

POLÍTIKA

CRITICAL ISSUES OF PHILIPPINE POLITY

2ND QUARTER

Challenges Ahead: Economic Hardships, Corruption, and Freedom

The government should pursue complementing efforts to address traditional issues about ease of doing business, mitigating corruption and bureaucratic red tape, building better infrastructure, and curbing inflation

The Marcos Jr. Administration's Foreign Policy: A Case of Continuity or Dramatic Change?

As insurance against continuing Chinese aggression and coercion, the Philippines needs credible and modern armed forces backed by close alliance and security partnerships with the U.S. and Japan, respectively

Legislative Updates and Achievements

The Legislative-Executive Development Advisory Council (LEDAC) Executive Committee (ExeCom) identified 10 bills that would be fast-tracked for approval before the end of the First Regular Session of the 19th Congress on June 2, 2023

STUDENT CON

ON THE COVER & CONTENTS

Credits to the following contributors:
Prof. Victor Andres “Dindo” Manhit, Jaime
Jimenez, Ph.D. and Venice Rañosa

Picture credits to the following, cover page, contents
page, and page 3: gmanetwork.com/news/money/economy/857861/marcos-at-world-economic-forum-food-from-toil-will-nourish-our-bodies/story; tribune.net.ph/2022/10/14/pbbm-vows-factual-prompt-information and gmanetwork.com/news/topstories/nation/863167/marcos-shares-fighter-jet-experience-matagal-ko-nang-gustong-gawin-yun/story

Challenges Ahead:
Economic
Hardships,
Corruption, and
Freedom

p.4

The Marcos Jr.
Administration's
Foreign Policy:
A Case of
Continuity or
Dramatic Change?

p.12

Legislative
Updates and
Achievements

p.14

OVERVIEW

Good governance entails practices and procedures which ensure that government decision-making is conducted in a fair, transparent, and accountable manner. It involves the participation of citizens in decision-making processes, as well as the efficient provision of key public services, effective management of resources, and earnest efforts to consider public opinion in decisions being made.

At its heart, good governance rests upon four core principles: transparency, responsibility, accountability, and participation. As the Marcos, Jr. administration marks its first year, there lie more opportunities for these principles to be practiced in the areas of economic development, social welfare, infrastructure and connectivity, environmental sustainability, diplomacy and international relations, and citizen engagement.

These principles aim to guide and direct any administration on areas on which to focus as it carries out its mandate. Specific opportunities and priorities for the Marcos, Jr. administration would depend on its policy agenda, the prevailing socio-economic context, and the needs and aspirations of the Filipino people.

