

POLÍTIKA

CRITICAL ISSUES OF PHILIPPINE POLITY

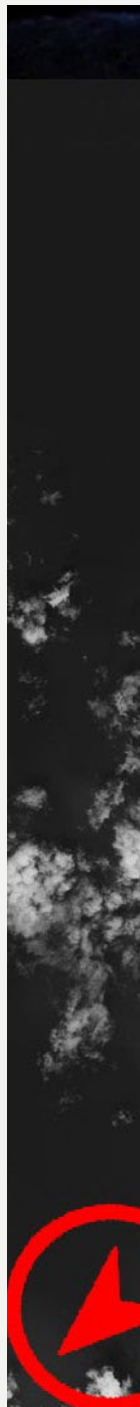
3RD QUARTER

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The Latest Results
of the SWS and
Pulse Asia Surveys

The Marawi Crisis:
Is Marawi a Harbinger of
Chaos to Come?

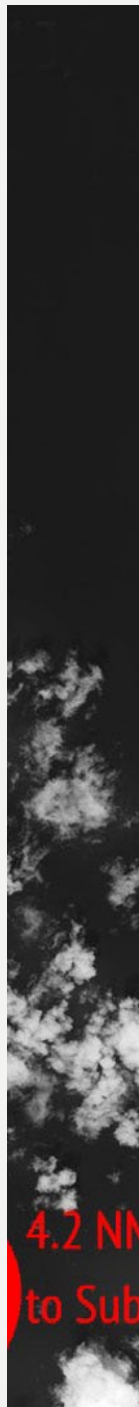
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OVERVIEW

Philippine politics churned in the third quarter, as stories developed related to the President's flagship War on Drugs, the ongoing conflict in Marawi and martial law in Mindanao, and the pursuit of federalism. More quietly, the administration is also facing challenging choices in the West Philippine Sea. This issue of *Politika*, wrapping up the quarter, provides an in-depth look at these topics and the priorities of the 17th Congress.

The third quarter ended on an ambivalent note, with either no change or a noteworthy drop in President Duterte's survey ratings. At the end of the third quarter, 80% told Pulse Asia that they approve of the President's performance and 80% said that they trust him. These are a 2-point difference from his previous approval rating of 82% and a 1-point from his previous trust rating of 81%.

On the other hand, the Social Weather Stations (SWS) survey for the quarter found that 67% were satisfied with the President's performance, a 16-point change from 83% the previous quarter. This drop may reflect changing views in the most populous strata (-32 in Class E and -17 in Class D). Their change in view outweighed the nearly static result (-2) from Class ABC. With little movement in his rating in Mindanao (+1), the president's ratings had large losses in Visayas (-30), followed by Balance of Luzon, and Metro Manila. However, 73% of Filipinos said that they trusted the President, gaining him a "very good" net trust rating.

Signs of a budding divide between struggling and comfortable Filipinos were first visible in an SWS survey taken in June and reported at the end of September and early October. The June survey found that three out of five perceived that "Rich drug pushers are not killed; only the poor ones are killed." These sentiments may have contributed to the president's decrease with Classes D and E this quarter. A continuing decline should be cause for concern within this government, as these two classes make up the bulk of the electorate.

Beyond the quarterly satisfaction measures, over the last three months both houses of Congress deliberated on President Duterte's proposed budget for 2018. The House of Representatives gained particular attention for its initial decision to reduce the budgets of three commissions, the Commission on Human Rights (CHR), the Energy Regulatory Commission (ERC), and the National Commission on Indigenous Peoples (NCIP), to only PHP 1,000. The House leadership 'restored' the budgets of these commissions, but the incident serves as an example of the body's willingness to flex its muscles in support of the President's agenda.

The third branch of government has not been spared. On September 13, the House's Committee on Justice found that the first of two impeachment complaints against Chief Justice Ma. Lourdes Sereno to be sufficient in form and substance. Through her legal team, the Chief Justice responded to the complaints, citing the lack of impeachable grounds. We expect to gain more clarity over whether the complaint will prosper in the House of Representatives in the fourth quarter ahead.

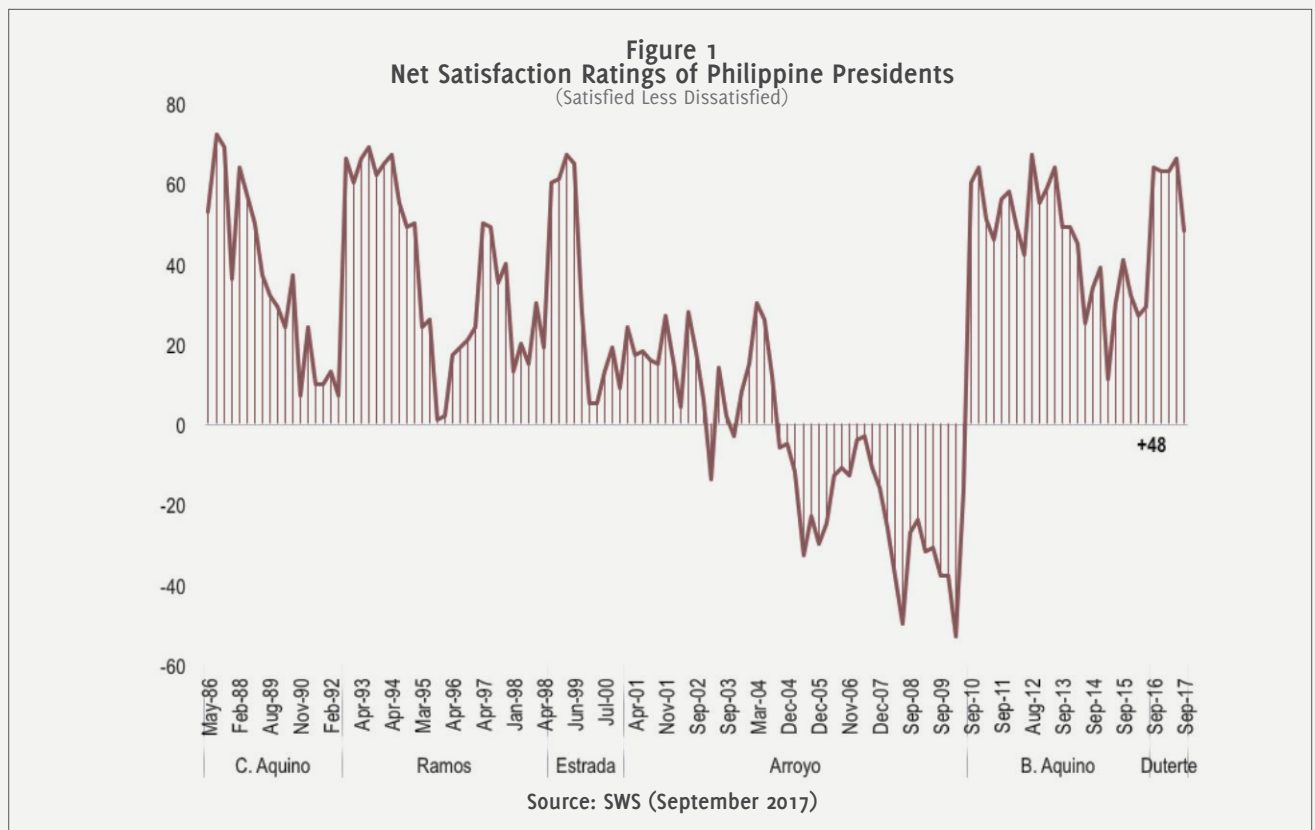
Finally, the cracks in President Duterte's relationship with the organized Left continued to widen. In August, two of the president's appointees to the Cabinet, Social Welfare and Development Secretary Judy Taguiwalo and Agrarian Reform Secretary Rafael Mariano, were vetoed by the Commission on Appointments. The two were the last of the Left's representatives in this administration at the Cabinet level. The rejection of their appointments was tailed by the exit of the 32-member Makabayan bloc from the PDP-Laban supermajority in the House.

Performance Ratings

The third quarter surveys from Pulse Asia and SWS revealed that President Duterte still enjoys the support of a majority of Filipinos. Nevertheless, the surveys provide a neutral-to-negative snapshot of how the public perceives the president. Since 1986, presidents have continued to enjoy the public's support into the second year of their presidency before seeing serious dips.

