr. Ernie Ordoñez:

Salamat po.

Alam po ninyo sa batas, nandoon yong private sector, hindi bilang secretary o vice chairman. Chair ng bawat regional councils. Yong presidente elected by all the chairs ay kasama ngayon sa Board of Directors namin. So ito pong recommendation ko. Ang Fair Trade Alliance parang imperialist Manila kasi wala pa sa probinsiya. Ngunit ang request ko po, starting today, sinabi nga ng former speaker natin, think global, act local. Ang isina-suggest ko po sa inyo, thanks to Mr. Raul Segovia, na meron na tayong entry sa National Agriculture and Fisheries Council. Kasi sinabi ko nga, ang presidente ng lahat ng mga Regional Agriculture and Fisheries Council ay nandoon na as Board of Director. So by osmosis, since we are now part of the Fair Trade Alliance, we will get our directions from Sen. Tañada and Vice President Guingona, we can do that. But gusto ko more people from here to go into the Agricultural and Fisheries Council.

Alam po ninyo, sinabi sa agriculture seminar namin na yong vegetable smuggling napigil na sa Manila, pero lumusot ngayon sa Cebu. Ang Fair Trade Alliance po, kung think global and act local, gusto ko po na fair trade means 'against smuggling'.

Isa pa, hindi lamang smuggling ang dapat bantayan. Namamatay ang mga piggeries at poultry not only because of smuggling but because yong carabeef at yong fish na hindi dapat ay pumapasok sa palengke. Sino kaya ang dapat bumantay dito? Palagay ko meron na kaming hotline, Fair Trade Alliance, kasi this is unfair trade.

Kung tinatanggap na po kami sa Fair Trade Alliance, first suggestion ko lahat ng principles, philosophies at iba pa, makipag-ugnayan tayo at ipasok na natin sa legally mandated Agriculture and Fisheries Councils. So ang pinaka-strong force ko, gusto ko, ay hindi yong Sisters of Charity or Rotary Club but ang

Fair Trade Alliance sa Agriculture and Fisheries Councils. Yon ang first suggestion ko kung papayag po kayo.

Ang second suggestion ko tulad ng sinabi ng isa sa services sector na napaka-practical, sinasabi ko po na yong anti-smuggling na na-gain na dito sa vegetables pero nakalulusot sa ibang lugar, yong smuggling should become a major project of Fair Trade Alliance. Gagamitin natin ang mga kaibigan sa iba't ibang probinsiya para yong smuggling at yong entry into the market of goods that should not to enter the market, such as carabeef and imported fish, be also a project of the Fair Trade Alliance reporting.

Alam po ninyo, ito sinasabi natin ano, ang problema minsan sa Conference ay philosophy. Ang gusto ko, sabi ni Attorney na galing sa Geneva, ang gusto po namin ay action. The reason po why ako ay very optimistic ay sapagkat yong smuggling for the first time, was solved because of pressure na nangyayari. Pinigil natin yong redemption. Ang redemption po, ang mga smuggler nakukuha nila, bigyan lang nila ng two pesos redemption tax, tapos sa auction, i-auction lang nila ng three pesos, okay na. Napigil na namin yon. So merong systemic changes. Pero kung wala yong pagbabantay ng trade associations sa port walang mangyayari.

So yong vegetables po, 450% of the illegal, was smuggled and we caught it. The pork, with no pressure, no one was caught. Very interesting, 75 containers were caught of vegetables but only one container was caught of pigs. But when the threat of the blockade came, block all the food that came here, all of a sudden they caught 45 containers in one week. Which means that the Fair Trade Alliance must have strength and position, and actually if they do not agree with us, potential threats as in boycotts. Because it is time, we are one with the farmers who are suffering and we in this room, binigyan tayo ng Diyos ng education. Dapat sama-sama tayo doon.

So two suggestions: Number one, Fair Trade Alliance, pasok tayo sa Agriculture and Fisheries Council, and Number two, anti-smuggling and anti-diversion as a main project throughout the country. Yon po ang suggestion ko.

Ka Bobby Tañada:

Marami pong salamat dating Usec Ernie Ordoñez. Gusto ko pong ipaabot sa inyo, sa palagay ko po ay walang tututol, lahat

nga ay magagalak pa, buong puso po kayong tatanggapin sa Fair Trade Alliance, yong Agriwatch. Tayo po ay magtulongan. Sabi nga ninyo, yong laban sa smuggling, nabanggit na iyon ni Vice President at makikita natin yon sa draft declaration, yan ay pag-uukulan din natin ng kinakailangang atensyon at kapansinan.

Mr. Andy Rosales, Article 64 Movement:

Magandang tanghali po, Bise Presidente at Senator.

Ako po si Andy Rosales mula sa Article 64 Movement Philippines. Ang Article 64 Movement po ay isang probisyon sa isang Local Government Code na nagsasabi kung paano pipiliin ang mga kinatawan ng mga people's organizations, non-government organizations and private sectors sa mga local special bodies, particular sa Local Development Councils. Ang pina-pilot po naming area ay Quezon City. Nag-advocate po kami doon for the last five years para po sabihin sa mga local government na kailangan ay may Local Development Council na kabalikat ang mga civil society sa pag-formulate ng development plans. Kaya lang po hanggang ngayon ay dine-dribble kami ng mga local government officials.

Nakasaad po kasi sa batas sa pangkalahatan, na at least 20 percent ng internal revenue allotment ay dapat isene-set aside para po sa local development plan. Sa Quezon City, kinukwenta po namin, for the past two years ay umaabot na po ng P 560M itong dapat naka-set aside na 20% share ng IRA. Magagalaw lang po iyan kung organized yong Local Development Council. Kaya lang po hindi na organized yong Local Development Council.

Gusto ko pong lagyan ng laman habang nakikibaka kami dito sa pag-i-institutionalize ng partisipasyon ng mga civil society sa local governance. Gusto ko pong lamanan yong sinabi ni Mr. Ordoñez, papaano yong organisasyon diyan? Kami po nakahanda sa Quezon City na ipatawag ulit yong accredited organizations at i-transform kami bilang isang organized market. Lahat po kami ay kumakain ng kanin, gulay at lahat pangangailangang payak ay nasa amin, dahil karamihan sa amin ay urban poor communities.

Kung handa na po yong ating kapatid na magsasaka at mangingisda sa kanayunan na mag-organize sa kanilang lugar, kami ang pwede nilang bagsakan, deretso dito po sa mga urban communities in particular. At kung matutulongan po ninyo kami,

na yon pong 20% na dapat na isine-set aside ng local government ay maimpluwensiyahan sa paggamit na mai-establish yong sistema na iyon ng direct trading between the consuming community and the producing community ay sigurado pong babagsak ang presyo at sigurado pong magkakaroon ng merkado iyong mga magsasaka at mangingisda na iniipit ng mga kapitalistang mga 'commissioner'.

Yon po ay isa sa nakikita namin na konkreto na magagawa natin pagkatapos ng Conference na ito. Gawin natin agad yong mekanismo upang yong pakikibaka natin sa local ay malagyan po natin ng laman.

Ang Article 64 movement ay nakahanda rin pong mag-share ng aming mga experiences at saka mga dokumento namin sa iba pang mga local governments para po ma-fast track yong pakikibaka ng mga civil society para makasali po sa local development planning. Salamat po.

Ka Bobby Tañada:

Marami pong salamat. Magtulungan po tayo at lumabas na naman ito sa workshop. Kilangan talaga maging buhay ang ating pakikilahok, lalung-lalo na sa lokalidad, sa mga communities. Ito ang isa sa mga magpapatupad doon sa ating hinahangad na buhayin yong solidarity sa bawat hanay na nasa ating lipunan.

Mr. Oscar Barrera, KATAPAT / PhilExport:

Ito ay kasunod noong sinabi ni Ginoong Segovia kanina regarding partisipasyon ng mga organizations. Matagal na akong nasa business, dating nanggaling ako sa PCCI Tariff Committee, Philexport, maraming organizations. Marami na akong na-experience sa mga dialogues with government institutions and economic thinkers, basically NEDA at Tariff Commission.

Ang problema nangyayari diyan is yong mga na-a-appoint sa NEDA o kaya sa Tariff Commission, walang karanasan sa actual business life. Nanggaling sila sa UP School of Economics, graduate. Punta sila sa Wharton, graduate. Then, pasok sila Director General ng NEDA. For the last twenty years at least, if you look at the biodata, lahat ng naging NEDA DGs, walang nagkaroon ng connection sa isang business or even sari sari store bago na-appoint.

Ngayon, ano ang talagang aasahan natin kung ang

gumagawa ng mga business policies para sa government ay NEDA? They do not understand the problems of business. Frustrating talaga. I talk to the technical people pero iba, isusulat ang daming mga formula sa blackboard, kesyong may Kuznets curve, kung anu-ano pa.

It is so different, it is miles apart. Now what I would like to say is that kung ang Central Bank of the Philippines by law merong private sector representative, bakit hindi din natin gawin by law ang NEDA ay magkaroon ng private sector representative. Now I propose, however, na yong private sector representative should be institutionalized, hindi yong handpicked lamang ng appointing president or whoever. Hindi yong kakilala nya, crony o whatever. It should be institutionalized. It should be like the president of PCCI or the president of FPI, yong presidents of real organization that should be member of the NEDA. At least magkaroon man lang ng kaunting dialogue at a higher level. So that is my concrete proposal for today.

Councilor Rolly Laraccas, Municipality of Boac, Marinduque:

Rolly Laraccas po from Boac, Marinduque.

Yon pong sinabi ni Secretary Ordoñez na parang yong pagpapalano ay imperialist Manila, nakikita ko rin po yong pangangailangan na ibaba pa ito sa grassroots. Ang bias ko po kasi nasa information dissemination. Particularly doon po sa pagpasok ng mga goods dito sa atin.

Ang pinakamahusay po or the best salesmen po ng foreign products are the OFWs. Bakit po hindi? Kasi, if we have eight million OFW na may tatlong anak bawat isa, bigyan lang sila ng tatlong sapatos na imported every Christmas, ang isip po nila ay nafa-focus sa mga imported goods. So, if we are going to do some information dissemination within the country, yong 8 million OFWs po ay dapat bigyan din natin ng pag-aaral ng spirit ng nationalism at ma-instill sa kanila ito kahit nandoon sila sa ibang bansa. So dollar na lang ang ipasok nila dito, huwag na yong goods, if that could be possible.

Ka Bobby Tañada:

Maraming Salamat Rolly, meron tayong kinatawan dito, isang samahan ng OFW at meron ding plano ang ating Vice Presidente kung paano natin higit pang mapapakinabangan yong remittances na ipinadadala dito ng ating OFW. Uupuan din

natin iyan at titingnan din natin kung ano ang magagwa natin sa direksyon na yan.

Mr. Jose Concepcion, Bishops' Businessmen's Conference:

Una, ako ay tumitindig dito hindi dahil sa WTO kung hindi bilang punong-barangay. Ang tanong ko, yong nagsalita ditong taga-Quezon City, ang sabi niya, may twenty percent allotment ng local government at hindi gumagalaw.

Alam po ninyo sa aming barangay, meron po kaming Barangay Development Council at ang mga kasama doon ay hindi lamang yong mga nahalal na kagawad. Kasama din ang lahat ng mga NGOs at meron tayong 20 per cent ng aming budget na naka-allocate for barangay development at yon ginagamit po namin.

Aking tanong sa kanya ay ganito po. Ano ba ang barangay mo? Number two, nahalal ka na ba sa barangay? Number three, bakit hindi nakikialam ang mga mamamayan sa barangay?

Ang kailangan para maalis ang pulitika. Yong mga matitino ay dapat tumakbo para sa ganoong paraan ay maging kagawad or barangay captain, sa ganitong paraan magbabago ang bayan natin.

Mr. Sixto Roxas, Office of the Vice President:

Talagang kailangan na may magawa tayong action para maisakatuparan yang representasyon sa Barangay Council, sa Municipal Council, sa Provincial Board, dahil nandiyan naman iyan sa ating Local Government Code. Kailangan lang ang enabling legislation, sabi, pero nandoon na yong spirit, intention and objective na kailangang magkaroon ng representation ang iba't ibang mga batayang sector. Kaya nga lamang sinasabi ng ibang mga namumuno sa ilang mga local units ay wala silang budget o kukulangin ang budget nila pag nagkaroon pa ng additional member na kagawad sa Barangay Council, sa Municipal Council, sa Provincial Board. So, kailangan yan ay mabago natin.

Mr. Ed Reyes, Saniblakas Foundation:

Maganda po itong mga proposals na makibahagi, makihalo ang pribado at NGO sa local at national governance. Ang gusto ko lang imungkahi dito, hindi naman sapat na magkaroon tayo ng representative. Kinakailangan din na ang

sector na pribado saka ang NGO ay merong hinuhubog na plano na siyang tinutulak sa pamamagitan ng representasyon sa local at national government. Kaya ang kailangan po ay magkaroon ng parang 'protocol' po ang civil society at saka private industry at private enterprise po ng isang sistema ng pagpapalano para unang-una, magkaroon na sila ng tinatawag na trade-related impact assessment sa kanilang sector at sa kanilang komunidad. Sapagkat dyan po sa sistemang yan, kailangang suriin, suriin ng mabuti ang epekto sa kanilang sariling sector at sa kanilang sariling komunidad. Kaya iyan ay mangangailangan ng isang sistema ng pagpapalano at pagsusuri sa bawat sektor.

Maganda ang ating pagpupulong ngayon ngunit ang pruwera na magiging makasaysayan ito ay iyong mangyayari after this day. Iyon pong pagsama-sama na ng ating bansa para sa makatuturang pakikipagkalakalan na pinalalaganap at pinananawagan ng Fair Trade Alliance. Muli po ang aking pagbati sa inyo.

Mr. Dave Diwa, National Labor Union:

Happy lunch! Ako si Dave ng trade unions, kasapi din po ng Fair Trade Alliance. Yong sa akin, hindi mungkahi kung hindi parang pasabi doon sa nag-report kanina, iyong group six. Ang Fair Trade Alliance kasi, ang core ng advocacy is against free trade tapos sabi kanina na WTO is not about free trade.