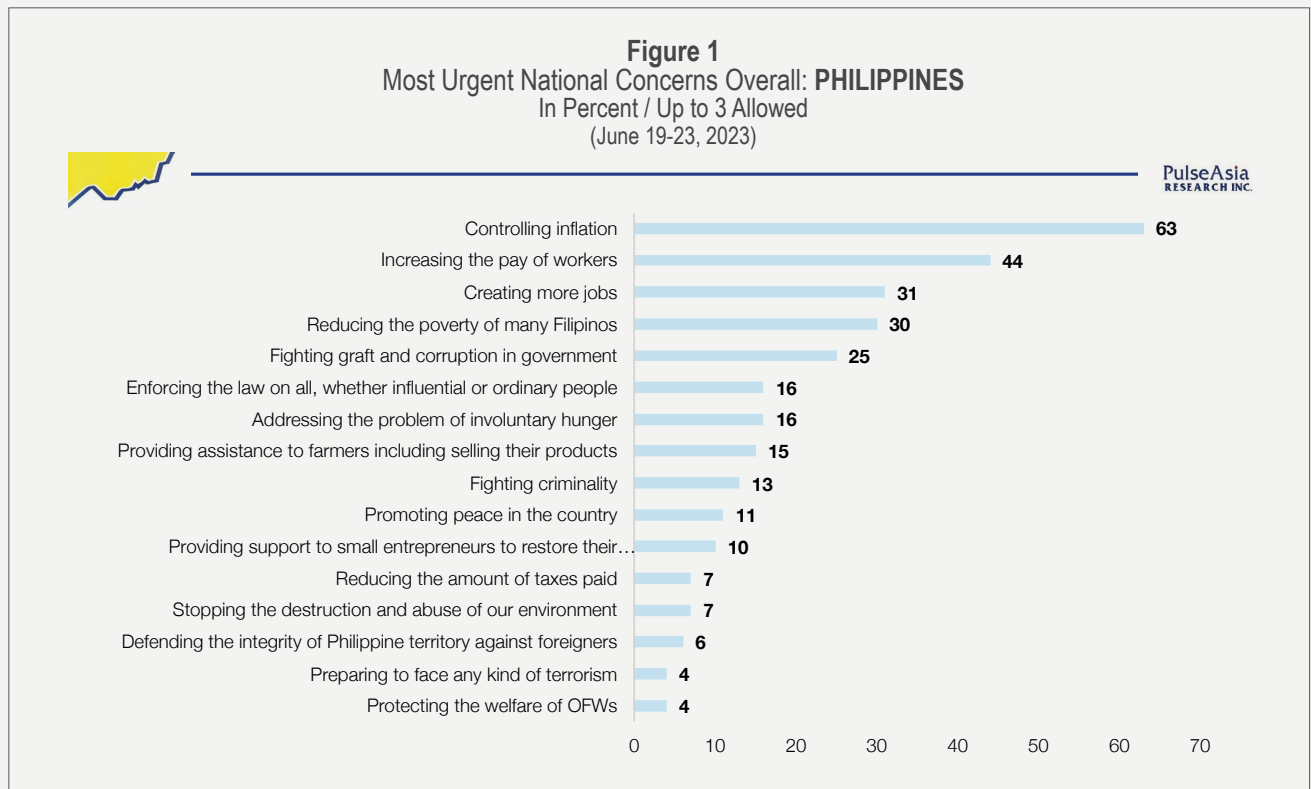
On July 24, 2023, President Marcos, Jr. will deliver his second State of the Nation Address. Much is to be expected from this address. He is expected to touch upon his government's economic recovery efforts and the country's security challenges. He will likely discuss his administration's plan to create a more equitable society that provides greater opportunities for its citizens. The speech will also likely emphasize the need for unity and collaboration among Filipinos toward a better and stronger future.

This edition of POLITIKA comprises four sections. The first section, Pulse Asia, Inc. Survey, explores the different realities on the ground in terms of the Filipinos' perception on their Most Urgent National and Personal Concerns, the Comparative Ratings of the National Administration on Selected National Issues, and the Anti-Corruption Survey. The second section, on the Third-Party Studies of the Institute for Management Development World Competitiveness Yearbook and the Kearney FDI Confidence Index, explains the relevance of governance to the economy. Third, the Foreign and Security section discusses the commemoration of the 7th arbitral ruling victory and the broadening of diplomatic and security ties with international allies and partners. The fourth section provides the latest legislative updates and developments.