On the one hand, the Social Weather Stations (SWS) survey reported that 67% were satisfied with his performance, a striking 16-point change from the 83% in the previous quarter. In the SWS survey, Class ABC was most satisfied with the President's performance (70%), followed by Class D (68%) and Class E (61%). These compare with the President's second quarter satisfaction ratings, where he received 65% from Class ABC, 78% from Class D, and 80% from Class E.

Geographically, the President continues to do well in Mindanao, where he received the widest margin of public support. Mindanao was the most satisfied region in the SWS survey, where 82% reported their satisfaction in the President's performance. Balance of Luzon was the least satisfied, as only 59% reported their satisfaction. Despite little movement in his rating in Mindanao (+1), the president's ratings had the largest losses in the Visayas (-30), followed by the Balance of Luzon (-22) and the National Capital Region (-19). Nevertheless, 73% of Filipinos told SWS that they trusted the President, garnering him a "very good" net trust rating.



In the Pulse Asia survey, however, President Duterte had the approval of 80% of respondents, in only a 2-point change from his second quarter performance rating of 82%. Mirroring his approval rating, 80% of respondents said that they trusted the President, with no change from the second quarter.

The President had the greatest degree of approval from Class E, where 86% approve, 8% are undecided, and 6% disapprove. The President has the least amount of approval from Class ABC, where 75% approve of his performance, 18% are undecided, and 7% disapprove. In terms of trust, Class E also trusts the President the most and Class ABC trusts the President the least. This is roughly consistent with the June survey from Pulse Asia, where the President received performance ratings of 84% from Class E, 82% from Class D, and 79% from Classes ABC.

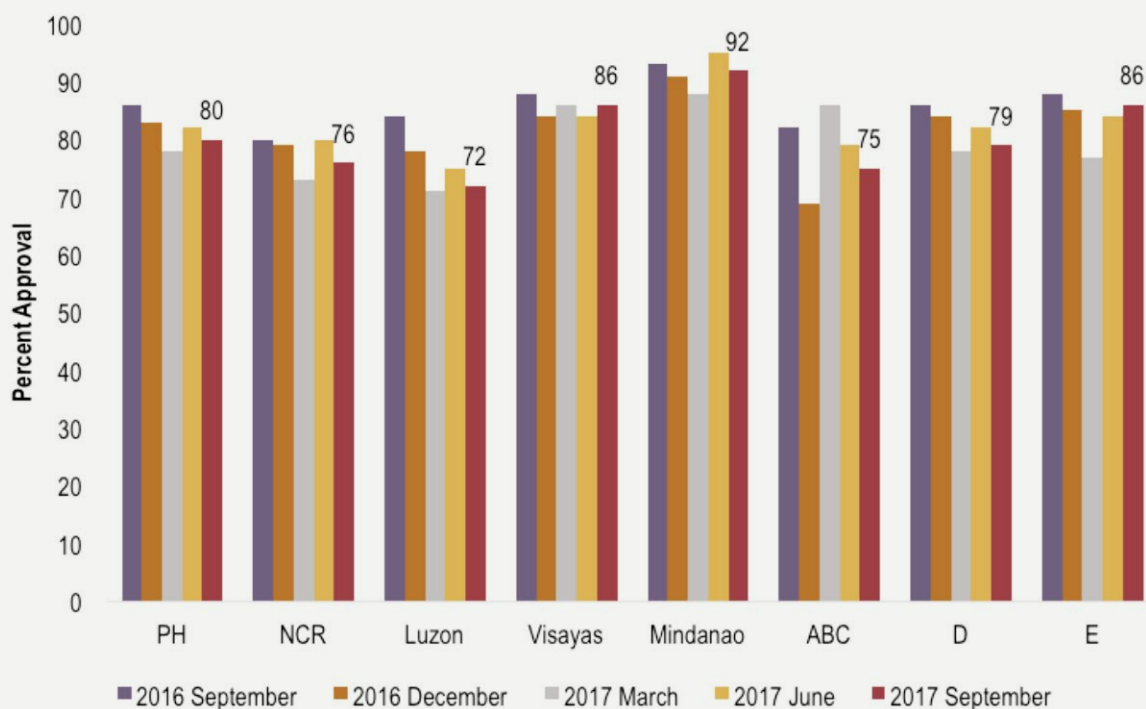
In the Pulse Asia survey, the president's performance rating is least in Balance of Luzon, where 72% approve, 20% undecided, and 8% disapprove. On the converse, it is greatest in Mindanao, where 93% trust him. This is consistent with the June results, where President Duterte received performance ratings of 95% in Mindanao, 84% in Visayas, 80% in the National Capital Region, and 75% in the Balance of Luzon.

Table 1
Performance Ratings of President Duterte
(Percent Approval)

	PH	NCR	Luzon	Visayas	Mindanao	ABC	D	E
2017 September	80	76	72	86	92	75	79	86
2017 June	82	80	75	84	95	79	82	84
2017 March	78	73	71	86	88	86	78	77
2016 December	83	79	78	84	91	69	84	85
2016 September	86	80	84	88	93	82	86	88

Source: Pulse Asia

Figure 2
Performance Ratings of President Duterte



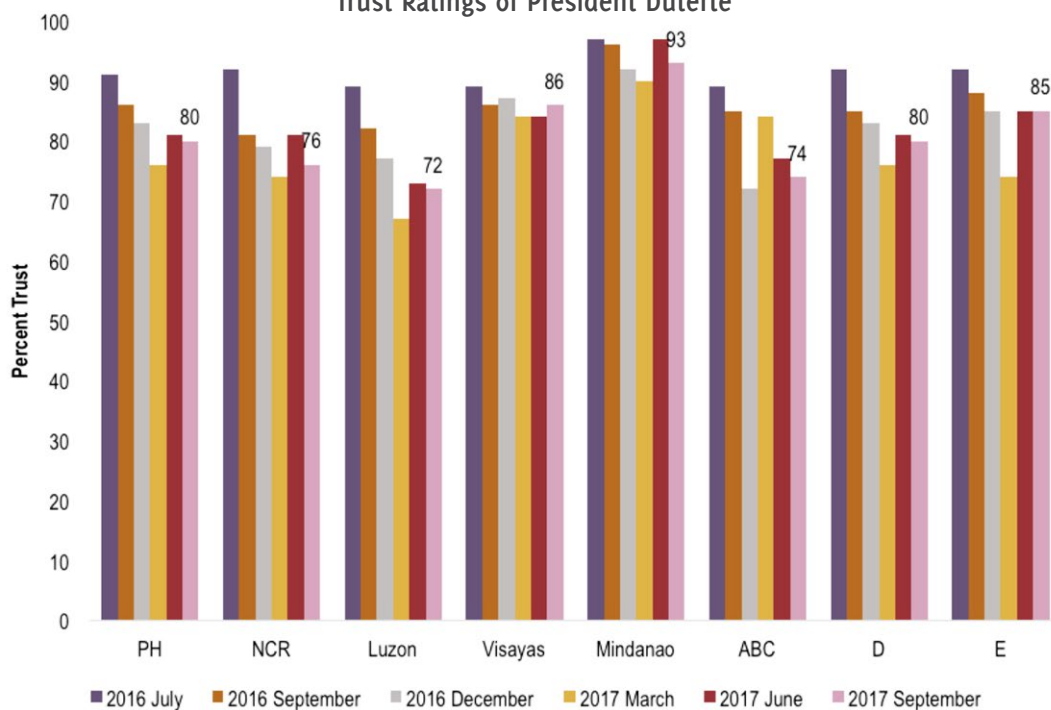
Source: Pulse Asia (September 2017)

Table 2
Comparative Trust Ratings of President Duterte

	PH	NCR	Luzon	Visayas	Mindanao	ABC	D	E
2017 September	80	76	72	86	93	74	80	85
2017 June	81	81	73	84	97	77	81	85
2017 March	76	74	67	84	90	84	76	74
2016 December	83	79	77	87	92	72	83	85
2016 September	86	81	82	86	96	85	85	88
2016 July	91	92	89	89	97	89	92	92

Source: Pulse Asia (September 2017)