Sa palagay ko, kung kanina nagsabi ng paglilinaw, gusto kong ipaabot na rin na yong ganitong pananaw ay isa sa hindi kami komportable. I have no doubt about the credentials, the expertise of Atty. Sereno pero ang problema sa mga nasa academe, they tend to treat issues in a very academic manner. Sabi nga kanina, ang economists daw, reason with their hands - on the one hand, and on the other hand. Ang problema sa mga lawyers naman, not to demean, they can turn white into black, and black into white. Walang dichotomy, walang vagueness sa amin yong papel ng WTO.

Dito sa ating kumperensya ngayon kailangan maging maliwanag ang pagtanaw natin sa papel na ginagampanan ng WTO sa ating bansa, sa buong daigdig. Ang phenomenon ng free trade, ang phenomenon ng globalisasyon is precisely being exacerbated by WTO. Ito yong gusto kong i-share. Kasi para bang sinasabi, because not a single word of free trade, of free trade agreement is in the WTO document of the 424 pages of docu-

ment, of the 30 agreements, 22 ministerial decisions at mula noong Marrakesh hanggang doon sa Doha, nag-Washington pa sila, di natuloy, nandoon pa rin yong debate na ang WTO is at the root of the problems of the world. Kaya dapat kilalanin ito at kinikilala ng Fair Trade Alliance ang ganitong usapin.

Parang political parties, not a single word of political party is found in the Constitution but definitely the political life of the country revolves around the movements of political parties. So ganoon ang pananaw namin. It is not because not a word of free trade is found in the WTO documents that we can dismiss the WTO as a simple rule-making body, as a simple dispute settlement body, as a simple mechanism to solve, as it were, policy conflicts between nations. Ang pananaw namin, ang WTO ang sentro ng usapin sa trade. I'll just give three reasons for the consideration of our friend.

Sabi nga kahapon ni Rene, itong nangyayari sa bansa, sa buong mundo, is an expression of a particular mindset, of a particular world view, a particular paradigm and that is yong neo-liberal orthodoxy. That free market, free trade is the way of salvation. Remove barriers, get into a borderless world, no rigidity, yong mga ganyan ang solusyon.

Pero ang sinasabi namin hindi ganoon ka self-correcting iyong merkado kaya nangangailangan ito ng mamamayan, ng estado na poposisyon sa isang particular na pananaw. Iyan yong ideological basis na gusto naming maging matinkad sa ating pananaw. Sabi nga doon sa workshop namin kahapon, sa problema ng ating bansa, kung walang maayos na pananaw, kahit sinong iluklok mo diyan, paulit-ulit yong current account deficit, paulit-ulit yong trade imbalances, at paulit-ulit yong corruption — kung walang maayos na pananaw sa pag iisip.

Number two, yong WTO is literally about trade, huwag nating guluhin. Not trade in the sense ng GATT, dati kasi GATT iyan but in 1995 GATT as a purely economic agreement transformed into WTO, where WTO becomes an overseer. Basically, pinag-uusapan nya yong takbo ng kalakal, goods, services. Pati property rights pinasukan.

Finally, hindi dapat ma-dismiss ng ganoon dahil ang WTO will remain as the phenomenon of the 21st century. All advances in technology, innovation will precisely accelerate the WTO mechanism. Kaya sabi nga kanina, continuing process yan kaya nakakatakot na hindi natin tingnan ang source ng lahat ng ito. Iyon

po ang gusto kong mapaabot sa mga kasama, WTO is an enemy.

Ka Bobby Tañada:

Maraming salamat, Ka Dave. Ako ay napagsabihan na yong press Conference will have to take place before two o'clock, in about thirty minutes. We still have the declaration and some resolutions to approve. Now just a brief response from Meilou to clarify what she had said earlier.

Atty. Meilou Sereno, UP College of Law:

Lahat ho naman tayo ay merong perspektibo sa buhay. I never said that the WTO does not want liberalization of trade. In other words, the framework is liberalization of trade. Kasi ang tingin ko kasi ay may mga givens tayo sa bansa, may mga kaya tayong gawin at may mga hindi tayo kayang gawin.

Before the WTO, ito ang reality number one, if a country just decided to stop all the importation of any Philippine product, there is no recourse at all in international law, zero. Now, there is a recourse in the WTO.

The first case that was won in the WTO was a case filed by Venezuela and Brazil against the US. It was a major victory. Napilit nilang palitan ng US ang kanilang trade rules on pre-formulated gasoline. Another notable win was a win by Costa Rica against the US for the importation of underwear, Costa Rican underwear. Another was a win by India against the US against the unfair restriction on the importation of women's skirts.

In other words, ang reality po noon, kahit anong ingay natin, wala na tayong recourse. Pag ang isang country na sinusuplayan natin ng produkto ay ayaw tanggapin na bigla ang ating produkto. WTO allowed that. So ang tingin po natin is, iwe-weigh po natin ang cost and benefits.

May cost ho ang membership sa WTO. It doesn't come free. Pero halimbawa po, sabihin natin dahil po palagay natin mali ang minumungkahi sa WTO ay idi-disengage po natin ang sarili natin. Hindi po tayo makikilahok to fight for the rights of developing nations. Ang only avenue for us is bilateral, country by country negotiation. Kung kunwari ho ang bansa ini-exportan natin ay 140 countries baka wala pong energy and time ang mga bansang ito na makipag-usap para sa atin. And the negotiating leverage that we have in a bilateral is very clear to us. Zero, kasi weak tayo. Siguro ang kaya nating pukpukin is a small Pacific island nation.

Kung halimbawa mas malaki ho economically sa atin, then we have stronger leverage in a multilateral setting kasi meron tayong tinatawag na free-rider phenomenon. In other words, yong strength ng ibang bansa na ina-apply nila to other countries, pag naka-open ang window for us, pwede po din nating gamitin.

We also live within a framework of rules. May changes po yan. So ang tingin ko ho ganito yan. WTO is not a gift, it is not a present that comes free. It is an avenue for us to have our voice heard where before it was completely unheard. It is an avenue for us were we can make use of rules where before there were no rules.

I think we have a better chance of improving our lives in a world system where people are already trading globally than in a world where the options are not clear. But, of course, every one can really look at the intentions ng WTO. I will not go into that anymore, kasi ho masyadong malayo na po yon. Yon ho ang points of comparison natin, what was there before and what is there now.

Ka Bobby Tañada:

Thank you. Sa tingin ko pare-pareho naman ang ating objective. We have to be creative, dapat po tayong maging malikhain kung ano yong makapagtataguyod, makapagpapasulong ng ating national interest, ng common good ng Filipino, ng ating general welfare, yon ang ating gagawin. Sa loob at sa labas ng WTO, may mga kailangang baguhin diyang at maari nating baguhin sa mga kasunduan, sa pagpapatupad, sa dispute settlement. Pero hindi tayo malilimitahan lamang diyang. Dahil sa labas niyan ay meron pa rin tayong gagawin na mga positibong hakbang. We have to give chance to as many as possible, so may we request the persons who will be speaking to limit what they will say.

Mr. Angel Mendoza, Asia-Pacific Workers Solidarity Link:

Galing po ako sa FTA labor. Ibig kong basahin lang dito yong mungkahing resolusyon para sa FTA at sa lahat ng mga nandito. Papaiksiin ko na lang dahil may mga whereases po, mga premises. Ito po ay isang resolusyon na nanawagan para sa FTA at ang kapulungan para sa policy reforms sa gobyerno kaugnay ng Tariff Reform. Pupunta na po ako sa sinasabi kong resolusyon. (see main resolutions)

Mr. Ted Mendoza, College of Agriculture, UP Los Baños:

Brief point lamang po. Gusto ko sanang magpasalamat dito sa Club Filipino pero ang obserbasyon ko po in relation sa ating discussion dito ay dapat true to type Filipino ang ating ginagawa. Magmula pa po kahapon, ang sini-serve pong pagkain dito ay 'un-Filipino', hindi po typical Filipino at hindi po ito nakakatulong sa nationalist agricultural development kung hindi po natin ipa-patronize dito mismo sa ating ginagawa ang Filipino products.

Ito pong ating softdrinks, hindi po yan softdrinks, sana man lang buko juice, coconut juice. To neutralize one glass of softdrinks na iniinom natin, we need to drink 40 glasses of water. So yon po ang ratio, one is to forty glasses. Kaya po yong mga conscious sa health, pasensya po kayo, yon po ang dapat ninyong inumin.

Yon pong kinakain natin, yong fatty foods na yan, marami pong cholesterol yan, mataas sa uric acid, bibili na naman kayo ng puree, gastos na naman po yan. So, sana po kung ako ay tatanggapin ng Agriwatch, ako po sana ay magvo-volunteer sa kanila. Bantayan po natin ang ating consumption pattern kasi naka-link po iyan sa production. Hindi po tayo uunlad, hindi po tayo magsu-survive hangga't di natin tinitingnan kung ano ang consumption pattern natin, ang taste preference natin. Maraming pong salamat.

Mr. Jose Umali, National Union of Bank Employees:

Dahil nabanggit po ang pangalan ko ni Prof. Sereno, nais ko po lamang magbigay ng paliwanag. Nasabi po niya kanina sa aming workshop, sa workshop 6, na kaming mga presentors ang nagkadebate doon. Nasabi po nga niya, ipinaliwanag po niya ang tungkol sa mga bangko.

Ang kanyang paliwanag, ang nangyari sa banking ay di dahil sa GATS kundi dahil doon sa pag-a-allow ng Philippine Government na i-liberalize ang banking industry. Marahil ay konting paliwanag po lamang. Yon pong pag-liberalize ng banking industry ay dulot ng globalisasyon at ito ang naging unang hakbang — ang pagpasok ng mga dayuhang bangko.

Napansin ko din po sa ating pag-uusap, lahat ay nakatukoy doon sa pagtre-trade ng mga goods. Medyo hindi nabigyan ng paliwanag, bagamat maganda ang paliwanag na binigay ni Atty. Sereno, kung ano po itong GATS.

Iyong GATS ay hindi na po trading goods yan. Sa GATS, ang pinangangambahan ay ang serbisyo. Maraming uri ng serbisyo

ngayon ang magiging object of trading. Hindi na ho goods kundi services.

At ayon po sa ibinigay ng government, apat na industriya na ang binuksan upang magkaroon ng trading in services. Number one, tourism; pangalawa, communications; pangatlo, transport at pagkatapos ay yong finance. Darami pa po ito.

Sa financial services, ang ibig sabihin ng liberalisasyon sa serbisyo ng finance ay gagawin na sa lahat ng mga bansa kung gusto natin magkapalitan.

Pero noong papasukin natin ang mga bangko, mga multi-nationals banks, ano po ang nangyari? Pumasok. Ang dapat ho doon ay nagbukas sila ng kanilang mga bangko. Di nagbukas. Ano ang ginawa? Pumasok kunwari pagkatapos ay pumasok sa ibang bangko, binili ang bangko o di kaya naman ay nakipag-merge doon sa mga bangko natin. So ano ang nangyari? Nawawalan ng trabaho sa banking. So yon ang problema namin ngayon.

Kaya yong sinasabi ni Atty. Sereno na wala pong kinalaman ang GATS, hindi po totoo yon. Sapagkat financial services, sa makatuwid, dahil nga sa ginawa ng gobyerno natin, panlaban daw, para yong ating mga bangko ay maging competitive ay sinabi sa mga bangko, kayo'y magsama-sama para kayo ay lumaki. Hindi ho ganoon ang nangyayari. Sa pagsama-sama nawawalan ng trabaho ang mga empleyado.

Merong isang bagay na nais ko lamang idagdag. There was a very important issue raised yesterday by Prof. Magallona and this is what I would like to call the attention of everybody to. Dito po sa WTO, ang trading natin ay kinakailangan ay yong mga serbisyo na pepwede nating ibigay din sa ibang bansa ay dapat yon ang ating buksan. Kung hindi natin kaya, huwag nating buksan. Samakatuwid, ang ibig sabihin, iyong mga bangko natin sa Pilipinas, yan ba ay mayroong kakayahan na makipaglaban sa ibang bansa? Sa turismo, meron ba tayong operators ng tourism na pwede sa ibang bansa para makipaglaban? Wala.

Ang ibig sabihin, sana ay tingnan ng gobyerno muna bago magbubukas because yong tinatawag na 'commitments' sa apat na pamamaraan (four modes of service supply) ay dapat tingnan. Kung hindi natin kaya, huwag buksan sapagkat yong naman talaga ang essence ng kalakalan, ng palitan. Let us trade services in areas where we can compete. If we cannot, we should not do it.

Halimbawa, yong mga IT na lamang natin, ipinagmamalaki natin na napakagaling nating Pilipino sa IT. Di ba't napasama tayo sa listahan na tayo ang sumira, ang nagbigay ng virus? Magaling tayo pero nasaan ang mga IT natin ngayon?

Mr. Leody de Guzman, Bukluran ng Manggagawang Filipino:

Maiksi lang po itong sasabihin ko. Ako po si Leody de Guzman ng Bukluran ng Manggagawang Filipino. Meron lang po kaming kahilingan o resolusyon dito sa National Conference na ito ng FTA.

Sa mga manggagawa po, hindi lang yong contractualization ang problemang hinaharap namin diyan. Hindi pa yan ang totoong problema. Yong isyu ng mababang sahod na ngayong nangyayari o yung issue ng moratorium sa mga CBA. Hindi pa yon ang malaking problemang kinakaharap namin ngayon. Ang totoong pinakamalaking problema ngayon ay iyong tanggapan sa trabaho. Iyon po ang pinakamasakit sa ating mga manggagawa, ang biglang mawalan ng trabaho. Isang resolusyon na suggestion namin dito, kasabay ng ating kampanya para tutulan iyong zero tariff regime, hinihingi ng mga manggagawa na baka pwede isabay din natin yong zero re-trenchment sa ating mga manggagawa.