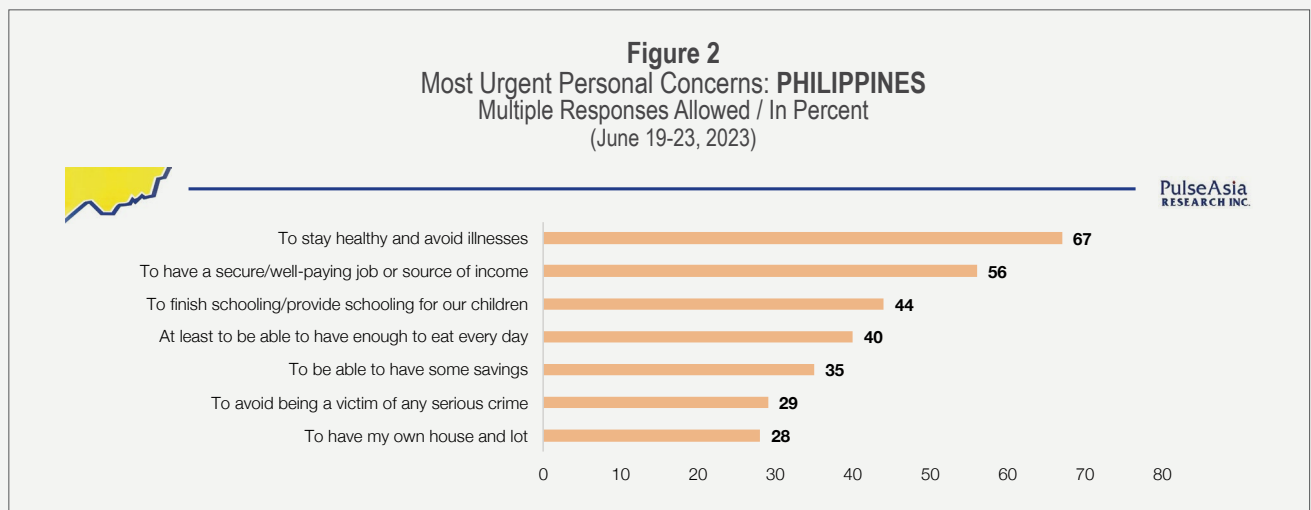
I. PULSE ASIA, INC. SURVEY

Most Urgent National and Personal Concerns

The latest survey of Pulse Asia, Inc. conducted in June 19-23 this year shows that the most urgent national concerns of the Filipino people remain highly economic in nature. As shown in Figure 1 below, Filipinos are mostly concerned with controlling inflation (63%), increasing the pay of workers (44%), creating more jobs (31%), reducing the poverty of many Filipinos (30%), and fighting graft and corruption in the government (25%). Changing the constitution, which garnered 2% in the first quarter survey, is now absent among the urgent concerns of the public.



In terms of the most urgent personal concerns, Figure 2 shows that majority of Filipinos prioritize “to stay healthy and avoid illness” (67%) and “to have secure/well-paying job or source of income” (56%). These concerns are followed by similar gut issues like “to finish schooling/provide schooling for our children” (44%), “at least to be able to have enough to eat every day” (40%), and “to be able to have some savings” (35%).



Comparative Ratings of the National Administration

In the same survey as well, the national administration, with respect to addressing the most urgent concerns, enjoys majority ratings in the areas of “Creating more jobs” (53%) and “Increasing the pay of workers” (52%), both registering an 8% improvement. Regarding “fighting graft and corruption in government,” the national administration while garnering a plurality of ratings at 44% registered a -3% decrease. But in “reducing the poverty of many Filipinos” (39%) and “controlling inflation” (31%), both registered an improvement of 4% and 6% respectively.

Table 1
Comparative Ratings of the National Administration on Selected National Issues: **PHILIPPINES**
In Percent
(March and June 2023)



PulseAsia
RESEARCH INC.