Figure 3
Trust Ratings of President Duterte



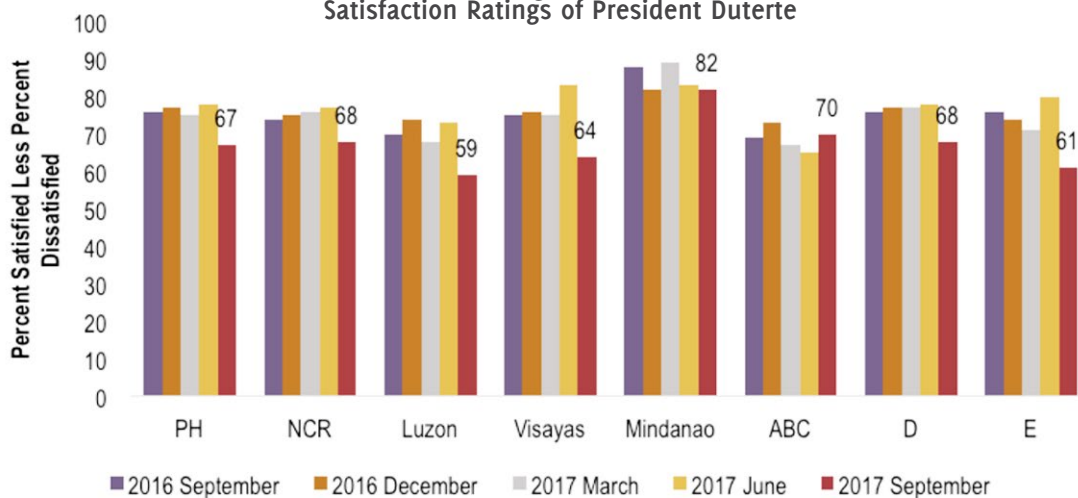
Source: Pulse Asia (September 2017)

Table 3
Satisfaction Ratings of President Duterte

	PH	NCR	Luzon	Visayas	Mindanao	ABC	D	E
2016 September	76	74	70	75	88	69	76	76
2016 December	77	75	74	76	82	73	77	74
2017 March	75	76	68	75	89	67	77	71
2017 June	78	77	73	83	83	65	78	80
2017 September	67	68	59	64	82	70	68	61

Source: SWS (September 2017)

Figure 4
Satisfaction Ratings of President Duterte



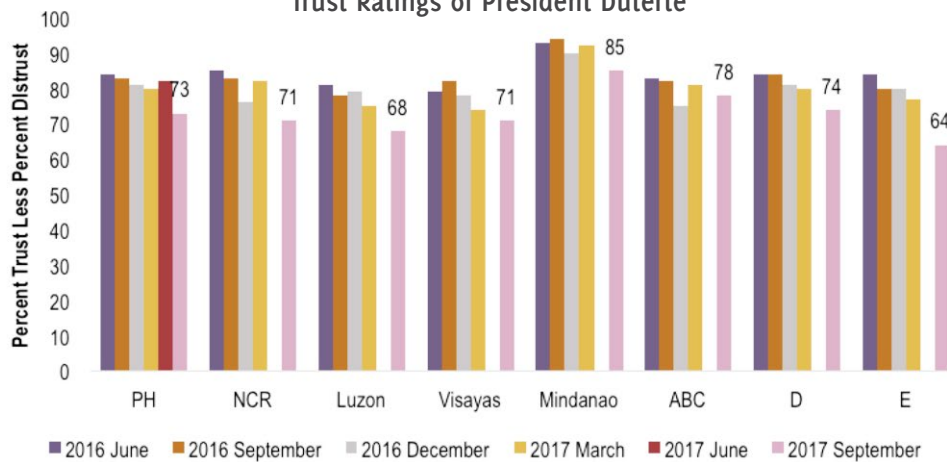
Source: SWS (September 2017)

Table 4
Trust Ratings of President Duterte

	PH	NCR	Luzon	Visayas	Mindanao	ABC	D	E
2016 June	84	85	81	79	93	83	84	84
2016 September	83	83	78	82	94	82	84	80
2016 December	81	76	79	78	90	75	81	80
2017 March	80	82	75	74	92	81	80	77
2017 June	82							
2017 September	73	71	68	71	85	78	74	64

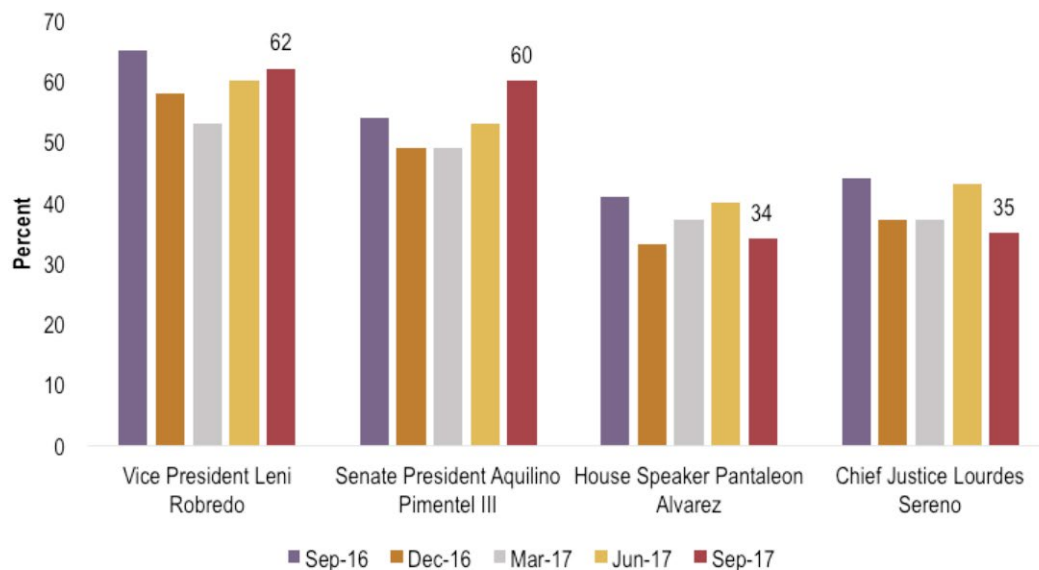
Source: SWS (September 2017)

Figure 5
Trust Ratings of President Duterte



Source: SWS (September 2017)

Figure 6
Satisfaction Ratings of Other Top Officials



Source: SWS (September 2017)

Among the country's other top officials, the latest SWS survey showed slight increases for Vice President Robredo (62%) and Senate President Pimentel (60%). Both House Speaker Alvarez and Chief Justice Sereno saw drops in their respective satisfaction ratings, at 34% and 35%, respectively.

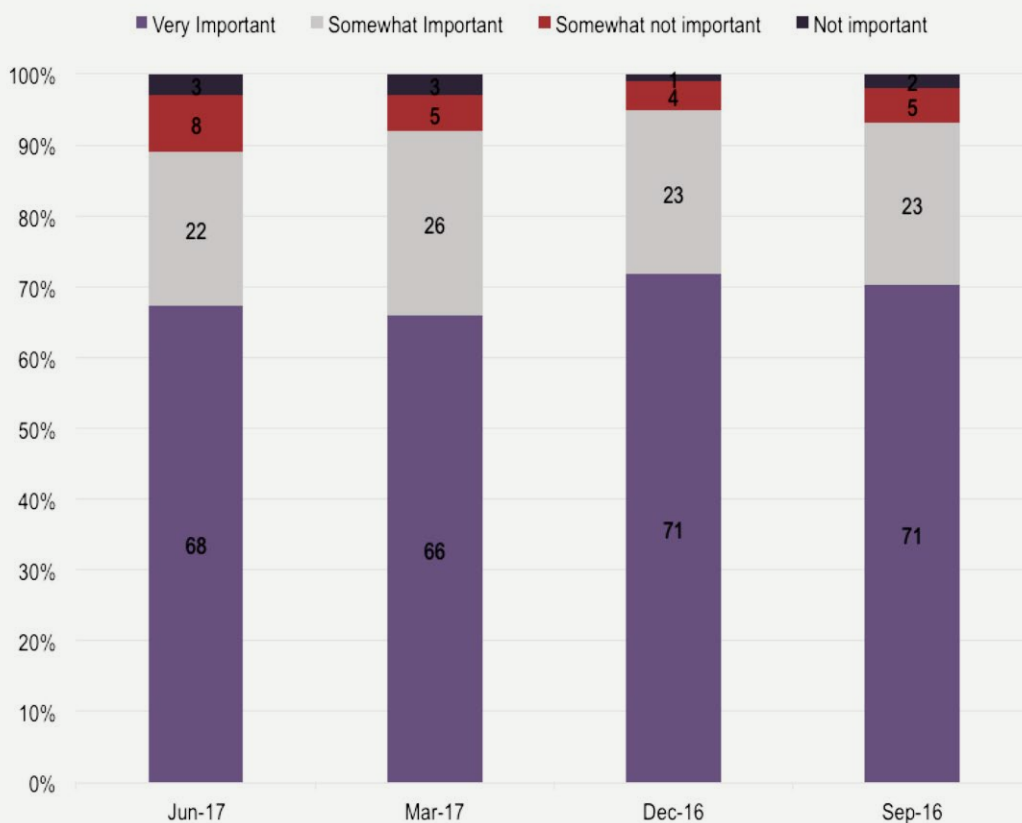
II. POLITICAL FRONTS IN THE WAR ON DRUGS