Mr. Jong Sereno, Association of Petrochemical Manufacturers of the Philippines:

My proposed resolution is on the policy reform on Philippine commitments under the AFTA-CEPT. (see main resolutions)

Ka Bobby Tañada:

Maraming salamat. Ngayon pupunta na po tayo sa Declaration. . Now, let us take up the Declaration and let me call on Dean Ofreneo to tell us about this.

Dr. Rene Ofreneo:

Magandang tanghali po sa ating lahat. Meron po kahapong pinaikot na draft unity declaration, seven pages (see main resolutions). Hindi po nabigyan lahat pero yung mga chair at facilitators nabigyan. Now, ni-revise po ito based on the inputs coming from the different workshops last night and then kaninang umaga, ni-revise pa rin po at ito po ay inihaharap sa komperensyang ito for adoption. Dahil kapos po tayo sa oras ay isa-summarize po namin ni Aileen Soza itong presentation.

Anyway, ang title po nito ay 'Rebuilding our economy, Rebuilding our future'. Wala tayong hinaharap kung wala tayong ekonomiya. Yong unang pahina po nitong declaration ay tungkol sa mga diniscuss natin kahapon at ngayon tungkol sa sitwasyon ng ating economy na napakahirap. Sinasabi rin po na itong ating crisis ay maraming causes but the major cause is the simplistic ideology of reducing economic policy choices to questions of either going export-oriented or not, of either adopting a labor-intensive or capital-intensive approach, or of further relying on foreign investments or going it alone. So, the ensuing aimless and probably reckless liberalization and globalization ay naka-subvert sa vibrancy ng industrial process. Nawalan tayo ng agro-industrial direction at napakahalaga po, nawala iyong kultura ng industrialism at ngayon nalulunod tayo sa imports, karamihan ay smuggled or dumped.

Ang tanong: ano ang gagawin natin, lalo na may more liberalization schedules na nakahanda? Sa September ay merong Cancun ministerial meeting ang WTO where they will discuss further trade liberalization. Halimbawa agriculture, we have tariffed it, and now the issue is how to reduce the agricultural tariff. They will liberalize services. They will open up the domestic market through the so-called competition policy. To them, competition policy means just open up everything, even the local markets.

Ang isang proposal dito ay tayo ba ay maghahalukip na lamang. Ang sinasabi ng document, hindi. Tayo ay mga Pilipino na naniniwala sa hinaharap ng Pilipinas at tayo'y hindi nawawalan ng pag-asa. With unity, patriotism, pwede nating i-rebuild ang economy but kinakailangan magkaroon ng mga pagbabago.

Ang unang pagbabago ay direksyon ng ekonomiya. We need to fight for a new policy direction for the economy. Of course, yong sinimplify ng mga neolib na either labor-intensive, export-oriented etc., ang punto natin yong we adopt yong definition ni Ka Bobby kahapon na ang overall thrust is to develop the overall capacity of the economy, industry and agriculture, at hindi tayo matali doon sa mga simplified choices. Kinakailangang ma-develop yong mga appropriate linkages in a mutually enforcing manner. Create jobs and value added. Nabanggit yong ating industry, agriculture, services, export sector, they are islands unto themselves. Wala pong mga linkages at nagkakaroon pa tayo ng situation na nag-aaway-away ang mga industries. So, kinakailangan na magkaroon ng harmonization yan katulad ng

nakikita natin sa China at saka sa ibang bansa.

We need also to push for this kind of vision, an activist and nationalist government. Ano ba ang papel ng nationalist government? One, it is able to assert and enhance our national interest in the global and regional trading arenas. Ikalawa, hindi nakatali sa free trade neo-liberal economic dogma. Sabi ni Tintin kahapon, sa mga neo-libs, the role of government is simply to minimize its role in the economy and allow the free flow of capital. A nationalist and activist government is focused on, one, enhancing the overall capability of industry and agriculture to survive, grow and expand in a harsh and uneven environment through the development of appropriate and forward-looking infrastructure, monetary, fiscal, R & D and institutional support measures to develop the full potentials of the home market, 85 million na po ang Pilipino, in sustaining and creating decent jobs and livelihood through the promotion of a vibrant, community-based, economic activities and strong agro-industrial and inter-regional linkages; identifying, preserving and developing strategic industries such as those involving the food security of the nation and the basis for the future development of new industries; identifying, preserving and developing global niches for the economy, ibig sabihin, we support both domestic and export industries; apply without hesitation yon mga corrective measures to level the economic playing fields such as the adoption of timely and necessary counter-measures against dumping, unfair trading practices of other nations, smuggling, economic plunder, and so on.

Marami pa ho ditong binabanggit on what is an activist government, pero sinasabi rin po rito na napakahalaga ng papel ng science, ng R & D, infrastructure development, cooperation at tangkilikan at mahalagang pagtuunan ang deepening the industrial structures, upgrading the SMEs, small and medium enterprises, para sila ay hindi lamang maging competitive sa local but also globally rin.

Agricultural modernization is meaningless kung walang transformation ng kaisipan din ng ating mga magsasaka. So hindi lamang dapat ma-focus doon sa physical aspect at iyong food security ay isang bagay na hindi natin pwedeng i-barter. Ito ay question of national security at kapag walang food security magkakagulo ang ating bayan.

Then finally, kinakailangang magkaroon ng orderly, just and dignified settlement sa ating utang panlabas sapagkat masyado tayong nababaon dito and if necessary we have to dump or junk

onerous and unjust loans, including yong mga ni-review ng Malacanan, yong spurious IPP contracts.

Now some urgent measures. Marami pong measures pero tatlo yong na-single out.

Number one, we take from the presentation of our good Vice President, first, we need a breathing spell from the suffocating liberalization commitments made by our policymakers with the WTO, AFTA, IMF. **We call on the government to defer for five years our tariff and other liberalization commitments to these institutions based on the tariff rates of the year 2001.** Siguro naman po ay very reasonable yan. Itong period of deferment na ito is consistent with the universally-recognized principle ng mga developing countries under the WTO. Nire-recognize na iba-iba ang level of development and therefore they are entitled to special and differential treatment, yung SDT. Habang i-strengthen tayo, nagpe-prepare tayo. There should be a no-nonsense drive against smuggling and a greater government resolve to check the unfair dumping of foreign goods into the Philippine economy.

In addition, sinusupportahan po natin yung panawagan ng ating pangalawang Pangulo na mag-impose ang government ng 10% surcharge against all imports except on raw materials and machines needed by the local industry for expansion.

Ikalawa, in the line of the looming global recession, magkakaroon po ng giyera sa Iraq, tataas ang presyo ng langis, **we support the call to look inward and look at the potentials of a population of 85 million as a solid market.** Malaki pong market yan kaya lang hindi po ma-realize yong advantages nito sapagkat in an open economy with local industry and agriculture being swamped by dumped and smuggled products, yong potential natin ay nawawalan ng saysay. Hence, kinakailangang sa promotion ng domestic market driven growth ay sabayan ng campaign against smuggling, prevent unfair dumping, promote the growth of local industry and agriculture including, sinabi ni Ted Mendoza, yong good health and then develop a culture of patronizing Philippine-made products. This is the time to promote the Buy Pilipino movement and create a Filipino job movement simultaneous with the campaign for local industry and agriculture to upgrade their operations and exert efforts to produce cheaper but quality products and services.

Finally, yong third, yong low level of foreign investments given the reality in the market, talagang wala tayong maasahan

na dadagsa ang foreign investment. **This is the time we do not only look inward but we also look at the Filipino as source of investment.** I-mobilize ang buong bansa. I-mobilized yong mga successful Filipinos abroad. Magbalikan sila, successful scientists. I-mobilize ang savings, katulad nga ng ginagawa ng ating Vice President, savings ng mga OFW. They remit about 8 billion dollars a year. Ma-capitalize mo lang ang 10% of that, napakalaking bagay na po. Hindi kayang habulin yan ng foreign investment. Kung makita ng foreign investment na tayo mismo nag-i-invest, darating at darating ang mga foreign investments na iyan.

So what is really needed is **to mobilize the entire population in support of a common vision of development where every concerned Filipino has a genuine stake to uphold and a role to play.**

And then we close by, we call for a government of national unity. We share that call but it should not be a government based on the issue of charter change but based on urgent social and economic reforms. We need to inculcate the values of industry, integrity and nationalism among our people, especially among the youth. We have to the revive their sense of economic nationalism and we have to straighten economic nationalism as a fundamental principle of the Constitution, ito po ay kanina lang dinagdag, and safeguard it against amendments of any disguise. So, whether mag-cha-cha o hindi, what is important, what is fundamental is, nananatili itong economic nationalism as a major principle guiding this nation.

Above all, we need to unite, drawing on our past struggles for nationhood and the example of our heroes, in building up a nationalist economy and to have this nationalist economy, I think we have to launch a nationalist movement. Yan po ang ating declaration of unity.

Mr. Ernie Ordoñez:

Ayaw ko po yung Kastila, pwedeng tanggalin na yong Kastila. Ikalawa, napakaganda. Congratulations, napakaganda po ng ginawa.

Yan po, I just want to say that this is so good that I think we should have a full page advertisement, summary so that everybody will wake up because if this does not hit the full page advertisement, the beautiful thoughts of the beautiful people here will be lost to the country. So I recommend we get money for a full-page advertisement.

Unidentified Participant:

Yong kooperatiba, pakibanggit po sila. Kasama po sila sa saving mobilization, kasama po sila sa trade internally. Isama po natin sila categorically. Kasi ang reklamo po nila, napupwera sila sa SONA, they are not even mentioned in SONA, so kung puède isama natin sila.

Mr. Angel Mendoza:

Ang minumungkahi ko po na lahat ng mga resolutions presented sa floor ay i-adopt ng body en toto, Lyon po ang aking resolusyon. Puède po ba yon?

Participants:

Okay.

Rene Visaya, Philippine Cement Corporation:

Nalulugod kami at nandito po ang ating dating USec. Ordonez ng DA at DTI din po, at gayon din si Former Sec. Concepcion ng DTI. Doon po sa anti-smuggling campaign ni USec. Ordonez, minumungkahi rin po namin na sana, dahil galing din po naman siya DTI, isama na rin po niya yong mga industrial products natin, di lamang agriculture.

Atty. Meilou Sereno:

I applaud the drafter of that statement. Napakaganda ho. Again, it is very intelligent. May I just request a small refinement? The past history of economic nationalism is loaded with the concept of anti-foreign investments. Now, the strategy, on the other hand, of the statement is to attract the foreign investment by showing that there is enough domestic demand, which is a very intelligent way of handling it. Is there a way of trying to unload the baggage, the problem of anti foreign investment from the term of economic nationalism?

Ka Bobby Tañada:

We are not against foreign investment. We welcome foreign investment. We only would like the right policy on how to treat the foreign investments coming in. So it is with that understanding, we know we lack capital. It is in that framework. I think there is not anyone here who will say that he or she is against foreign investment.

Atty. Meilou Sereno:

Oo nga ho e. Ang fear ko nga ho is because of the history of the term economic nationalism. Can we try to find a better way of capturing the sense of the statement? Because if it is picked up and the wrong signals are used, some forces, without going through the statement, which is a very balanced statement, will make wrong conclusions. Baka magkamali ho ng understanding. Yon lang, actually, it is just a concern.

Ka Bobby Tañada:

Okay, let that be duly noted.

Mr. Raul Segovia:

On any resolution that embodies request for government for representation, please never forget the consumer, the biggest social sector.

Ka Bobby Tañada:

That's right. That is very good. We should never forget that. Okay meron pa po bang tutulol. Okay?

Participants:

Isang bagsak!

Ka Bobby Tañada:

Isang bagsak! So, aprobado na po yong ating unity declaration. Marami pong salamat. Bago ko po hingan ang ating Kagalang-galang na Vice President Tito Guingona for his closing remarks, may I thank the Vice President, our resource persons, Dean Ofreneo, Dean Magallona, our discussants, and of course our facilitators, our secretariat and staff. Kung wala po kayong lahat hindi po magiging matagumpay ang ating kumperensyang ito. Sa tingin ko maliwanag na naabot natin ang ating layunin na makabuo ng isang Nationalist Agenda for our development. Hindi po lang yan malalagay sa papel, isasagawa po natin yan, isasakatuparan natin.

Annex A

NATIONAL CONFERENCE

**"A Nation in Crisis:
Agenda for Survival"**

January 22-23, 2003
Club Filipino, Greenhills, San Juan

PROGRAMME

DAY ONE

January 22, Wednesday

Registration	9:00-9:30
National Anthem	9:30 - 9:35
Ecumenical Prayers	9:35 - 9:40
Acknowledgement of Guests and Participants	9:40 - 10:00
Welcome Remarks	10:00 - 10:30
Wigberto E. Tañada, Fair Trade Alliance, Lead Convenor	
Keynote Address	10:30 - 11:00
Teofisto Guingona, Vice President of the Philippines	
Presentation:	11:00 - 12:00
<i>Key Findings from the Conference on Core to Periphery</i>	
Dr. Rene Ofreneo, UP Solair	
LUNCH BREAK	12:00 - 1:30

Presentation: 1:30 – 2:30
*Economic Nationalism and the
 National Treatment Clause:
 The Case of the Philippine Constitution
 vs. WTO Agreement*

Atty. Merlin Magallona, UP College of Law

WORKSHOPS 2:30 – 5:30



Annex B

Workshop Group 1: Nationalist Industrialization

Discussants: Mr. Meneleo J. Carlos,
Federation of Philippine Industries
 Ms. Joy Chavez - Malaluan,
FOCUS on the Global South
 Ms. Cristina Morales,
Action for Economic Reform
 Mr. Jose Concepcion,
Bishops'-Businessmen's Conference

Facilitator: Mr. Mario Sereno,
*Association of Petrochemical Manufactur-
 ers of the Phils.*

Guide Questions:

- How can Philippine industry recover and a sound industrial base be cemented given the mistakes of the past and the realities of the present, including the reality of a globalized and liberalized Philippine economic order?
- How do we strategize Philippine position in the globalizing world economy, especially in relation to AFTA and WTO?
- Is economic protectionism still an option, or are there other options for us?
- Is leap-frogging in industrial development possible?
- What is the overall role of economic nationalism in industrial development?