When it comes to the administration's War on Drugs, few stones have been left unturned this quarter. After numerous street-level operations resulted in deaths by the dozens, including three minors, public outrage at the Philippine National Police (PNP) escalated. Defending the War on Drugs, PNP Chief Ronald Dela Rosa vowed that the practice of 'One Time, Big Time' operations, simultaneous police operations dominated by drug buy-busts, would continue. By the end of August, the outcry had reached Malacañang, where President Duterte met the parents of the children and promised to pursue justice against erring policemen.

Not long after the President's meetings, the PDP-Laban-led majority in the House of Representatives voted in support of a PHP 1,000 budget for the Commission on Human Rights (CHR), a commission charged with investigating state abuse. Representatives supportive of the move argued that the CHR had become a politicized body more interested in defaming the Duterte administration than accomplishing its mandate. President Duterte suggested that Congress use CHR's budget to pay for body cameras for the police.

In parallel, the Senate Blue Ribbon Committee continued a series of hearings investigating anomalies in the Bureau of Customs (BOC). In May, Customs had allowed a shipment of 604 kilograms (PHP 6.04 Billion-worth) of methamphetamine or shabu into the country. As the Senate's investigations heated up, a witness alleged that a so-called 'Davao Group' was facilitating the release of shipments through Customs. Among those implicated were Davao City Vice Mayor Paolo Duterte and the president's son-in-law Manases Carpio. After eight hearings, the Senate wrapped up its investigation with no clear outcome.

Figure 7
Importance of Keeping Illegal Drug Trade Suspects Alive
(Philippines)

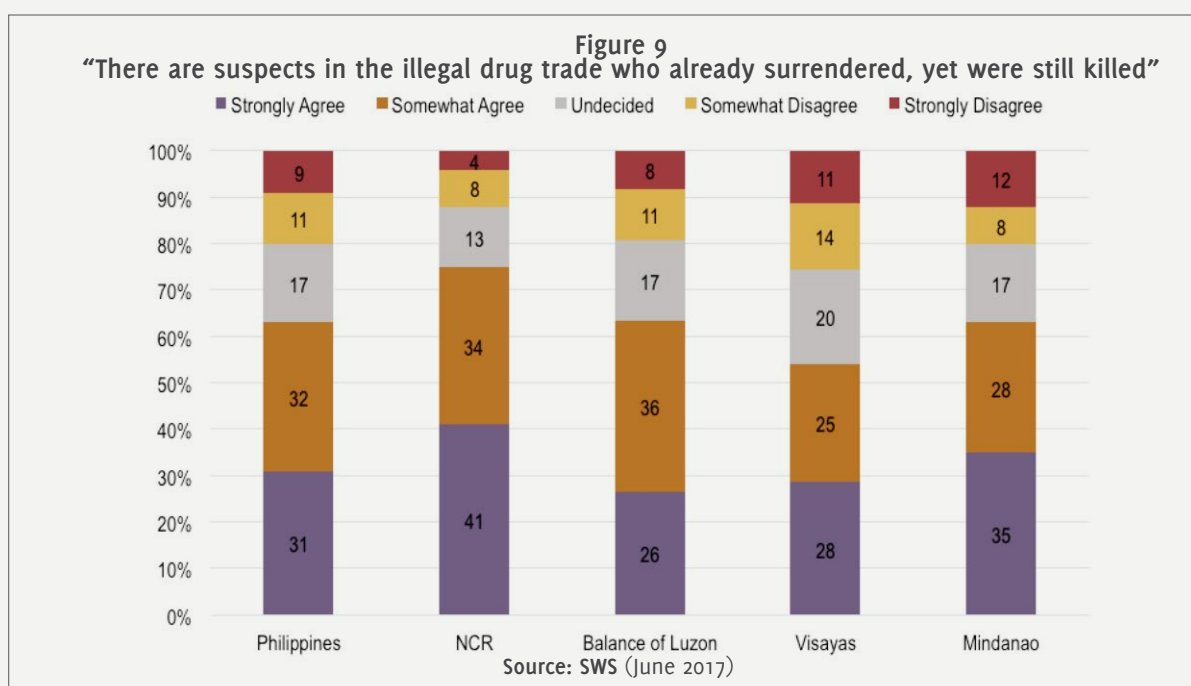
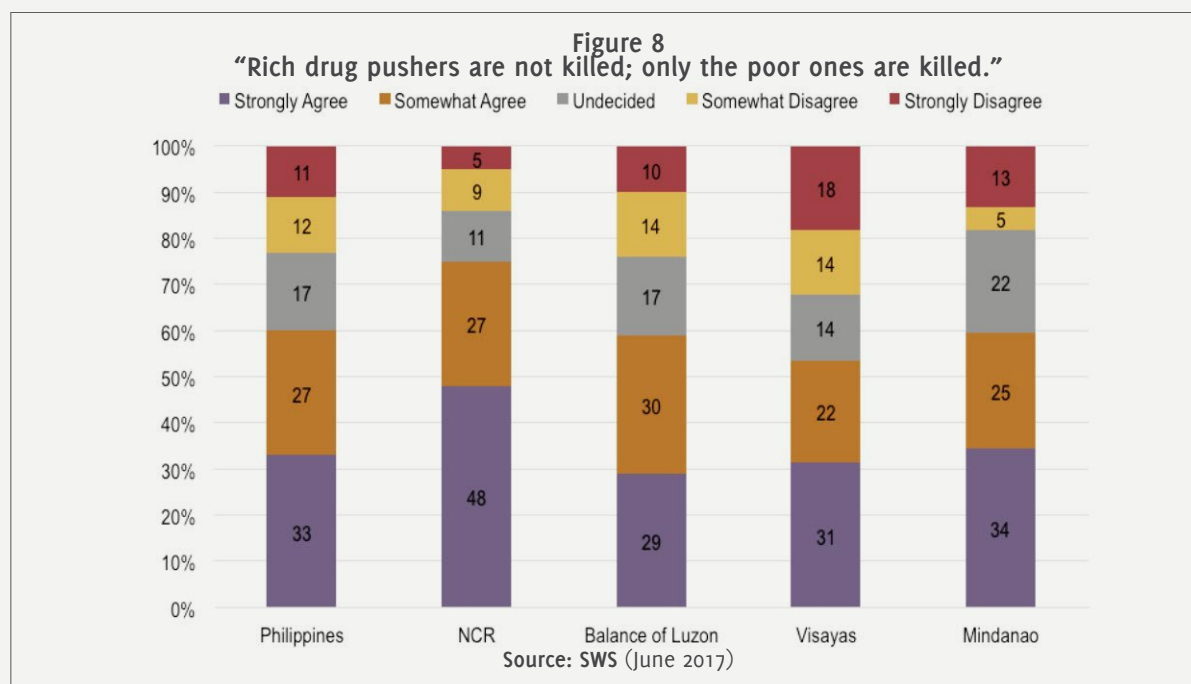


Source: SWS (June 2017)

The Court of Public Opinion

In an SWS survey conducted at the end of June and released at the end of September, a majority of Filipinos (63%) agreed with the test statement “There are suspects in the illegal drug trade who already surrendered, yet were still killed.” Nationwide, 31% strongly agreed and 32 somewhat agreed. The agreement was highest in the National Capital Region (75%), followed by Mindanao (63%) with the Balance of Luzon (62%) closely behind. Visayas trailed the group with just over half (53%) agreeing.

The divide between struggling and comfortable Filipinos that was highlighted in the third quarter survey was also reflected in the reported sentiments from the second quarter survey taken in June. The June survey found that three out of five Filipinos agreed with the statement “Rich drug pushers are not killed; only the poor ones are killed.” These sentiments likely contributed to the president’s declining approval rating among Class D and especially Class E for the third quarter. The Filipinos killed over the course of police operations are typically from the poorest segments of Philippine society.



Checks and Balances in the House

In mid-September, the House of Representatives voted 119-32 in a politicized process to give a PHP 1,000 budget to the CHR. Their decision would paralyze the commission and prevent it from fulfilling its mandate. House leadership came under fire for a move that critics said targeted opposition within the government.

The 1987 Philippine Constitution mandates that “the approved annual appropriations of the [CHR] shall be automatically and regularly released” (Article XIII, Section 17, (4)). This stipulation ensures that the CHR can execute its functions, i.e. the protection, promotion and advocacy of human rights. A commission like the CHR cannot be abolished by regular legislation, but only through constitutional change. Thus, the HOR may be said to have attempted to ‘extra-judicially kill’ the CHR by exercising its power of the purse. Ultimately, the CHR’s budget will be decided in the Bicameral Conference Committee, where representatives from the House and the Senate will reconcile their versions of the FY 2018 General Appropriations Act.

Customs and Shabu in the Senate

In May of this year, officials from the Bureau of Customs and the NBI seized PHP 6.04 billion (604 kilograms) of shabu (methamphetamine) from two warehouses in Valenzuela. The seized shipment is among the largest in recent history, as it represents roughly 50% of the total PHP 12.60 Billion-worth of shabu seized between July 1, 2016 and June 20, 2017, according to the Philippine Drug Enforcement Agency (PDEA).

Amid questions over how the 600-kg shipment had entered the country, the Senate opened investigations into the facts around its entry and the general level of corruption in the Bureau of Customs. The Blue Ribbon Committee conducted nine hearings between July and September. Over the course of the hearings, one witness alleged the involvement of a “Davao Group” of influence peddlers that included the president’s son and Davao City Vice Mayor, Paolo Duterte, and the president’s son-in-law, Manases Carpio. The Committee closed its investigations on the shabu shipment without a clear outcome.

International Stage

The UN Human Rights Council, through its Universal Periodic Review, submitted 257 recommendations to the Philippines related to the human rights situation in the country. The review was conducted in May of this year. The government rejected 154 of the recommendations, citing the lack of control of any one branch of government (e.g. legislation requiring stakeholder consultation) or their “sweeping, vague, and even contradictory” character.¹ One rejected recommendation had been to allow UN Special Rapporteur Agnes Callamard to investigate alleged extrajudicial killings in the country without pre-conditions.

At the end of September, 39 countries issued a statement expressing ‘serious’ concern over drug-related killings in the country. Among the signatories were Australia and the United States, both countries which have recently supported the administration in counter-terror efforts in Marawi and other affected areas in Southern Philippines. Absent from the statement were all members of the Association of Southeast Asian Nations (ASEAN) and northern partners China and Japan.

III. IS MARAWI A HARBINGER OF CHAOS TO COME?

The so-called liberation of Marawi—now running past 100 days—is entering its final stage, and the Armed Forces of the Philippines (AFP) is said to be about to wage its “one big battle” to neutralize the remaining Islamic State-inspired militants holed up in the battered city. According to the AFP, there are still 50-60 terrorists left as of mid-September, and close quarters combat is supposedly confined to 500 square meters within the city. Meanwhile, the Philippine Air Force (PAF) FA-50 planes continue to provide air support to the advancing troops by bombing high-rise defensive positions. To prevent a further influx of local and foreign militants, the AFP is intensifying its interception operations over both land and sea: members of the Philippine Army (PA) were able to arrest suspected militants who were en route to reinforcing their comrades while the Philippine Navy (PN), working hand-in-hand with its Indonesian and Malaysian counterparts, launched joint patrols to disrupt the flow of armed elements along the southern borders.

The tide of war is arguably turning in favor of the Philippine security forces, albeit at a high human and material cost. Based on reports by Philippine authorities, 136 soldiers and 620 enemies were killed on the eve of Eid al-Adha alone. Furthermore, more than 400,000 people have been displaced since the eruption of the conflict. The NDRRMC Operations Center reported that 5,055 families (27,335 persons) stay in 89 evacuation centers while 98,846 families (442,981 persons) live with relatives and friends. Among these, Health Secretary Paulyn Ubial said that 40 home-based Marawi evacuees have already died. Department of National Defense Secretary Delfin Lorenzana also said that the war has already bled PHP 3 Billion (USD 58.8 Million) from government coffers.

Dark Clouds on the Horizon

Notwithstanding the Philippine military’s anticipated victory over the ISIS-inspired militants, darker clouds could be seen on the horizon. The Office of the Solicitor General (OSG) has disclosed that there are still 20 active terror cells in the country working closely with the Maute-Abu Sayyaf-Bangsamoro Islamic Freedom Fighters (BIFF) tripartite alliance in Marawi, together with one more ISIS-linked group, the Ansarul Khilafah Philippines (AKP). Given the tightened security around Marawi, members of these terror cells may opt to capture other nearby vulnerable cities and villages or launch terror attacks in distant megacities such as Metro Manila, Cebu, or Davao to break the concentration of forces, undermine the morale of troops in Marawi and sow fear among the general public.

Formal counterterrorism cooperation between the Philippines and the United States, through Joint Special Operations Task Force-Philippines (JSOTFP) has remained deactivated since 2015. This paved way to a shift—or in other words, a downscaling—in U.S. involvement in counterterrorism operations in the Philippines from advising and assisting Filipino troops down to the tactical level to merely providing advice and assistance at the operational and strategic levels of command. In addition, President Rodrigo Duterte’s ambivalence toward the United States in pursuit of closer trade, commercial, and defense ties with China and Russia continues to cast doubt over the strategic utility of the annual Balikatan Exercises in the overall counterterrorism thrust given the heightened risk of further reduction of American (and other foreign allied) troops assisting the Filipino forces. Furthermore, Oliver Ward reports that U.S. Non-Proliferation, Anti-Terrorism, Demining and Related Programs (NADR) funding for Philippine counterinsurgency operations shrank from \$6.1 million in 2015 to \$3.6 million in 2017. Unless the JSOTFP is reactivated, the Balikatan Exercises re-expanded, and U.S. NADR funding increased, the overall extent of Washington’s (as well as Japan’s and Australia’s) provision of material, financial, technical, logistical, and intelligence support to Manila’s counterterrorism efforts will remain limited at a critical juncture when ISIS is eyeing at Mindanao as its primary operational base in Southeast Asia.

The proliferation of ISIS terror cells beyond the country’s borders is a cause of serious concern as well: TNI Chief Gatot Nurmantyo admitted that there are already ISIS sleeper cells in all Indonesian provinces,

except Papua. Malaysian Inspector General of Police Khalid Abu Bakar discovered the presence of a new ISIS extremist cell that intended to transform Sabah into a transit point for sending more ISIS members to the Philippines. Then another cell of ISIS militants based in the state of Kelantan has been found to be smuggling weapons from southern Thailand into Malaysia to prepare for terror attacks in Malaysia and abroad. Lastly, Malaysian police counterterrorism division head Ayob Khan Mydin Pitchay told reporters that Myanmar is likely to be the target of ISIS terror attack (and possibly, even the new incubator for ISIS militancy) in light of the alleged persecution of Muslim Rohingya in Rakhine state. These sporadic ISIS terror cells are likely to exploit the constellation of factors, namely the growing traffic of returning battle-hardened jihadists from Iraq and Syria, domestic political turmoil, weak regulative mechanisms in cyberspace, and obscurity of anti-terror laws in host countries, in order to boost their regional presence and influence, improve their coordination, and enhance their guerrilla strategies and tactics in modern urban warfare.