Workshop Group 2: Nationalist Agricultural Development

Discussants: Mr. Ted Mendoza, *UP Los Baños*
 Mr. Manny Ching, *businessman*
 Sec. Luis Lorenzo III,
Department of Agriculture

Facilitator: Mr. Dong Calmado, *PEACE Foundation*

Guide Questions:

- How can Philippine agriculture recover and a sound agricultural base be cemented given the mistakes of the past and the realities of the present, including the reality of a globalized and liberalized Philippine economic order?
- How do we strategize Philippine position in the globalizing world economy, especially in relation to AFTA and WTO?
- Is the vision of a progressive and job-full countryside possible in a situation where most of our agricultural crops today are collapsing under globalization?
- Can Philippine agriculture still be saved and transformed? How?
- What is the overall role of economic nationalism in agricultural development?

Workshop Group 3: Nationalist Education and Culture

Discussants: Mr. Raul Segovia,
Citizen's Alliance for Consumer Protection
Ms. Leticia Constantino,
National Movement for Civil Liberties
Dr. Vivencio Jose, *UP College Arts and Letters*

ters

Facilitator: Prof. Jorge Sibal, *UP SOLAIR*

Guide Questions:

- How could the sense of nationalism that once pervaded the hearts and minds of the founders of our nation be revived, deepened and instilled to counter a globalist culture which worships on the altar of free trade?
- What is the meaning and practice of nationalist education today?
- How will it cope or blend or deal with the realities of globalization?
- Can the culture of industry and industrialism, supplanted by a trading mentality nurtured by neo-liberal economics, be revived and developed to help launch the nation once again on the path of industrialization?

Workshop Group 4: Nationalist Government and Globalization

Discussants: Dr. Sixto Roxas, *economist*
Ms. Aileen Zosa,
Bases Conversion Development Authority

Facilitator: Ms. Rebecca Malay,
Philippine Rural Reconstruction Movement (PRRM)

Guide Questions:

- What is the vision of a Nationalist Government – its mission purpose, its development thrusts should a nationalist government be elected and the reform measures it is going to undertake to reverse the decline of the economy?
- What can a nationalist government do in dealing with the ill effects of globalization such as the collapse of local industry and agriculture? joblessness and jobless growth?
- Can a nationalist government succeed in uniting the people behind a nationalist development agenda?
- How do we deal with the so-called economic fundamentals, in particular issues related to the budget, debt and so on?
- How should we strategize Philippine position in the globalizing world economy, especially in relation to AFTA and WTO?
- What is the overall role of economic nationalism on governance issues?

Workshop Group 5: Local Governance and Nationalism

Discussants: Rep. Apolinario Lozada, Jr.,
5th District, Negros Occidental
Mr. Vic Luna, *Office of the Vice President*

Facilitator: Mr. Bong Antonio,
Local Government Academy

Guide Questions:

- What is the role of the local governments in promoting economic nationalism and uniting the local populace behind a nationalist development agenda?

- Can a nationalist development agenda be developed at the local level?
- How can a nationalist local government deal more decisively with the ill effects of globalization such as dumping of foreign goods, which is killing local industries and jobs?
- On the other hand, can a nationalist local government show the way out of the crisis?
- Can the local government strategize its position in the globalizing world economy, especially in relation to AFTA and WTO?
- What is the overall role of economic nationalism on governance issues?

Workshop Group 6: Nationalism and a Globalizing Services Sector

Discussants: Atty. Merlin Magallona, *UP College of Law*
Mr. Jose Umali,
National Union of Bank Employees
Prof. Maria Lourdes Sereno, *UP College of Law*

Facilitator: Prof. Bonifacio Macaranas, *UP Solair*

Guide Questions:

- What should be the role of the service sector, the biggest employer today, in a nationalist development program?
- What are the likely effects of the WTO's General Agreement on Trade in Services (GATS) on the service sector industries such as banking, insurance, education, health, etc.?
- How should nationalists define their position vis-à-vis GATS (For example, there are provisions of GATS which contradict the Philippine Constitution, e.g., practice of the profession, foreign ownership in media and others)?
- Is the service sector the hope of the country for a brighter future or is a mere catch basin for those unable to find jobs in the industrial and agricultural sectors?
- How do we strategize the Philippine service sector in a globalizing world economy, especially in relation to AFTA and WTO?

Annex C

List of Participants

Day One, January 22, 2003

	Name		Organization / Affiliation
1	Armando	Abellano	OVP
2	Mike	Aeral	Office of Rep. Ocampo
3	Adrian	Agabin	IBC 13
4	Sandra	Agunaldo	GMA 7
5	Adelfo Cyrus	Alanis	Office of Rep. Ocampo
6	Benjamin	Alar	FSM - NCL
7	Gilda	Alcantara	OVP
8	Hannah	Alcosela	Businessworld
9	Benjie	Alejandro	RMN Manila
10	Herberto	Alensuela	PNUC
11	Apolinar	Alfonso	LAGMAN/Wesleyan Univ.Phils
12	Manuel	Almario	PNA
13	Anabelle	Amaga-Vitacion	Philnet - RDI
14	Orland	Aquino	CONFED (sugar)
15	Gerrah	Aquino	Sugar Alliance of the Phils.
16	Timoteo	Aranjuez	Congress of Labor Organizations
17	Mauro	Arce	FPI
18	Rey	Argana	TODAY
19	Elmer	Argaño	Union for Fresh Leadership
20	Manuel	Arias	NAFLU
21	Vic	Arsenal	PATAMABA
22	Azela	Arumpac	UP Law Center - ILS
23	Antonio	Asper	FFW
24	Sonny	Azores	KAMMPIL
25	Gary	Bacolod	MASO - CLO
26	H. Boyie	Baez	Magkape Tayo
27	Jose	Baldonado	FPI
28	Arsenio	Balisacan	Department of Agriculture

	Name	Organization / Affiliation
29	Lea	Bañares-Calmada UNORKA
30	Oscar	Barrera KATAPAT/PHILEXPORT
31	Alex	Barrientos PALEA
32	Benji	Basquiñas NAMAWU
33	Lowell	Bautista UP Law Center - ILS
34	Emmanuel	Belen Cropking Chemicals
35	Elmer Ian	Belen PSIA
36	Fred	Bentulan ALAS/LMLC
37	Jun	Bocala KAAKBAY
38	Trgyve	Bolante PRRM
39	Tony	Brenches CLUP
40	Nash	Buat IBC 13
41	Nadia	Buluran Net 25
42	Maan Gale	Bustaliño Office of Rep. Teves
43	Thuts	Cabardo ABC 5
44	Napoleon	Cabello Columbian Chemicals Phils.
45	Pete	Cabungcal AGLO
46	Rody	Cada KASAPI
47	Dong	Calmada PEACE
48	Gerry	Canja SIGLO
49	Joy	Cantos PSN
50	Ito	Carlos FPI
51	Teddy	Casiño BAYAN
52	Racquel	Castillo Education Network
53	Vicente	Castro Phil. Sugar Millers Assoc.
54	Joseph	Catahan Miascor Workers' Union - NLU
55	Robert	Ceralvo Coalition of Global Filipino
56	Genesis	Changilan farmer
57	Emmanuel	Ching FTA
58	Niza	Concepcion Phil. Coalition for ICC
59	Jose	Concepcion BBC
60	Leticia	Constantino Fdn for Nationalist Studies
61	Emerson	Cuyo PHILEXPORT
62	Randy	Dacanay PRRM
63	Narciso	Dalumpines KAPISANAN Tokyo
64	Roger	Davis POFFA
65	Winnie	Dayego OVP
66	Ed	de Guzman ABC 5
67	Mike	de Jesus Manila Standard
68	Freddie	de León PRIA

	Name	Organization / Affiliation
69	Wilfredo	dela Cruz NAFLU
70	Mark Anthony	Delumen FPI
71	Girlie	Destura Sandata - Bagong Bandila
72	Gigi	Digae PHILEXPORT
73	Dave	Diwa NLU - LMLC
74	Jeremy	Ducay LGU (Mt. Prov.) ASCEND
75	Philp	Duquiutam Malaya
76	Ramon	Duran PRRM
77	N.M.	Embisan Metro Profile
78	Samuel	Eslava UCC / LUCWU / PCWC
79	Dante	Eulaño IBC 13
80	Saec	Farro FTA Secretariat
81	Medi	Fernando PHILEXPORT
82	Paolo	Florenda OVP
83	Dojoe	Flores PRRM
84	Bong	Fornal PABI - Tyson
85	Jaime	Garcia ADLO
86	Tony	Garcia Chemphil
87	Chino	Gaston RPN 9
88	Flor	Gatbayal Office of Rep. Teves
89	Joel	Gaudia Samahan ng Magsasapatos
90	Jerry	Go DWAD - AM
91	Zenni	Gonzales Secretariat
92	Ephraim	Guerrero FFW
93	Catherine	Guevarra PHILEXPORT
94	Teofisto	Guingóna Vice President
95	Lourdes	Gula PATAMABA
96	Bayani	Hipol PMDG - RPM
97	Primar	Jardeleza PATAMABA
98	Rolando	Jaurigue Philsteel Group
99	Vivencio	Jose CAL, UP Diliman
100	Antonio	Josue PALEA
101	Jovie	Labajo KASAPI
102	Hoyt	Lacuesta OVP
103	Simya	Lagos Mt. Province
104	Rolando	Larracas LGU (Boac, Mdque)
105	Edmond	Lee Star Motor
106	Liza	Leong PHILEXPORT
107	Henry	Leung APMP
108	Bobbit	Librojo Social Democratic Caucus

	Name	Organization / Affiliation
109	Bina	Licaros
110	Fides	Lim
111	Remedios	Limare
112	Dave	Llarranes
113	Ricardo	Llobrerra
114	Juan	Lopega
115	Teddy	Lopez
116	Bernie	Lopez
117	Milette	Lorenzo
118	Rep. Jun	Lozada
119	Bonifacio	Macaranas
120	Catherine	Maceda
121	Roberto	Madla
122	Myke	Magalang
123	Merlin	Magallona
124	Beckie	Malay
125	Ed	Malay
126	Sara	Malinias
127	Raymund	Malinias
128	Gov.	Mandanas
129	Rey	Marcaral
130	Romeo	Marlin
131	Ronald	Mascariñas
132	Sonny	Melencio
133	Mars	Mendoza
134	Angel	Mendoza
135	Faustino	Mendoza
136	Vangie	Mendoza
137	Ted	Mendoza
138	Cristy	Merto
139	Cristina	Morales
140	Cas	Navarro
141	Jeremy	Nishimori
142	Nelson	Nuñez
143	Carmelita	Nuquí
144	Rene	Ofreneo
145	Christian	Oineza
146	Floro Roy	Oliveros
147	Angel	Ong
148	Ernesto	Ordoñez
		Office of Rep. Ocampo
		Pinyahan E/S ACT
		IBC 13
		NAFLU
		NAMAWU
		Bagong Bandila
		Businessworld
		LGU (Marikina)
		5th District, Negros Occidental
		UP SOLAIR
		CFO
		LGU (Boac, Mdque)
		LGU (Boac, Mdque)
		OVP
		PRRM
		RPDEV
		LCE (Mt. Province)
		Mt. Province
		LGU (Batangas)
		RMN News
		Samahan ng Magsasapatos
		Bounty Agro Ventures Inc.
		BMP
		FTA
		FTA
		NEPA
		UNORKA
		UPLB
		PHILEXPORT
		Action for Economic Reforms
		OPCEN / OPS - Malacañang
		ECPG
		KAMPILAN South
		DAWN - PMRW
		FTA
		Malaya
		SDC - Bagong Bandila
		DLSU
		Agriwatch

	Name	Organization / Affiliation
149	Ernesto	Ordoñez
150	Junar	O'toole
151	Robert	Padilla
152	Rino	Paez
		Agriwatch
		FTA Secretariat
		NAMAWU
		Commission of Filipinos Over seas (DFA)
		Mt. Province
		UP Insti of Intl. Legal Studies
		Office of Joson
		NAFLU
		PATAMABA
		AGLO
		Philippine Graphic
		Net 25
		PATAMABA
		NLU - LMLC
		NLU - LMLC
		PEACE
		ADLO
		Balita
		OVP
		OVP
		FTA Secretariat
		Saniblakas Foundation
		Miascor Workers' Union - NLU
		NAMAWU
		CFO
		FPI
		AGAM } QCASCD
		Office of the Vice President
		Samahan ng Magsasapatos
		Net 25
		AOS
		Municipality of Bocaue
		News Asia
		Bayan Muna
		Samahan ng Magsasapatos
		CACP
		APMP
		UP Law
		PRRM
153	Timmy	Pakipac
154	Mary Ann	Palma
155	Ruben	Palomino
156	Arnold	Pardo
157	Josephine	Parilla
158	Butch	Peña
159	Emeterio	Perez
160	Jose	Pinaruc
161	Rosalinda	Pineda-Ofreneo
162	Blas	Pingoy
163	Tony	Polcarpio
164	Steve	Quiambao
165	Lito	Rallstan
166	Ronnie	Ramos
167	Sam	Raras
168	Ernie	Recuerco
169	Leonard	Reyes
170	Ed	Reyes
171	Jessie	Ricablanca
172	Juanito	Ricaforte
173	Pat	Rodolfo
174	Lea	Romana
175	Andy	Rosales
176	Sixto	Roxas
177	Vic	Sabiniano
178	Lee	Salvador
179	Isabelo	Samonte
180	Pepito	Samson
181	Erick	San Juan
182	Nathaniel	Santiago
183	Max	Santos
184	Raul	Segovia
185	Jong	Sereno
186	Lourdes	Sereno
187	Gani	Serrano

	Name	Organization / Affiliation
188	Jorge Sibal	UP SOLAIR
189	Alex Sofu	UNORKA
190	Philip Suzara	KASAPI
191	Eduardo Tagle	
192	Arbee Talastas	SP member, Mt. Province
193	Willie Tan	Samahan ng Magsasapatos
194	Arnold Tenorio	Manila Times
195	Nolan Tiongco	Peace for Development
196	Dennis Paul Toledo	KKMI / Y-ARISE!
197	Larry Tolentino	Office of Councilor Inton
198	Sherrie Ann Torres	ABC 5
199	Art Torres	Manila Bulletin
200	Star Torres	TODAY
201	Francis Treñas	Sugar Alliance of the Phils.
202	Jose Umali	NUBE
203	Salvio Valenzuela, Jr.	PHILEXPORT
204	Nonoy Vazsa	TODAY
205	Reuel Velarde	Philnet - RDI
206	Jose Villanueva	TODAY
207	Renato Visaya	Philcemcor
208	Cecille Visto	Businessworld
209	Lucy Vitamog	Pinyahan E/S ACT
210	Esther Yalung	PMDG - RPM
211	Lino Yokingco	Magkape Tayo
212	Tino Yokingco	Phil. Institute of Technology
213	Aileen Zosa	OVP
214	Botchok	Net 25

Day Two, January 23, 2003

	Name	Organization / Affiliation
1	Armando Abellano	OVP
2	Mike Aeral	Office of Rep. Ocampo
3	Adelfo Cyrus Alanis	Office of Rep. Ocampo
4	Benjamin Alar	FSM - NCL
5	Gilda Alcantara	OVP
6	Anabelle Amaga-Vitacion	Philnet - RDI
7	Liezl Aplando	PhilNet - Youth PUP Chapter
8	Mauro Arce	FPI
9	Vic Arsenal	PATAMABA
10	Oscar Barrera	KATAPAT / PHILEXPORT
11	Benji Basquiñas	NAMAWU
12	Lowell Bautista	UP Law Center - ILS
13	Jun Bocala	KAARKBAY
14	Florangel Braid	LP / CWP / AIJC
15	Nadia Buluran	Net 25
16	Thuts Cabardo	ABC 5
17	Napoleon Cabello	Columbian Chemicals Phils.
18	Pete Cabungcal	AGLO
19	Joel Marc Cairo	
20	Dong Calmada	PEACE
21	Ronron Calunsod	Manila Shimbun
22	Lili Camare	GH
23	Gerry Canja	SIGLO
24	Vicente Castro	Phil. Sugar Millers Assoc.
25	Jose Concepcion	BBC
26	Nenita D	
27	Narciso Dalumpines	KAPISANAN Tokyo
28	Winnie Dayego	OVP
29	Ed de Guzman	ABC 5
30	Leody de Guzman	BMP
31	Freddie de Leon	PRIA
32	Mark Anthony Delumen	FPI
33	Girle Destura	Sandata - Bagong Bandila
34	Dave Diwa	NLU - LMLC
35	Samuel Eslava	UCC / LUCWU / PCWC
36	Saec Farro	FTA

	Name	Organization / Affiliation
37	Paolo Florenda	OVP
38	Dojoe Flores	PRRM
39	Bong Fomal	PABI - Tyson
40	Anne Galardo	DWBR
41	Chito Gascon	Dep Ed
42	Joel Gaudia	Samahan ng Magsasapatos
43	Ernie Generoso	Imbestigador / DWBR 104.5
44	Patricia Gisbert	ADMU
45	Iris Gonzales	Businessworld
46	Catherine Guevarra	PHILEXPORT
47	Teofisto Guingona	Vice President
48	Lourdes Gula	PATAMABA
49	Bayani Hipol	PMDG - RPM
50	Primar Jardeleza	PATAMABA
51	Antonia Josue	PALEA
52	Jovie Labajo	KASAPI
53	Hoyt Lacuesta	OVP
54	Hoyt Lacuesta	OVP
55	Roger Lalloforo	AKMA
56	Rolando Larracas	LGU (Boac, Mdque)
57	Henry Leung	APMP
58	Bobbit Librojo	Social Democratic Caucus
59	Remedios Limare	Pinyahan E/S ACT
60	Bernadette Lingi	AKO PL / LURTF
61	Juan Lopega	NAMAWU
62	Bonifacio Macaranas	UP SOLAIR
63	Catherine Maceda	CFO
64	Roberto Madla	LGU (Boac, Mdque)
65	Myke Magalang	LGU (Boac, Mdque)
66	Merlin Magallona	OVP
67	Beckie Malay	PRRM
68	Jun Mapando	Net 25
69	Romeo Martin	Samahan ng Magsasapatos
70	Mars Mendoza	FTA
71	Angel Mendoza	FTA
72	Rene Ofreneo	FTA
73	Ed Olaguer	
74	Ernesto Ordoñez	Agriwatch
75	Sergio Ortiz - Luis Jr.	PHILEXPORT
76	Junar O'Toole	FTA

	Name	Organization / Affiliation
77	Rino Paez	Commission of Filipinos Overseas (DFA)
78	Josephine Parilla	PATAMABA
79	Butch Peña	AGLO
80	Mer Pineda	DWAD AM
81	Rosalinda Pineda-Ofreneo	PATAMABA
82	Sam Raras	OVP
83	Ernie Recuerdo	OVP
84	Tita Reverente	STOP CAAC
85	Leonard Reyes	PRRM
86	Ma. Corazon Rodolfo	CFO
87	Sixto Roxas	OVP
88	Lee Salvador	Net 25
89	Daniel Santiago	
90	Rudy Santos	NIPS
91	Lino Santos	Magkape Tayo
92	Raul Segovia	CACP
93	Lorna Segovia	CACP
94	Jong Sereno	APMP
95	Lourdes Sereno	UP Law
96	Jun Soriano	CWS
97	Willie Tan	Samahan ng Magsasapatos
98	Sonia Tañada	PRRM
99	Bobby Tañada	FTA
100	Nolan Tiongco	Peace for Development
101	Dennis Paul Toledo	KKMI / Y-ARISEI
102	Larry Tolentino	Office of Councilor Inton
103	Sherrie Ann Torres	ABC 5
104	Renato Visaya	Philcemcor
105	Lucy Vitamog	General Roxas E/S ACT
106	Esther Yalung	PMDG - RPM
107	Aileen Zosa	BCDA
108	Tess	TODAY



Nationalist Education and Culture

Ms. Leticia Constantino

National Movement for Civil Liberties

My invitation came too late for serious preparation. Anyway, we have very little time this afternoon so I will be brief and practical.

We are asked to tackle the question of how to revive the old nationalism and to assess the practice of nationalism education today, no. 1 and 1 in our guidelines.

Nationalism as the legacy of our revolutionary heroes will be difficult to revive in Filipinos today because that nationalism was focused on the struggle for national independence. Public perception is that that battle was won when the United States granted us our independence. We are free, we have our own government. Americans are seen as our friends and benefactors. Blame our colonial education for our ignorance of history which is generally not taught with a nationalist perspective.

It is not the nationalism of old that can be used to counter globalist culture. It is a new nationalism focused on economics which will make our people see the reality that our de-industrialization, free trade and all the other impositions of globalization (the new colonization) are directly responsible for present rising unemployment and deepening poverty which are now our people's main concerns.

Philippine education does not promote nationalism, it promotes globalization. We may try to educate the educators, thinking that what they learned will be passed on to their students. This may be possible in private schools if principals, deans or owners happen to be nationalists themselves (not very likely), but public schools are part of the state and must follow its thrust. Here, the teacher must hew closely to textbooks and to her superiors in the

hierarchy. A teacher whose mind has been opened and who tries to impart what she learned runs the risk of losing her job.

The teaching of Philippine history has been downgraded at all levels including the state university where Philippine history is no longer a required subject. In the grades and in high school it is integrated in social studies.

Of course, the economics taught is the standard one. Globalization is idealized and the importance of foreign investment emphasized.

Perhaps one task the education sector of Fair Trade Alliance can undertake is to read textbooks in use in the public schools, grade and high school. This will give us an idea of how we can influence more effectively the minds of today's adults. Nationalist education is practically non-existent today. It must be revived outside of the educational system.

The urgent task of this workshop and especially any permanent education committee should be design projects that will help to develop popular support for the ideas and objectives of the Fair Trade Alliance.

May I suggest two practical projects:

1. Presence in media, since Filipinos listen to radio and watch TV more than they read. Aside from Alliance leaders being invited to talk shows, could this organization form a sort of brigade whose members can call in to air Fair Trade Alliance views on radio and TV, sometimes as private citizen airing personal ideas. Many radio programs and TV talk shows ask listeners/viewers for their opinion. Sad to say, most of those who can call in have little to add to the low level of discourse. Not even host themselves. A clear nationalist perspective is non-existent. Brigade members must learn to speak to the point in two or three minutes. It's a wasteland out there; why not plant a few seeds?
2. Pamphleteering; Fair Trade Alliance could produce short, simple explanations of different economics issues, printed cheaply in separate pamphlets which can be sold whenever FTA leaders are invited to speak. You can thus leave something for your audience to chew on and remember you by. Don't give the pamphlets away, charge P5 or P10 pesos. No one values what he does not pay for. Sales can be measure of the FTA speaker's success or failure to awaken interest. These pamphlets can also be sent to radio program hosts. They may help to raise the level of their discourse.

Annex E

Local Governance and Nationalism

Hon. J. Apolinario L. Lozada, Jr.

*Chairman, Committee on Foreign Affairs
Philippine House of Representatives*

I AM DEEPLY honored by the invitation of former senator Bobby Tañada and Vice President Tito Guingona to be one of the discussants in today's conference. And I thank them sincerely. Today's event is a historic event- one that heeds the call for a respite from politics and focus on the imperative need to chart a rational and realistic path for our country's future. In these times of "perform or perish", we must make haste slowly, and we cannot afford to embark on an ill thought-out course of action. We have to move and act fast if we are to stir this country into a full recovery speed and save our people from what we all are scared of, perish. All our development models for survival and growth should be dispassionately examined and their implementation be made on the basis of what is best for the national interest, what is better for the common man, and what is good for the country in general including our international relations with other nations. While the definition of "national interest" may be contentious, let us assume that we are working on the presumption that we represent the interests of the majority of our people.

At the outset, let me congratulate all those who make this conference take place and gather all of us to be able to contribute whatever it takes to help our country move forward. I also greet my co-discussants and wish them well. With all these in mind gathered together, I can safely say that the public will be impatiently waiting for our output. Something that many have been waiting for a long time like a rare drug that would bring a new hope to the life of our country and national consciousness.

Local Governance as a Catalyst for a Nationalist Development Agenda

I have been asked to speak on local governance and nationalism. I have also been provided with the necessary parameters to dwell my thoughts on. Once again, I thank the organizers. You have made my job a bit easier.

While I am not a local executive in the strict sense, but as a member of congress for two consecutive terms now, and have been elected as the chair of the House of Committee on Foreign Affairs, I do bring with me a lifetime of experience as a diplomat, legislator and also as a member of the executive branch of government during the term of former president Fidel V. Ramos. It is with these in mind that I hope to present to you not only local examples of situations, but also an international perspective on the various questions, which we seek to address today.

Let me start with—

The Role of the Local Governments in promoting Economic Nationalism and Uniting the Local Populace behind a Nationalist Development Agenda

As the basic unit of government that has direct contact and interaction with the people, a local government unit is in the best position to help its local entrepreneurs and business develop a sense of what direction is best for the particular and peculiar set of factors- such as geography, access to markets, raw materials, human resources, etc.- which should be considered in their area. Thus, LGUs play a major role in our national development. Through the enactment and enforcement of local ordinances and/or other regulations- including incentives for investments for investment in certain industries, the local government unit can also guide the business community towards its vision for a more progressive and sustainable development model. Obviously, if the model works then this success will convince more people to follow this path. Conversely, failure will lead to the downfall of the system.

Let me also take this opportunity to stress that in my view a nationalist development agenda or the promotion of economic nationalism should place the "nation" first and foremost. Local government units must work in concert so that the economic advantages of "Division of Labor" or "Economies of Scale" are fully

utilized. It will not do to have all local government units competing against each other, where a "win-win" formula could work for the common good. This is the idea behind the "one town, one product" model that is being pushed in the Philippines now, and which was previously successfully carried out in certain Japanese prefectures.

On a related matter, vested personal interests of persons in authority or influence must not affect the development of local business enterprises. The perpetuation of a skewed development model where only the rich get richer is the antithesis of a nationalist development agenda. How can such a model unite the people when the majority of them do not benefit fully from development?

This leads us to the next item—

Can a Nationalist Development Agenda be developed at the Local Level?

It would seem to me that not only can a nationalist development agenda be developed at the local level, but it **should** be developed at the grassroots level. I am extremely wary of government policy that emanates from the top without the benefit of consultation with the actual stakeholders.

I recall stories of former South Korean President Park Chung Hee, who oversaw the beginning of the rise of the South Korean Economic Miracle. President Park was said to have personally met with all business leaders, both local and foreign, and convince them of the need to industrialize and invest in the country, the rise of the chaebols can be traced to this period, and if you arrive at the airport you marvel at the variety of Korean goods that are patronized by the Korean people. Everything- from the cars to the computers- is made in Korea. This strong nationalist development agenda-, which resulted in a sense of pride in local products, has led the South Korean nation from the ruins of the Korean War in the 1950s to where it is now. It is this same nationalism that is leading it out of the ill effects of the 1997 Asian Financial Crisis.

Singapore may be cited as another example of the success of a nationalist development agenda. This tiny state has almost no natural resources (It has to draw most of its water from Malaysia), yet it has capitalized on its strengths by developing its port and services sectors. Singapore claims to have the largest port in the

world (A fact disputed by Rotterdam in the Netherlands), but it cannot be denied that the Singapore government has also been very successful in converting itself from the backwater a few decades ago to one of the most developed asean nations. Many people may belittle this accomplishment exactly because it has such a small area and population, but if every city in the Philippines was a successful as Singapore, then our economy would be fuelled by multiple Singapores.