Toward Comprehensive Security

While it is laudable for the Philippine defense and security establishment to devote its energies to quelling the remaining ISIS-inspired terrorists in Marawi, it is equally important for it to take a more proactive approach in crippling the terror network, infrastructure, and lifeline of other militant groups before they conduct another Marawi-style territorial occupation or launch other terroristic activities. With the Philippine military's latest anti-terror campaign plan, the Development Support and Security Plan (DSSP) Kapayapaan, already in effect, the AFP ought to effectively carry out a full-spectrum counterterrorism response, which includes: enhancement of intelligence-gathering operations, disruption of flow of funds and ammunition, interception of suspected terrorists, countering of ISIS online propaganda, and sustainment of surgical strikes in order to deny the terrorists safe haven in Mindanao with the least possible civilian casualties and property damages.

In order to facilitate the implementation of such actions, the Duterte administration should prioritize the passage of the proposed National Security Act. This shall empower the Philippine president through the National Security Council (NSC) and aided by the Anti-Terrorism Council (ATC) to gain more effective command and control over the AFP as well as other law enforcement agencies, i.e. Philippine National Police (PNP) and the Philippine Coast Guard (PCG), in the fight against terrorism, and bestow upon him greater flexibility and autonomy to forge defense and security agreements with government and non-government stakeholders both locally and internationally.

In addition, given that the AFP has been extensively engaged in jungle warfare and is relatively new to ISIS-style modern urban warfare, it is imperative for the Philippine military to strengthen its defense ties with countries that have relatively well-established doctrines, operational concepts, strategies, tactics, and facilities for that purpose. Hence, it may opt to reactivate the JSOTFP and re-expand the Balikatan Exercises in order for the US as well as Japanese and Australian governments to be able to provide more extensive material, technical, logistical, and intelligence support to Filipino troops on tactical, operational, and strategic levels of command. To facilitate institutional learning in modern urban warfare against ISIS-inspired militants, the AFP may also opt to consider entering into formal cooperation with other countries with relatively rich corpus of knowledge and experience in counterterrorism, such as Singapore and Israel.

Furthermore, the proliferation of multinational ISIS terror cells within the Philippines' borders and across its neighboring countries in Southeast Asia necessitates the Philippine government to carefully reexamine Article XVIII Section 25 of the 1987 Constitution—which imposes legal and constitutional restrictions to the entry of foreign troops—and adopt needed adjustments for the future Federal Constitution. In line with this, the Philippine government should openly discuss with its ASEAN counterparts the possibility of putting more flesh to the bones of ASEAN commitment to comprehensive

security by reviewing the 2001 ASEAN Declaration on Joint Action to Counter Terrorism framework as well as liberalizing the interpretation of “non-interference”—the fifth principle in the ASEAN Charter, which could well become a legal, political and normative obstacle to regionalizing the ISIS terror threat and adopting a more coordinated, effective, and expedient counterterrorist response at the regional level. These steps will then enable special units of the AFP as well as the PNP and PCG to upgrade their mode of conducting anti-terror operations with fellow ASEAN militaries and law enforcement agencies from mere intelligence sharing and joint maritime patrols to joint combat operations through the creation and deployment of a fully capable joint multinational force upon formal request of the Philippine government or any other ASEAN member-state in distress.

IV. THE QUEST FOR FEDERALISM

Since the heyday of the election campaign until his assumption to the presidency, President Duterte has campaigned for the shift to federalism as a panacea for political violence and violent extremism in Mindanao as well as for economic underdevelopment of regions outside of the country’s three megalopolises. Aside from devolving power from “Imperial Manila” and creating new growth areas in the peripheral regions, the president believes that federalism is the ideal political structure for a multi-cultural/multi-ethnic society and the antidote to the homogenizing propensity of the unitary political system.

The Federalism Study Group of the Partido Demokratiko Pilipino (PDP) Laban Federalism Institute led by Senate President and party president Aquilino (Koko) Pimentel has conceived a draft Constitution for the Federal Republic of the Philippines. The proposal includes the following: guiding principles of the federal state, powers exclusive to the federal government, and federal-regional government relations.

Guiding Principles of the Federal State

Of the seven guiding principles laid down in Article X, Section 5 of the draft Constitution, four specifically emphasize regional empowerment: a) autonomy which allows the people of the regions to have a greater say over their welfare and development; b) subsidiarity which believes that the delivery of basic government services to the people will be rendered more efficient if the government instrumentality nearest to the people is bolstered; c) solidarity which emphasizes the need for the regions to act with cooperation and interdependence with the federal government; and d) decentralization and devolution which grant the regions greater political-administrative power, autonomy and functions in accordance with their competence, capacity and resources.

Powers Exclusive to the Federal Government

Meanwhile, Article VII Section 15 states that the President is the Head of State and he/she shall have direct and primary control of the executive departments, bureaus and offices involving foreign affairs and national defense. Moreover, the President is vested with the power to negotiate and sign treaties in consultation with the Prime Minister. On the other hand, Sections 22 and 23 explain that the Prime Minister shall be the Head of Government. Working hand-in-hand with the Cabinet, the Prime Minister shall be primarily responsible for the overall government program and shall determine national policy guidelines.

Federal-regional Government Relations

Article X, Section 6 mandates the federal government to gradually devolve and decentralize funding, functions and responsibilities in accordance with the financial and organizational capacity of the regions. It also mandates the regions to adopt an Organic Act to be enacted by the Parliament which shall serve as the legal-constitutional basis in forming the regional governments with elective legislative and executive powers. Section 12 states that national taxes collected within the territorial jurisdiction of the regions shall be retained by and accrued exclusively to the regional governments. Notably, the draft Constitution does not yet specify the percentage share of regional governments with the national federal taxes and revenues.

In line with the anticipated amendments to key provisions of the Constitution, Pimentel proposes the creation of 12 states under the Duterte administration: Northern Luzon, Central Luzon, the Cordilleras, Bicol, Southern Tagalog, Mimaropa, Eastern Visayas, Western Visayas, Central Visayas, Southern Mindanao, Northern Mindanao, and Bangsamoro. Metro Manila will remain the capital of the future federal state.²

Recent Actions to Advance Federalism

Since Duterte took office, his administration has launched three projects to concretize the country's shift to federalism: the Department of Interior and Local Government (DILG)'s nationwide information campaign on federalism, the drafting of the Bangsamoro Basic Law (BBL), and the drafting of the new constitution.

Timeline of Major Events	
Date	Event
July 25, 2016	□ President Duterte delivers his first State of the Nation Address (SONA); informs the public that he has tasked DILG to begin a nationwide information campaign and reaffirms his belief that federalism will bring peace to Mindanao ³
August 2016	□ Formation of the Bangsamoro Transition Commission (BTC), the designated body to draft a new version of the Bangsamoro Basic Law
February 11, 2017	□ BTC is back on track with the appointment of 21 new members
June 8, 2017	□ BTC approves the final draft of the new BBL to be submitted to President Duterte and to Congress ⁴
July 17, 2017	□ President Duterte receives copy of the new BBL draft ⁵
July 26, 2017	□ Senate and House of Representatives leaders agree to form a technical working group to propose amendments to the constitution. ⁶
August 24, 2017	□ House Committee on Constitutional Amendments creates four technical working groups. Lawmakers agree to submit the draft to the Committee on Rules.
August 29, 2017	□ Federalism is one of the 28 priority pieces of legislation, as advised by the Legislative-Executive Development Advisory Council
November 2017	□ Target deadline for working groups to complete the draft constitution
December 2017	□ Target deadline for draft constitution to be submitted to the Committee on Rules

Way Forward

Despite delay in the approval and drafting of the BBL and Constitution, both the Senate and the House have agreed to take more initiative in pushing for the federal agenda. It remains to be seen whether Duterte himself will sustain his efforts in campaigning for federalism nationwide and whether Congress will actualize the agreement. Other pressing issues may continue to divide lawmakers' attention and cast doubt on the president's ability to deliver the federal project.