I realize that both these examples are of a national and not local level, but it precisely because the national leadership acted as if they were local leaders that they were able to succeed. A certain level of micro-management, when complemented by a clear vision of what is to be achieved, is apparently key to Asian economic success stories.

Then, we may ask,

How can a nationalist Local Government deal more decisively with the ill effects of globalization such as dumping of foreign goods, which is killing local industries and jobs?

In my assessment, the Philippine development model thus far, has failed because we were not able to nurture our industries or enterprises properly during the time that globalization was not that prevalent. We initially took a protectionist stance, but our industries did not see the need to adopt programs that would make them globally competitive, just as industries or enterprises in other similarly situated countries were doing. Now that all these other countries are able to withstand the globally competitive and liberalized market, most of our players are not ready to compete. In other words, we may have embraced the framework of liberalized international trade, but we have not done our homework by preparing our industries for the fight. Unfortunately, the world of commerce is unforgiving and in a game of survival of the fittest, most of our competitors would be driven to extinction.

Given this situation, we are now in the unenviable position of having to contend with an international trading regime through AFTA and the WTO that may be of benefit to those countries who are ready to embrace the free market, but which is akin to the arrival of the ice age for the dinosaurs. How are we to survive?

At the national level, there seems to be a belated recognition that accepting all the requirements of participation in AFTA

and the WTO will cause harm to our local industries and enterprises, hence the call for a review of previous commitments to open our shores further to liberalization. It would be naïve to believe that the Philippines will be able to withdraw from the WTO without serious political and economic consequences. This does not mean, however, that we cannot learn to bend the rules or seek loopholes by which to give ourselves more time and experience to eventually stand on our own- this is being done by other countries – even the United States and the European union.

Can anything be done at the local level? I believe that there is a role to be played by local governments. An important part of policymaking, especially economic policy formulation is the need for quick, accurate and verifiable information. It is the local government that can gather this information from its traders and businessmen and report developments to the national government.

I recall the predicament of our carageenan exports to the European union, and more recently the tuna problem also in the EU. These industries are local in nature, although I believe it was most mostly the businesses themselves with the help of the local government that were able to alert the national government of the need to do something.

This process can be use not only to help our exports, but also to ensure that the flood of cheap imported goods do not kill local industries. A vigilant industry can monitor the entry of such goods and recommend the passage of laws or regulations that would "protect" the consumers. This is a ploy that is often used by the development countries, and we should learn to play this game as well.

On the other hand, how can a nationalist local government unit show the way out of the crisis?

As adverted to above, when it comes to international trade and commerce, the national government is usually in a better position to deal with a crisis. If, however, a local government unit is has responsibility over a particular product or industry that is a main earner for the country or is a recognized world product or brand, then the successful shepherding of this important resource by a local government could be used as an example by the national government.

If, for example, mayor Fernando of Marikina continues to market the world-class footwear of her city, then her success will be studied and replicated by local government units all over the country. I am sure that with the Filipinos creativity and sense of style, Mayor Fernando is on the right track.

Can the local government strategize its position in the globalizing world economy?

Many economists have advocated that since the Philippines may not at this time be able to compete fully on all fronts, and then the strategy of identifying so-called "niche" markets for Philippine products must be pursued. With this type of strategy, a local government can very well strategize its position with the full cooperation and support of its population and the national government.

What is the overall role of economic nationalism on governance issues?

Economic nationalism is not a "buzzword" that should be used as a mere sound bite. It is a theory that must be developed and used as a guiding principle upon which all other policies must be based or at least compatible. The exact definition of economic nationalism is still evolving, but I would like to venture that given the realities of globalization, we have to learn to use the framework to our advantage. There are benefits that can be harvested, if we know how to play the game.

Thank you.

Annex F

Press Conference

How will the Office of the Vice President carry out these proposals? How will you bring these to government for these to be executed or carried out, sir?

VP Teofisto Guingona:

This set of recommendations will naturally be conveyed to the government and to the appropriate agencies. But in addition, there will be a monitoring or a follow-through. We will not just submit recommendations and then forget about them. There has to be a follow-through. As a matter of fact, the consensus here was to participate actively, if possible, at all levels, from the local to the national economic council of government, from the private sector. So, we will follow-through with all the recommendations taking off from the President's decision to freeze the tariffs. She herself has asked for a review and therefore the sectors concerned - industry, agriculture, education, and others, would have to sit down and review or take part in the review process regarding the tariff schedules - product by product, line by line, classification by classification.

Please reiterate the recommendations and urgent reform that you are pushing for to address the global and economic crisis that the country is faced with right now?

VP Teofisto Guingona:

I will rather give that to the head of the Fair Trade Alliance.

My question would be a brief background on the Fair Trade Alliance. How did you all come together, when was it launched?

Ka Bobby Tañada:

It was launched sometime the later part of the year 2001. We came together because representatives from industry and business, representatives from the labor sector, representatives from the agricultural sector brought the problems that they were encountering, that they were facing. So, we called for a Conference. We also invited members from civil society, from the academe, and from other sector of our society.

From that time, we analyzed and assessed what were really the causes of these problems that we were facing. After such analysis and assessments, we found out that it was matter of survival for all of these sectors to come together and join forces to be able to more effectively address these economic problems. So, doon po nag-umpisa yun. Simula po ng mabuo yung Fair Trade Alliance, marami nang mga activities ang nailunsad, mga fora, symposia, pinalalim pa ang ating pag-unawa, pag-intindi, sa mga problemang itong kinakaharap ng sector ng industriya, sector ng agrikultura, hanay ng mga manggagawa, hanay ng magsasaka at mangingisda. Sa ganun ay mas napatibay namin, napalakas ang aming hanay, ang aming pagkakaisa. Ngayon, sa tulong ni Vice President ay nailunsad naming itong komperensyang ito at ginawa naming maabot hindi lang ang aming mga miyembro kunti mga iba pa at higit pang mapalalim, ang aming pag-unawa, pagintindi sa crisis na kinakaharap ng ating ekonomiya, ng ating bansa. Yung pagkilala namin na isang pangunahing dahilan kung bakit nandiyan tayo sa crisis na yan ngayon ay yung hindi pagkilala, pagpapahalaga kung ano yung nasa ating Konstitusyon na, na maliwanag namang iniutos na ang ating bubuuing ekonomiya ay isang ekonomiya na self-reliant and independent and effectively controlled by Filipinos. Kaya itong kahapon at ngayon nakita natin ang hangarin, ang pagnahais ng mga bumuo ng Fair Trade Alliance ay hindi lang maitaguyod kundi maisakatuparan iyang vision na nasa ating Konstitusyon na.

Ngayon yung recommendations nandyan na yun sa mga hawak ninyong declaration. Ang unang-una ay yung pagbabago ng patakaran. This existing policies which we have seen to have failed, they have not worked for us, they are even working against us, the evidence is there for all of us to see. Even the presi-

dent has said, the days of unbridled globalization are over. She has said that we should take full advantage of the exceptions under AFTA-CEPT and WTO. We are now waiting; we are now hopeful that what she said would be translated into concrete actions. Best evidence of these would be a change, an amendment of the vision of these failed policies that we have up to now. So yung pagbabago ng policy, paghinto ng patuloy na pagbaba ng ating mga taripa. Di lang yun, yung doon sa kailangang bigyan ng suporta at tulong ng ating pamahalaan na mga industriya, ating mga magsasaka, mangingisda, itaas yung level ng tariffs na yan na hindi naman lalabas sa ating commitments under WTO at AFTA. Pero hindi lang yung tariff reduction policy ang dapat baguhin, kailangan may kasabay pa riyang mga konkretong kilos na nakalagay sa unity declaration.

Can I shift the issue to another matter? Vice President Guingona and Senator Tañada, can we just have your reaction about the failure of the People's Consultative Assembly to push its impeachment complaint against the President in Congress?

Ka Bobby Tañada:

Nabasa ko rin yon sa pahayagan ngayong umaga. Hindi naman ako nagulat. Siguro kulang ang konsultasyon sa bawat isa sa kanila.

I already said yesterday that I don't think it will prosper, in answer to your question. The president herself is not perceived as pressuring anyone because she has delivered the message that one of the policies that she wants to carry out is the policy against graft and corruption.

VP Teofisto Guingona:

I would like to stress that this Conference of the Fair Trade Alliance is a program of action by the people themselves, by those concerned. We are all affected here, industry, agriculture, service, even the media as consumers on how to build a strong economy. Where? Here in the Philippines. Specifically where? Local and national levels. We do not just want protection or support because reality tells us that we do not have the funds like other nations that give export subsidy to farmers or tariff rate protection. You know it was pointed out here that in developed rich countries, their tariffs can go as high as 300%. The Philippines, highest is 80 %.

In the rich developed countries, the United State extends export subsidy of 21 billion a year, Japan, 30 billion, European Union, 60 billion, the Philippines, zero dollar. We cannot even adequately support the NFA. So these are the inequalities and the response is to view governance but by looking at the responses here, through self-reliance. We would like to build the Philippine economy because we have a market, as pointed out, of 80 million people. All we need to do is to catalyze certain industries and agriculture so that the people can have adequate purchasing power. When they have adequate purchasing power, then the volume of money changes will be faster and the economy will build. For example, if we really go for housing, it will multiply it affects about 60 industries and therefore the benefit of the people. We would like to generate more jobs, more finance and more massive education to farmers and fishermen.

The recommendation of the Conference to strengthen the economic nationalism or rather nationalism for the Philippine economy is a fundamental principle of the Constitution. It is relevant to the current moves in Congress now having a debate between the House and the Senate on whether through a constituent assembly or constitutional convention. We would like to stress that it is inimical to the interest of the nation if one of the proposed amendments is to eliminate in the constitution the safeguard of the economic provisions in that constitution.

Ka Bobby Tañada:

May I just add, we have seen that our industry and our agriculture are not that ready yet even after 8 years from the ratification of WTO. So, we are asking our government to give that assistance, that support, that protection needed by our local industries, our agriculture. But the protection that is being sought is no longer the same as what had been given in the past. This time it is a protection that is time-bound and performance-bound.

Di tulad noong unang panahon, kaya siguro maraming nag-iisip na naging dahilan yan din kaya hindi umunlad ang ating industriya ay walang limit as to time at walang condition as to performance. Ngayon naman ay hinihingi ng ating mga industriya, ng ating mga negosyante ay hindi katulad ng proteksyon noong nakaraan. Handa sila na maging time-bound iyan at maging performance-bound, kaya nga lang sa ngayon ay talagang hindi level ang playing field. So we need this time for our industry and agriculture to become competitive.

Mr. Vice President. I remember one time when it was reported in the newspaper that you were appointed as the economic czar for Mindanao. You vehemently denied it. You said you will never accept any cabinet position again in this administration. Suppose in this particular case, the President invites you again to join the cabinet so you can effectively implement the recommendations you made this morning, the so-called declaration, "Rebuilding the economy, rebuilding our future", are you willing to reconsider what you said before that you will never accept any cabinet position in this administration?

VP Teofisto Guingona:

The time that I respectfully declined the czar of Mindanao is first because I am not a Russian and czar refers to a Russian which is a generic term for the head of state or the emperor. You know Mindanao is a multi-headed place with many complications there although I really wanted to serve Mindanao. If there is a position now that is offered, in view the fact that we have specific recommendations in response to global challenges and we have a stand on fair trade, we have a stand on the welfare of the 8 billion Filipinos overseas brothers and sisters, we have a stand on the seafarers' welfare, we have stand on building steel industry, we have stand on developing local products and linking them with the Philippine economy, the nation and offer is meaningful and sincere, even without joining the Cabinet, I may consider.

In what capacity then?

VP Teofisto Guingona:

In the same capacity that I am now pursuing the several programs that we initiated during my tenure as Secretary of Foreign Affairs. Nandiyan sa akin ngayon yang OFWs, nandiyan yong seafarers, nandiyan yong housing, nandiyan yong National Steel rehabilitation. These are all embodied in AO no. 45. If in addition to the findings of this body, the president will expand it and add to AO No. 45, I will willingly accept. Hindi ako umuurong, sulong palagi.

I will go to another topic. About this World Trade Organization, is your group advocating that the Philippines separate or denounce the World Trade Organization?

VP Teofisto Guingona:

No, we are not denouncing the World Trade Organization as an organization we are pointing out the flaws that leads to the inequality. Because as Joseph Stiglitz, one of the most respected economic professors of Columbia and Nobel Prize winners stated, the rules of the games were principally made by the rich, industrialized, developed countries for the benefit of the rich, industrialized, countries. So there is disparity, even in tariff rates, in export subsidy, in capacity of the farmer from Iowa and the farmer from Sarangani, Mindanao. There is big disparity. Just as I said there is disparity between the La Salle football team and the Brazil football team.

There must be some level playing field, an opportunity for us, a breathing space of say 5 years, and we build ourselves to become stronger. We integrate the economy of the Philippines and we adjust to become a really competitive nation. Then we can really face the WTO.

As a matter of fact, it is vital that we ask for adjustments in the Philippine position in the WTO. We are asking for special and differential treatment as lead by India taking into account our national interest in consultation with the affected sectors. With this, we can a preparation for our recommended position in the Cancun Ministerial Meeting which will take place on September this year. That is the WTO, Nagkakaroon ng DOHA Declaration. There will be negotiations, negotiation are now taking place and I hope that we can have a part now through the Fair Trade Alliance to have a voice not only in the negotiations, so that we have now this policy of readiness and the propositions to present in the Cancun meeting.

My last question, I remember that when you were still a senator, the effectivity of the WTO in our country was discussed. Several senators, I think it was even the President, sponsored several measure that will make our farmers competitive even if foreign goods come into our country with lower tariffs. What happened to those things? You were very active in that debate. I remember correctly because I sometimes watch the debate in the Senate but surely these measures will make our farmers competitive and their products will be able to compete with foreign goods.