V. A MURKY STATE OF AFFAIRS IN THE WEST PHILIPPINE SEA

There continue to be tussles over the series of events in August around Sandy Cay, near Pag-asa Island, not least because executive officials are not eager to describe the facts of the situation and the government's follow up. The story first broke on August 15, when opposition Congressman Gary Alejano (Magdalo) told the press that, according to his intelligence sources, China had deployed two frigates, a coast guard vessel, and two large fishing vessels in close proximity to Pag-asa Island. Alejano reported that the object of interest had been Sandy Cay, once a 'disappearing' sandbar that had begun to remain above water at high tide.

While the government has not confirmed his report, Alejano's statement has been independently verified. The Asia Maritime Transparency Initiative published satellite images showing Chinese ships arrayed around Sandy Cay on August 13. The images show nine Chinese fishing ships and two law enforcement vessels.

With Sandy Cay being less than three nautical miles from Pag-asa, the vessels around the cay would have encroached Philippine territorial waters, delimited in law as 12 nautical miles from shore. This led Supreme Court Justice Antonio Carpio to call the situation an invasion of Philippine territory. Carpio also explained why China's previously used defenses (e.g. innocent passage) would not apply to this situation.

When asked for comment, Foreign Affairs Secretary Alan Peter Cayetano told the press that Carpio's facts were not entirely accurate. In his words, "Wrong premise, wrong conclusion." However, Cayetano declined to clarify or provide further information on the incident and, publicly, the Department of Foreign Affairs and the Department of National Defense have mostly kept mum.

In Malacañang, President Duterte told the public that he had communicated with China's ambassador, Zhao Jianhua. Ambassador Zhao and China's Foreign Ministry had supposedly assured the president that Beijing had no plans to occupy or build structures on Sandy Cay. Despite this, the main points of Justice Carpio, on China's unauthorized presence in Philippine waters, have been denied but not debunked by officials.

Speaking in Washington at the end of September, Foreign Secretary Cayetano reiterated that the Philippine government was strengthening its claims and position in the West Philippine Sea. The secretary clarified that the administration's strategy reflected a swing in the pendulum away from paranoia, but also from naiveté. Moving into the fourth quarter, and as preparations for the November ASEAN Summit and related meetings and the East Asia Summit ramp up, the administration will continue to have work ahead of it on two fronts: first, to reassure the Filipino public that the country's position is well protected; and second, to demonstrate to its ASEAN neighbors and international partners that it remains committed to promoting the rule of international law, particularly as the chair of ASEAN this year.

VI. LEGISLATIVE PRIORITIES AND ACCOMPLISHMENTS

LEDAC Priorities

Since the commencement of session at the end of July, the Legislative-Executive Development Advisory Council (LEDAC) has met twice to come up with a list of legislative priorities. With the President as the Chair, the LEDAC's twenty members include leaders from the legislative and executive branches, as well as a youth representative and private sector representative. The council decides the Common Legislative Agenda (CLA), or the list of legislative priorities.

The LEDAC met informally in July and decided on a list of thirty-eight priorities. This list was revised down to twenty-eight on August 29. The shorter list retains 14 previous priorities and 13 new priorities for passage. Many of the priority measures in the old list that were not included in the new list were already in more advanced stages of legislation. The list of priorities and their respective statuses in each chamber is presented in Table 5.

Table 5
Legislative Priorities and Status

	Name	Retained or New Priority	House of Representatives	Senate
1	Enhanced Universal Healthcare	Retained	Approved on Third Reading (Sep. 06, 2017)	Pending in the Committee on Health and Demography
2	National Land Use Act	Retained	Approved on Third Reading (May 02, 2017)	Pending in the Committee on Environment and Natural Resources
3	Occupational Safety and Health Hazards Compliance	Retained	Elected Bicam Conferees on May 29, 2017: Reps. Ty, Nograles, Villar, De Jesus, Revilla, Roa-Puno and Bertiz; Approved on Third Reading (Dec. 13, 2016)	On Second Reading (Period of Interpellation)
4	Comprehensive Tax Reform Program	Retained	Approved on Third Reading (May 31, 2017)	Pending Second Reading, Special Order (Sep 20, 2017)
5	Amendments to Public Service Act	Retained	Approved on Third Reading (Sep 08, 2017); Transmitted to Senate (Sep 11, 2017)	Pending in Committee on Public Services
6	National Transport Act, to Address Transport Traffic Crisis	Retained	Period of Sponsorship	On Second Reading (Period of Interpellation)
7	Unified National Identification System Act	Retained	Approved on Third Reading (Sep. 08, 2017); Approved on Second Reading (May 30, 2017)	Pending in the Committee on Justice and Human Rights
8	Security of Tenure Bill (End of Endo/Contractualization)	Retained	Pending with the Committee on Labor and Employment and the Committee on Civil Service and Professional Regulation	Pending with the Committee on Labor, Employment and Human Resources Development, under study by the Technical Working Group
9	National Mental Health Care Delivery System	Retained	Approved on Second Reading (October 10, 2017)	Approved on Third Reading (May 02, 2017)
10	Ease of Doing Business Act/Fast Business Permit Act	Retained	Approved on Second Reading (October 10, 2017)	Approved on Third Reading (August 22, 2017)

	Name	Retained or New Priority	House of Representatives	Senate
11	Social Security Act Amendments	Retained	Increasing monthly pension: Approved on Third Reading (Jan. 16, 2016); Rationalizing and expanding the powers of the SSC: Approved on Third Reading (Jan. 16, 2016)	Increasing monthly pension: On Second Reading (<i>Period of Interpellation</i>); Rationalizing and expanding the powers of the SSC: Pending in the Committee
12	Government Procurement Reform Act Amendments	Retained	Pending in the Committee on Appropriations	Pending in the Committee on Finance
13	Allowable/Recoverable Systems Loss Act (electricity)	Retained	Pending in the Committee on Energy	Pending in the Committee on Energy
14	Amendments to the Agricultural Tariffication Act of 1996	Retained	Pending in the Committee on Agriculture and Food	Pending in the Committee on Agriculture and Food
15	Budget Reform Act	New	Pending in the Committee on Appropriations (<i>Administration version filed by Reps. K. and J. Nograles</i>)	Pending in the Committee on Finance
16	Rightsizing of the National Government	New	Approved on Third Reading (July 26, 2017); Approved on Second Reading (May 30, 2017)	On Second Reading (<i>Period of Interpellation</i>)
17	Amendment to the Anti-Cybercrime Crime Act (libel)	New	Pending in the Committee on Information and Communications Technology	Pending in the Committees on Science and Technology; Constitutional Amendments and Revision of Codes; and Justice and Human Rights
18	Amendments to the NIA Charter <i>Re: Free Irrigation Services Act</i>	New	Approved Conference Committee Report (October 11, 2017)	Approved Conference Committee Report (October 11, 2017)
19	Government Procurement Reform Act Amendments	New	Pending in the Committee on Appropriations	Pending in the Committee on Finance
20	Federalism/ <i>Revision of Constitution</i>	New	Draft Philippine Federal Constitution prepared by Rep. A. Gonzales and Rep. De Vera to serve as a working draft by the Committee on Constitutional Amendments	Pending in the Committee on Constitutional Amendments and Revision of Codes
21	People's Broadcasting Corporation Charter Bill	New	Pending in the Committee on Government Enterprises and Privatization (<i>Admin draft bill</i>)	Pending in the Committee on Public Information and Mass (<i>Admin draft bill</i>)
22	Genuine Agrarian Reform Bill	New	Pending in the Committee on Agrarian Reform	Pending in the Committee on Agrarian Reform
23	Strengthening the Balik - Scientist Program	New	Approved on Third Reading (August 09, 2017); Approved on Second Reading (August 02, 2017)	On Second Reading: Period of interpellation closed (Aug 30, 2017)
24	Philippine Qualifications Framework	New	Approved on Second Reading (October 10, 2017)	On Second Reading (<i>Period of Sponsorship</i>)
25	Amendments to Build-Operate-and-Transfer Law	New	Pending in the Committee on Public Works and Highways	Pending in the Committee on Public Works
26	Delineation of the Specific Forest Limits	New	Pending in the Committee on Natural Resources	Pending in the Committee on Environment and Natural Resources
27	Utilization of the Coconut Levy Fund	New	Approved on Second Reading (Sep. 20, 2017)	On Second Reading (<i>Period of Amendment</i>)
28	Land Administration Reform Act	New	Pending in the Committee on Government Reorganization	Pending in the Committee on Environment and Natural Resources

Signed into Law

In August, President Duterte signed several bills into law, summarized in Table 6. Among these were acts for free public Wi-Fi, the Anti-Hospital Deposit Act, free tuition in public universities, and extending passport and driver's license validities.

Table 6
New Laws

RA No.	Name
RA 10932	Anti-Hospital Deposit Law
RA 10929	Free Internet Access in Public Places Act
RA 10931	Free Tuition Fee in State Colleges and Universities
RA 10928	Extending Passports Validity
RA 10930	Extending Driver's License Validity
RA 10927	Casinos as Covered Persons in the Anti-Money Laundering Act
RA 10951	Amending RA No. 3815 (Revised Penal Code)

Anti-Hospital Deposit

This law seeks to prevent public and private hospitals from refusing patients, especially those who need immediate medical attention, when they prove unable to shell out money before treatment. The law envisions its achievement through increasing penalties through imprisonment or fines those personnel found in violation of the law.

Free Public Wi-Fi

This law mandates the provision of free Wi-Fi access in public places particularly in public schools, hospitals and government offices among others. This measure is seen to complement the recently unveiled National Broadband Plan (NBP). Both the NBP and the new law will be administered and implemented by the Department of Information and Communications Technology (DICT).

Free Tuition Fee in State Colleges and Universities

The law envisions the provision of free tuition fees for more than a hundred state universities and colleges (SUC's) in the country. Mired with controversy particularly as the country's economic managers have discouraged the passage of the law, President Duterte and other lawmakers have suggested that funding will come from the budget allocations of the different departments.

Extending Passport Validity and Driver's License Validity

The law mandates the validity of passports to be extended to ten (10) years and five (5) years for the driver's license.

Casinos as Covered Persons in AMLA

The law amends the Anti-Money Laundering Act of 2001 by including casinos as part of the law. A threshold of five million pesos was mandated before the transaction should be reported to the Anti-Money Laundering Council (AMLC).

House of Representatives

Since the beginning of the second regular session, more than five hundred bills were filed at the House of Representatives. Several measures have also moved towards second and third reading, especially in light of the directives of the political leadership to expedite the deliberations on priority bills enumerated in the LEDAC priority list and elsewhere. However, both chambers of Congress were busy deliberating the 2018 budget proposals of government agencies.

Among those that were approved on third and final reading by the lower chamber is the Enhanced Universal Healthcare bill or House Bill 5784. While the bill is a priority measure in the LEDAC, the Senate has yet to approve the measure at the committee level. The measure mandates that all Filipinos, including non-contributory indigents in the insurance program, shall be entitled to the benefits of the National Health Security Program, a program that renames National Health Insurance Program.

While the Mental Health Bill had already been approved on third and final reading at the Senate in May before the sine die break, it has yet to be approved at the House of Representatives on second reading. This measure envisions mental health services to be integrated in the country's broader public health system. Also among the health-related priorities is the Occupational Safety and Health Hazard Compliance bill. The bill is in advanced stages of legislation in both chambers of congress where it was already approved at the House of Representatives' on third and final reading.

A working draft was also filed on the shift towards a federal form of government and is pending at House of Representatives' Committee on Constitutional Amendments. Likewise, a resolution on the revision of the constitution is up for consideration on second reading.

Table 7
House Bills Approved on Third and Final Reading

Bill No.	Name
HB 5784	Enhanced Universal Healthcare
HB 5828	Amendments to the Public Service Act
HB 5707	Rightsizing the National Government
HB 6308	Postponing the October 2017 Barangay and SK Elections to May 2018
HB 4982	SOGIE Equality Bill
HB 6221	Creating the National ID System
HB 6152	Increasing the Normal Work Hours per Day Under a Compressed Work Week Scheme
HB 6215	2018 General Appropriations Bill

The bill amending the Public Service Act (House Bill 5828), about rethinking the scope of the law's defined public utilities, was passed on third and final reading. Likewise, the bill rightsizing the national government (House Bill 5707) was approved on third and final reading. The latter bill allows the President to remove overlapping and redundant functions and roles in the government with the exception of some roles.

Several committees have also been active in deliberating bills of national importance. The Committee on Information and Communications Technology had been busy deliberating on the Open Access in Data Transmission bill and the amendments to the Public Telecommunications Act to strengthen the National Telecommunications Commission (NTC). Both bills were approved at the committee level on September 13, 2017. Meanwhile, the Committee on Trade and Industry had begun deliberating on the bill that would establish the Drug Price Regulatory Board, which would be the agency that would set prices for pharmaceutical products. The Committee on Natural Resources has begun deliberating on bills that would require the processing of minerals to be done locally.

Senate of the Philippines

More than a hundred bills have been filed since the beginning of the second regular session while around ten bills were approved on third and final reading and pending at the lower house for legislative action. Among these are bills of national significance.

The bill ensuring a faster and easier process for applying for business permits and licenses has been approved on third and final reading. Called the Anti-Red Tape Act of 2017 or House Bill 1311, the bill mandates the creation of an Ease of Doing Business Commission. Another bill of national significance that was approved on third and final reading provides free irrigation services to small farmers. Senate Bill 1465 seeks to remove the corporate status of the National Irrigation Administration (NIA) and eliminate irrigation service fees for water from the national irrigation system and the communal irrigation system.

Table 8
Senate Bills Approved on Third and Final Reading

Bill No.	Name
SB 1311	Anti-Red Tape Act of 2017
SB 1465	Free Irrigation Services to Small Farmers
SB 1584	Postponing the October 2017 Barangay and SK Elections
SB 1461	Electric Cooperative Emergency and Resiliency Fund Act of 2017

Several bills are also being deliberated at the committee level. The Department of Finance-backed nationally significant tax reform bill or Tax Reform for Acceleration and Inclusion (TRAIN) which was passed at the lower house a few months ago has been approved at the Senate Committee on Ways and Means. The bill saw relatively more opposition on certain provisions, such as those on sugar sweetened beverages.

¹ "PH rejects over half of human rights recommendations of the UN," CNN Philippines, 23 September 2017. Available from: <http://cnnphilippines.com/news/2017/09/23/Philippines-human-rights-report-United-Nations.html>

² Alexis Romero, "Rody should run federal government—Pimentel," Philippine Star, 08 September 2017, accessed 26 September 2017, <http://www.philstar.com/nation/2017/09/08/1736817/rody-should-run-federal-government-pimentel>.

³ "FULL TEXT: President Duterte's 1st State of the Nation Address," Rappler, 25 July 2016, <https://www.rappler.com/nation/140860-rodrigo-duterte-speech-sona-2016-philippines-full-text>.

⁴ Ver Marcelo, "Duterte, Congress to receive final Bangsamoro Basic Law draft," CNN Philippines, 8 June 2017, <http://cnnphilippines.com/news/2017/06/08/BBL-final-draft.html>.

⁵ Ibid.

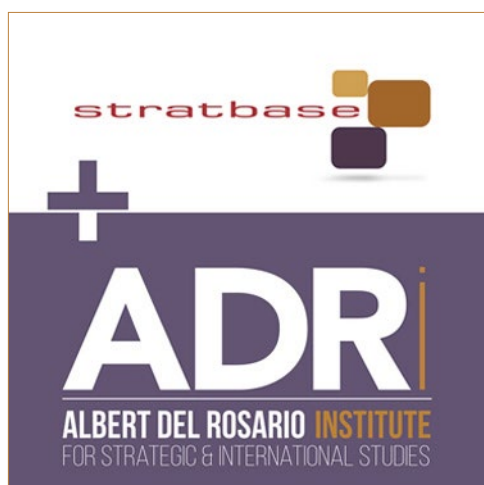
⁶ Mara Cepeda, "Congress eyes charter change working group, won't wait for Con-Com," Rappler, 26 July 2017, <https://www.rappler.com/nation/176787-congress-charter-change-technical-working-group-federalism>.





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