VP Teofisto Guingona:

I don't know which debates you are referring to because the debates in the WTO were held in 1994. They started in September and I was no longer in the Senate. I think I will refer you to Senator Tañada who was one of the main oppositors the WTO.

Ka Bobby Tañada:

Totoo ho yon. Noong finalakay at pinagdebatehan yang WTO, kung sasang-ayon ang Senado diyan o hindi, wala na doon ho si Vice President Tito Guingona. Out of 23 senators at that time, only five voted against the ratification of the Senate of this treaty. Si Senator Tolentino, Senator Coseteng, Senator Maceda, Senator Sotto at ang inyong lingkod po.

So yong sa safeguards na sinasabi nila na mailalagay in place ay hindi naman po natupad yon. Mismong si Senador John Osmena nga ang nagsabi na naging ilusyon lang pala ang binabanggit na safeguards na yan.

In view of this economic nationalism that you are advocating, how would country now deal with various official development assistance that we get from foreign countries? Should we now reduce ODA or do we still maintain these?

Ka Bobby Tañada:

I don't really think that there will be any serious problem or problems that would be created by virtue of our adopting this economic nationalism as a philosophy in our economic development. Alam naman natin yang ODA na yan ang nakikinabang ay hindi lang iyon nabibigyan ng ODA na yan, na may kasama rin naming paulang, kundi mismo ang bansang pinanggagalingan ng ODA na yan. So hindi ko nakikita na magiging isang sagabal itong ating pag-adopt nitong principle na ito ng economic nationalism.

VP Teofisto Guingona:

In addition to what Sen. Tañada said, you know the rich developed countries have a moral obligation, I think this was mentioned in several portions of the WTO deliberations to have build the developing nation and the least developed nation especially in human capacity building efforts.

For example, if Japan will lend us money to have massive

education for our farmers so that we could plant okra or some other high value crops, some of which we can export to Japan, it would be a two-way benefit. It will benefit us, it will benefit them. It will not in any way affect the relationship between the developed and developing nation. Economic nationalism is after all for what is meant for national interest and that is natural.

Lumabas din dito sa komperensyang ito yung mga bansa katulad ng China, Japan at saka yong ibang newly-industrialized countries katulad ng Thailand at Malaysia pati na rin ang India, bago nakarating sila kung saan naroroon sila ngayon ay dahil yong economic nationalism ay sinunod din nila bilang isang pilisopiya para sa kanilang pag-unlad, sa pag-unlad ng kanilang ekonomiya.

In line po doon sa short term and long term objectives ng grupo, ano po yong nakikita natin succeses or measures of successes? I would like also to ask kung ano ba yong nakikita nating major challenges for advancing yong objectives o yong misyon ng grupo?

Ka Bobby Tañada:

Yong short term, gusto sana naming makita yong pagbabago ng direksyon na ating tinatahak, as far as our economic development is concerned. So yong pagbabago ng patakaran na nakita natin na di nakatulong sa pagpapaunlad ng ating ekonomiya. Yong paghinto ng pagbababa halimbawa ng mga taripa. Pagbigay ng tulong at suporta na kailangan ng mga specific industries, katulad ng steel industry. Meron nang mga handang magpatakbo ulit niyan, steel industry na yan sa lligan, ang hinihintay lamang ay tariff protection. Bakit hindi makuha ng ating pamahalaan na ibigay ang tariff proteksyon na yan. Sabi naman nila ay gusto nilang makapagbigay ng trabaho sa ating mamamayan. Ang daming trabaho ang kaagad-agad mabibigyan kung ang National Steel na yan ay mabibigyan ng tulong at suporta ng ating gobyerno. Nandiyan pa yong ibang industriya, semento, petrochem, shoe industry, rubber, ceramic tile industry, paper industry, nandiyan yong ating mga magsasaka na nahahirapan dahil nga diyan sa lubusang pagpasok ng mga imported cheap vegetables, smuggling pa. Kaagad-agad, mabigyan sila ng konkretong suporta sa pamamagitan ng

pagtaas din ng taripa na sinisingil dyan sa mga imported na agricultural o vegetable products na yan.

Pero sa long term, iyong vision nga na makita natin iyong pag-unlad ng ating ekonomiya, ang nakikinabang dyan, yong gains and benefits of this kind of development that we are pushing will be shared equitably by all Filipinos hindi lang ng lilan.

Iyon pong major challenges na nakikita ninyo?

Ka Bobby Tañada:

Well, major challenges yong pagkumbinsi sa mga namumuna sa atin ngayon, kay President GMA, sa kanyang mga economic advisers and technocrats na mukhang hindi naririnig ng husto yong sinabi na ni President Arroyo na itong 'days of unbridled globalization is over'. Hindi narinig yun utos niya na hindi lang rebyuhin kundi to take full advantage the exception windows under the WTO and AFTA. So makumbinsi yong mga namumuno sa atin, iyong national at local na baguhin ang mga ganyang pag-iisip, orientasyon at patakaran. Subalit hindi lang yan. Kailangan din ang ating mga sariling industriyalista, negosyante, magsasaka, mangingisda at manggagawa, mga mamamayan, tayong lahat ay magkaroon ng pagbabago sa ating pag-iisip at oryentasyon. Sa tingin naming, ang mabilis na makakapagpatupad niyan ay yong pagpapalakas muli ng ating diwa ng nasyonalismo.

Okay, if there are no further questions, we would like to thank you for the questions and to conveying the results of the Unity Action Program of the Fair Trade Alliance. Mabuhay ang Pilipinol

Annex G

The Conference in Pictures

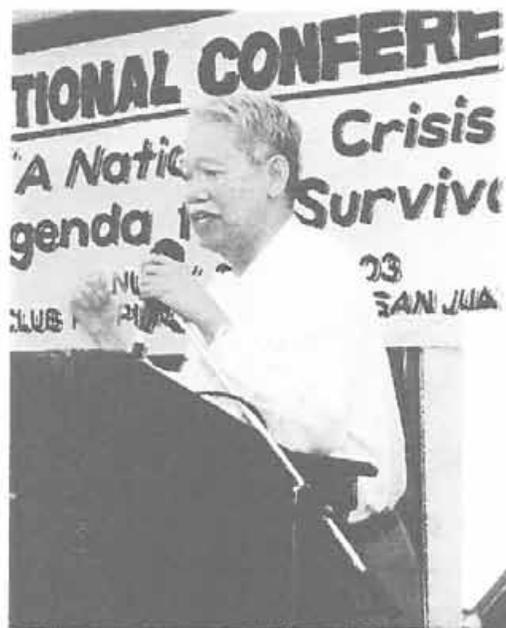
NATIONAL CONFERENCE

**A NATION IN CRISIS:
*Agenda for Survival***

January 22-23, 2003
Club Filipino, Greenhills
San Juan



ANNEX G





FTA seeks better mart for RP products

■ By JOSE VILLANUEVA
Reporter

GLOBALIZATION advocates and protectionist hawks may be divided over the issue of free trade, but both agree on one thing: The Philippines needs better representation abroad to extract better terms from its international trade commitments and ensure better market access for its products.

At their national convention on Wednesday, the Fair Trade Alliance laid out a proposal to create a trade representative office directly under the Office of the President that would formulate a new trade policy and ensure better market access for Philippine products.

Separately, a similar proposal was broached by Australia-New Zealand Chamber of Commerce president Peter Wallace, who suggested a Philippine trade attaché

position be created similar to AusTrade that could help make market access for Philippine products much easier.

"The best area is helping people make a shift to competitive areas, helping companies that, for example, don't know to export or make a good product export and find markets overseas," Wallace said in an interview, responding to criticism about globalization.

The calls for a Philippine trade representative comes amid last year's controversial decision by the United States and the European Union to provide Andean countries preferential tariff rates on tuna to wean them off the illegal drug trade.

It also comes amid proposals from some protectionist hawks to reverse the Philippines' free trade commitments for at least five years to give farmers and industries some time to prepare to compete globally.

Proposed 10% import surcharge may not sit well with trade partners

A proposal to impose a 10% surcharge of certain imports could protect certain industries but a trade expert warned this could subject the country to retaliation.

Trade lawyer Jeremy Gatdula of PricewaterhouseCoopers said calls issued by Vice-President Teofisto Guingona, Jr. and umbrella group Fair Trade Alliance (FTA) to review tariff commitments and imposition of other bold measures are good subjects of debate on Philippine economic policy but government officials should not resort to costly stopgap measures.

He said "too much is at stake" and, at the end, sticking to what the country agreed upon under the Association of Southeast Asian Nations (ASEAN) Free Trade Agreement (AFTA) would be more prudent. "Imposition of a 10% surcharge on imported products is interesting... particularly imposing it with our existing (tariff) commitments. There is no dispute that this will protect local business, but to what end?" Mr. Gatdula said.

"Even if the Philippines did indeed rush into some of its trade commitments, then similarly the Philippines

should avoid the mistake of reacting excessively by unconsciously rushing out of it," he added.

For his part, Raul T. Concepcion of the Federation of Philippine Industries said Mr. Guingona's proposal may be implemented on a per-industry basis.

"You have to determine whether the industry, in the end, is final competitive. At the same time, the problems of dumping and misdeclaration of imports," he said.

Last week, Mr. Guingona and FTA called for a five-year suspension of the implementation of the country's AFTA

commitments. He said the period is enough to allow farmers and industries to prepare for globalization.

"It is all well and good for certain sectors of our society to call for unilateral withdrawal from our international commitments, but what would they do if other countries decide to do the same to the Philippines?" Mr. Gatdula noted.

Instead of providing continued protection to local industries, he said the government should instead work with players to identify markets, fighting for access to such markets and develop niches.—Cecilia S. Visto



More to the Point

Florangel Rosario-Braido

'An activist and nationalist government'

A NATION in Crisis: Agenda for Survival was the topic of the two-day National Conference convened by the Fair Trade Alliance of the Philippines, a movement of some 27 progressive groups. Former Senator Wigberto Tañada was convener with Meneleo J. Carlos as co-convener for industry, Ernesto Arellano for labor and Manuel Quiambao for agriculture, for a progressive national economy — the Fair Trade Alliance of the Philippines. Going through their background documents, proposed declaration and workshop proceedings, an objective observer would easily agree that the vision, road map and course of action needed to survive in our era of globalization are all there. What puzzles me up to this date is how we can be so blind as to ignore a formula for survival such as the one presented in this forum. One reason perhaps is that there was not enough time to translate these suggested reforms into more popular formats. Many of these concepts which are based on "middle-of-the-road" and "win-win" or balanced development strategies are not easily understood and therefore require creative packaging and a more intensive media campaign. The best partner which can provide both the forum for debate would be the media of communication. Too, perhaps many of the members of the coalition are perceived to be left leaning. Another possible reason could be what the organizers describe as a "simplistic ideology of reducing choices to questions of either one or the other (going export-oriented or

not, or adopting a labor-intensive or capital-intensive approach)." Workshop groups tackled questions relating to six areas, namely, nationalist industrialization, nationalist agricultural development, nationalist education and culture, nationalist government and globalization, local governance and nationalism, and nationalism and a globalizing services sector.

Given some of these problems which the Coalition noted — our "drowning in a sea of imports which are killing our agriculture and industry; more liberalization schedules in these critical sectors which are in the WTO and AFTA agenda; having a divided country and a palpable sense of defeatism," how do we address the problems? I am sure your answer and mine and that of the Coalition would be to say that it is not so easy to decide on a specific course of action. It is not a question of one or the other for as the Conference organizers noted, our experience with industrial protectionism was catastrophic... On the other hand, our experience with economic liberalization and deregulation proved to even more catastrophic, they added. Thus the fundamental issue is the need for an overall framework by which "industry and agriculture can develop in a mutually reinforcing manner, create jobs, reduce dependence on imports, foster linkages, expand the export market while maintaining the domestic market." The issue on globalization is that of negotiating on fair trading arrangements

(Cont'd on page G-33)

FOCUS TODAY

MONTHLY JOURNAL

Fair trade vs free trade

Argument over globalization overlooks solutions to deep structural problems

By JOSE LUIS VILLANUEVA
Reporter

AS the backlash against "unbridled globalization" continues to stir debate in international and domestic circles about the pros and cons of free trade, business advocates are pushing for bold measures to strengthen industries and farmers so they could be better prepared to meet the challenge of the globalized economy.

The calls come amid the new economic measures that President Arroyo unveiled on January 10, which are part of an administration plan to set the ailing economy back to health. With the Philippines stuck in an economic slump for nearly six years since the Asian crisis, and no recovery yet in sight, Mr. Arroyo has decided to put the brakes on the Philippines' free trade commitments to the World Trade Organization (WTO) and Asian to help improve the tax collections and build the competitiveness of businesses.

With 18 months left in Mr. Arroyo's term of office to pass vital economic measures before elections kick in, business groups have been coming forward with proposals about how to tackle the big globalization question: "What should we do to make ourselves competitive in the global arena?" Just days after Mr. Arroyo's policy speech, Zobel de Ayala keynote the Financial Executives Institute's 35th anniversary, where he called for a stronger "global engagement" to make the Philippines more competitive. He said that cross-border flows of trade, capital, tourism and labor would continue to intensify by the driving force of economic growth "irrespective of whether globalization is 'in' or 'out.'"

A week later, on January 25, the multi-national Fair Trade Alliance (FTA), filed a joint declaration at its January national convention calling for a five-year moratorium spell on free trade commitments to private businesses and farmers a chance to strengthen themselves.

Mr. Arroyo's new trade policy has rattled debates about globalization between protectionist hawks and globalization advocates. It's only because of the hands of political players and under one price. In the process, that tight industry margins, encroaching profits in shift to supporting.

In the Marcos years, the petrochemical industry never put up a saphira cracker plant since they were wearing profits by getting imported plastics to be used for

a textile arrangement, only to see the textile industry outside ASEAN, under the government's tariff reform program, one of the last acts of now-deposed President Joseph Estrada. (One popular misconception is that the Philippines contracted to reduce tariffs under the WTO, when it merely set ceiling rates.)

"The truth is that the policy pronouncement made by the President comes relatively late in the day—late in the sense that more than 90 percent of our tariff lines are already under the 0-5-percent tariff regime," says former senator Wigberto Tañada, lead convener of the Fair Trade Alliance.

Market observers say that could only make a recovery in factory activity even more difficult. Isolation of Philippine industries, president Miriam Corrao says with a heavy hand in place, manufacturers will be pressured with higher operating margins because competition will be more intense. Several industries, such as petrochemicals, steel, cement, sugar, rice and rubber, and footwear have fallen under hard times since the economic slump set in, but they've had a harder time recovering because the liberalized economic environment made them more vulnerable to their overseas market weaknesses and poor competitiveness.

"Many of these industries simply fall victim to our political pass," says a Senate Department of Trade and Industry (DTI)



report. Instead of cracking nephews, people were importing them," he says. "The loss of the rice market was covered by the textile ship and people were making more profit from it."

What's made matters worse for industries now is capital flight. The Philippine economy, which got a late start after the coup attempt during the Aquino administration, took off under Fidel Ramos' investment-wide, according to his diary notes. But they blame "corruption and ineptness" during Estrada's term for scuttling all the billions in dollars worth of investments that would have allowed these industries to modernize themselves and become more competitive.

The Philippines was one of the only countries in Asia left relatively unscathed by the Asian crisis. But the debate is caused by the uncertainties, regime change between the Estrada and Arroyo administrations set back the economy very seriously, including its fastest growth rates in the Asian region for the past 100 years, but most investments have been slipping the Philippines because of its shaky political and peace and labor environments, slow action in clearing up its

"The truth is that the policy pronouncement made by the President comes relatively late in the day—late in the sense that more than 90 percent of our tariff lines are already under the 0-5-percent tariff regime," says former senator Wigberto Tañada, lead convener of the Fair Trade Alliance. Yet he concedes: "It is never too late to amend, adjust, and reverse a flawed economic policy."

official. "These sectors are now suffering the consequences of the dictatorship era. Twenty years of crony capitalism and controlled businesses discouraged the strengthening of a manufacturing base and technology upgrade, since control of industries were placed squarely under the hands of political players and under one price. In the process, that tight industry margins, encroaching profits in shift to supporting."

"The rest of the world was not waiting. The rest of our neighbors were not waiting," the DTI official says. Mr. Arroyo is now reversing the country's unilateral tariff reduction program and is likewise slowing the program pace for AFTA and WTO, opposing to take full exemption schedules allowed on tariff cuts, such as for the petrochemical industry.

New Agenda for Survival

By Fred Reyes

Through the auspices of Vice President Teofisto T. Guingona and the Fair Trade Alliance led by former Sen. Wigberto Tañada, the National Conference in "A Nation in Crisis, Agenda for Survival," recently forged out a declaration aimed at rebuilding our economy and future.

Among the three major tasks recommended by the Conferences of the national conference were:

1. A breathing spell from the suffocating liberalization commitments made by government policy makers to the World Trade Agreement (WTO), ASEAN Free Trade Agreement (AFTA), and the International Monetary Fund (IMF). There's an urgent need to defer for five years our tariff and liberalization commit-

ment to these institutions based on tariff rates in the year 2001.

2. To look inward at the potentials of a population of 85 million as a market. The success of this domestic market driven growth depends on our capacity to check smuggling, prevent dumping, promote the growth of local industry and agriculture and develop a culture of patronizing Philippine made products.

3. The country should focus greater efforts at mobilizing local capital, using the resources of its own people. Vice President Guingona, who expressed satisfaction on the two-day National Conference attended by people from all sectors, said the declaration made was practically the voice of the people.

He said that a consensus was reached on what to do about globalization, free trade and how to build the future of the country.

He said the declaration would be conveyed to the government and its appropriate agencies and would be followed up by monitoring where everybody could participate from local to national councils of government.

On the other hand, Tañada said that the present economic malaise was due to the failure of our economic policy makers to adopt economic nationalism as the guiding philosophy in crafting our economic plans and in steering the growth of industry, agriculture and the markets for Philippine goods and services.

'Globalized' poverty moves much faster than trade

As the global trade system gears up to re-ignite world economic activity, the latest report from the World Bank shows that the average proportion of people living in developing countries on less than \$1 a day fell from 22 percent to 25 percent between 1990 and 1999—the rate when countries started leading free trade negotiations.

Extending that trend 16 years down the line, the Bank estimates that the world is on track to reaching its goal of halving poverty globally by 2015. But looking more closely at global poverty trends, experts say the 51.4 billion people "at risk" are at a loss.

Dr. Jan Vandemoortele, a senior research advisor for the United Nations Development Program, says that while the world is on track to halving poverty and overcoming the progress made at reducing income poverty since 1990, it is not doing so fast enough. He says that the world is still not doing enough to reduce poverty, especially in the poorest countries, where progress is slow and uneven. At the beginning of the 20th century, for instance, the poverty line for a family of six in York, England, was 26 shillings a week. "It would be surprising to see the same poverty line—adjusted for inflation and family size—today at the current level of poverty in the United Kingdom," Vandemoortele says in a paper for the recent international conference on governance held by the UN National College of Public Administration.

By then, says Vandemoortele, many of the key poverty lines differ across countries depending on their standard of living. In 1990, the United States and Indonesia had roughly similar levels of income poverty, but their family size standards were 100 percent higher on their respective standards of living. "It is surprising that

wealthier countries gradually a higher rate of economic growth," he says. That's what Vandemoortele says that the 51.4 billion people at risk should be doing. But he says that progress is being made towards halving poverty and that the best way to reduce poverty even faster is to encourage an aggressive growth decade.

The world's pace is such that global poverty reduction has proceeded, where many say has remained slow. The declining poverty line from the 1997 Asian financial crisis and the Latin American economic crisis has provided the biggest motivation to advocates against unbridled globalization. "Countries cannot rely on integration into the global economy without equipping their people with basic capabilities," Vandemoortele points out.

At the same time, global economic integration and domestic crises, globalization critics argue that "a social shock absorber" must be put in place to protect emerging markets from the destabilizing effects of globalization. Conventional wisdom is that globalization fosters greater economic competitiveness that enlarges domestic markets. Advocates of technological progress and economic growth skills and disciplines in the process. But since the 1997 Asian crisis, support for globalization has become more qualified while critics have become more vocal and more prominent. Vandemoortele says that the goal of providing universal coverage for social services is "unrealistic" and "inequity feasible."

But the global strategy to reduce income poverty remains a goal of a minimum of social services to \$50 billion a year. By his estimates, which is only 0.2 percent of global annual income.

The safety nets have been used to the maximum in countries under the Washington Consensus, countries adopted over four

social services and income targeting for social services in the context of efficiency and in making resources "more targeted" and the economic burden of the past few years, the models have been limited. "Universal coverage is not a realistic objective in these times of globalized markets that have lost their social safety nets," he says.

Under the current situation, financial safety nets are being used to the maximum on the basis of non-affordability. Lower levels, narrow targeting, and safety nets cannot be used for the reason that the universal coverage of basic social services. They are likely to be used to the maximum "but not wisely," Vandemoortele says.

The danger of having inadequate safety nets is that, as the world becomes even more globalized, the chances of more economic crisis happening, that would affect the development of the world of the international, will increase. "Under the current situation, financial safety nets are being used to the maximum on the basis of non-affordability. Lower levels, narrow targeting, and safety nets cannot be used for the reason that the universal coverage of basic social services. They are likely to be used to the maximum "but not wisely," Vandemoortele says.

J. L. Villanueva

Rebuilding the economy, rebuilding our future

Philippines is an abridged version of the *Philippine Development Agenda for the 21st Century: Agenda for a Nation in Crisis*, Agenda for Survival, prepared by the Office of the President, Manila, Philippines, and the Fair Trade Alliance.

A tariff reform is consistent with the internationally recognized principle that developing countries can avail themselves of special and differential treatment privileges in order to prepare their economies to be competitive in global competition. There should also be a two-pronged strategy: strengthening and expanding the support of foreign investment in the Philippine economy. In addition, we support the efforts to ease the national budgetary stress, we call the government to impose a 10 percent surcharge against all imports except raw materials and medicines needed by local industry.

Second, in the light of the looming global economic crisis, we support the call to look inward and use the potentials of a population of 85 million as a market. However, the success of a domestic market-driven growth depends on the capacity of the government to check smuggling, prevent unfair dumping,

promote the growth of local industry and agriculture and develop a culture of patronizing Philippine-made products. This is therefore, the time to promote the buy-Philippine movement and create a Philippine movement similar to the campaign for local industry and agriculture in support of our operations and start efforts to produce cheaper but higher quality products and services.

Finally, with the low level of foreign investment coming to the Philippines, liberalized investment regime, the country should exert greater efforts in mobilizing local capital, in building the resources of its own people. A strong people will be an aggressive campaign. For, particularly in the Philippines—Philippine industries and businesses who have brought out their capital out of expansion with poor government failures, successful Filipinos overseas, returning migrants, workers and so on—do stress in job-creating economic programs in the

Philippines. Foreign investments will surely grow in the country since they see the flow of Philippine investments. There should also be a way of encouraging overseas Filipino workers to invest part of their savings on productive undertakings in their own local industry.

Overall, what is really needed is at least to mobilize the entire population in support of a common vision of development where every concerned Filipino has a genuine stake in upholding the Philippine nation. We call on all Filipinos for their homeland—men and women, entrepreneurs and workers here and abroad, in both the formal and informal economy, farmers, fisherfolk, indigenous peoples, students, workers, women and professionals—should be called on for their lands and work together toward a better and better future.

This is why we call the call for a government of national unity—where that is totally based on progress and economic reform and construction with the productive sectors of society. Amid the present economic crisis and the looming possibility of a Middle East War, the government that will be formed by the people should be able to meet the needs of the people and to stabilize the economy and to stabilize the nation.

We need to revive the sense of economic nationalism and invest efforts to open up our own markets for our citizens, and the examples of our heroes, as support of the building of a national identity and a vision that will help put this country in a steady and more Philippine sense of national pride and dignity.

ng Kristong Manggagawa, Inc. (KKMI) • Leto Villar, Association of Genuine Labor Organizations (AGLO) • Bayani Diwa, United Filipino Service Workers (UFSW) • Carlito Rallistan, Association of Democratic Labor Organizations (ADLO) • Willy de la Cruz, National Federation of Labor Unions (NAFLU) • Oscar Talag, Association of Petrochemical Engineers and Technicians (APET) • Zoilo dela Cruz, National Confederation of Unions in the Sugar Industry of the Philippines (NACUSIP) • Ben Alar, First September Movement (FSM) • Antonio Asper, Federation of Free Workers (FFW) • Antonio Brenches, Confederation of Labor Unions of the Philippines (CLUP) • Jose Umali, Jr., National Union of Bank Employees (NUBE) • Solidarity of Independent and Genuine Labor Organizations (SIGLO) • Plastic Unions Labor Organization (PULA) • Association of Labor for Fair Skies (ALFS) • Garments and Textiles Alliance of the Philippines (GTAP) ♦ Agriculture: Manuel Quiambao, Philippine Ecumenical Action for Community Empowerment (PEACE), *Co-Convenor for Agriculture* • Jose Maria Zabaleta, Philippine Sugar Millers' Association (PSMA) • Martin Tanchuling, Philippine Network on Rural Development Initiatives (Philnet RDI) • Vic Ojano, KASAMA-KA • Romulo Tapayan, Kallipunan ng Maliliit na Magniniyog ng Pilipinas (KAMMPIL) • Noni Clemente, NIUGAN • Emmanuel Belen, Philippine Seed Industry Association (PSIA) • Vida Arciaga, Rizal Poultry • Ernesto Ordonez, Alyansa Agrikultura • Jeremy Ducay, Alliance towards a Society-Focused and Environment-Conscious National Democracy (ASCEND) • Erlinda Abad, Union of Growers and Traders of Onion (UGAT) • Arsenio Tanchuling, Tambuyog ♦ Informal Sector: Pambansang Tagapag-ugnay ng mga Manggagawa sa Bahay (PATAMABA) ♦ Youth: Youth Advocates for Economic Progress (YAEP) ♦ and countless other individuals and organizations ...

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The *Miami Times*

BUSINESS TIMES

Smuggling: 'biggest problem'

Neri slams tariff relief proposal

ARNOLD S. TAWORIO, SENIOR REPORTER

NATIONAL Economic and Development Authority Director-General and Socioeconomic Planning Secretary Romulo L. Neri yesterday thumbed down a proposal to suspend international trade concessions for the next five years.

On the sidelines of a meeting of the Knowledge Management Association of the Philippines last Thursday night, Neri told reporters that it would be difficult to suspend the country's commitments under either the Asian Free Trade Area and the World Trade Organization, as doing so would open the door to retaliation by the country's trading partners.

"Raising tariffs is not a one-way street," he said, adding that protection for one sector would hurt other sectors of society.

Neri said President Macapagal-Arroyo's directive

to review the country's tariff commitments should be viewed more along the lines of preserving jobs in the downstream sectors and ensuring the efficiency of upstream industries. Any long-term industrial policy the government would pursue should take these into consideration, he said.

Instead of fiddling too much with the country's tariff structure, the planning secretary said everyone should focus on reducing smuggling, which is supposedly more harmful to businesses than low tariffs.

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Manila Times
January 25, 2003

Is there a future for the country ...

- ... if we can not even defend our own industries and agriculture against unfair trading practices of other countries right in our own backyard?
- ... if we continue to open up our economy to other foreign industries and yet our own export industries are unable to enter freely the markets of other countries?
- ... if our own economic planners continue to ignore the plight of our own domestic industries and agriculture right in the economic plan of this nation?
- ... if we cannot even save existing jobs and livelihood, much more create new ones?
- ... if our own agricultural industries are stagnating, unable to feed our own people?

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- FAIR TRADE ALLIANCE (FTA)

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