Selected National Issues	Approval		Change*	Undecided		Change*	Disapproval		Change*
	Mar 23 (A)	Jun 23 (B)	Jun 23- Mar 23 (B - A)	Mar 23 (C)	Jun 23 (D)	Jun 23- Mar 23 (D - C)	Mar 23 (E)	Jun 23 (F)	Jun 23- Mar 23 (F - E)
Protecting the welfare of OFWs	75	76	+ 1	19	21	+ 2	5	3	- 2
Responding to the needs of areas affected by calamities	76	73	- 3	20	23	+ 3	4	3	- 1
Promoting peace in the country	64	67	+ 3	25	26	+ 1	10	6	- 4
Fighting criminality	68	64	- 4	19	27	+ 8	13	9	- 4
Defending the integrity of Philippine territory against foreigners	61	63	+ 2	29	29	0	10	8	- 2
Stopping the destruction and abuse of our environment	60	61	+ 1	27	27	0	13	12	- 1
Providing assistance to farmers including selling their products	-	59	-	-	34	-	-	8	-
Enforcing the law on all, whether influential or ordinary people	54	56	+ 2	33	32	- 1	13	12	- 1
Creating more jobs	45	53	+ 8	31	33	+ 2	24	14	- 10
Increasing the pay of workers	44	52	+ 8	31	27	- 4	24	21	- 3
Fighting graft and corruption in Government	47	44	- 3	31	39	+ 8	22	17	- 5
Reducing the poverty of many Filipinos	39	43	+ 4	28	34	+ 6	33	23	- 10
Controlling inflation	25	31	+ 6	23	32	+ 9	52	37	-15

*Change = Figures of June 2023 minus Figures of March 2023

Anti-Corruption Survey

The results of the same Pulse Asia, Inc. survey on corruption highlight not only the importance of controlling corruption for the benefit of the majority. More importantly, it shows how corruption can significantly affect the public's trust in government officials. The survey also points out the need to improve the government's performance in international commitments to fight corruption.

First, the survey showed that in relation to the ISSUES THAT WOULD BENEFIT THE MOST IF CORRUPTION IS CONTROLLED, the issue of “Economic recovery and development” garnered 40%, and “Improving the plight of ordinary citizens” registered 23%. These were followed by “Good law enforcement” at 14% and “Achieving good governance” at 11%.

Table 2
Most Beneficial Impact of Controlling Corruption: **PHILIPPINES**
In Percent / Up to 3 Allowed
(June 19-23, 2023)



PulseAsia
RESEARCH INC.

Base: Total Interviews, 100%								
Of the following, controlling corruption is most beneficial in ...	RP	LOCATION				CLASS		
		NCR	BL	VIS	MIN	ABC	D	E
Economic recovery and development	40	39	48	31	31	56	38	39
Improving the plight of ordinary citizens	23	22	20	36	19	12	25	24
Good law enforcement	14	14	10	11	22	8	15	12
Achieving good governance	11	8	12	6	15	13	11	6
The efficient and affective delivery of public services	6	6	6	8	5	3	5	12
The affective utilization of government resources	3	6	2	4	4	4	3	5
Further improving democracy	3	5	2	4	4	3	3	3
UNAIDED								
Others								
Put up an agency on graft and corruption, so official will be penalize accordingly when proven guilty	0.01	0	0	0	0	0	0	0

Second, as to the effect of corruption on the public, two in three Filipinos or 67% say that the most affective impact of corruption pertains to the “Loss of trust in government services and public officials.” This is followed by a plurality of Filipinos referring to “Normalized attitude towards corrupt practices” (47%), “Inefficient service delivery” (44%), “Abuse and intimidation by members of the government” (42%), and “Less public funds devoted to addressing social issues such as poverty, healthcare, and employment” (40%). Further, 1 out of 3 Filipinos points to the adverse effect of having a “Less competitive business environment” (31%).

Table 3
Effects of Corruption that Affects them the Most: **PHILIPPINES**
In Percent / Up to 3 Allowed
(June 19-23, 2023)





PulseAsia
RESEARCH INC.

Base: Total Interviews, 100%								
The following are some of the effects of corruption on the public. Which of these affects you the most? You may give as many as three	RP	LOCATION				CLASS		
		NCR	BL	VIS	MIN	ABC	D	E
Loss of trust in government services and public officials	67	73	70	57	65	56	69	62
Normalized attitude towards corrupt practices	47	50	46	46	49	57	46	43
Inefficient service delivery	44	37	44	40	52	34	45	47
Abuse and intimidation by members of the government	42	43	40	45	44	33	43	46
Less public funds devoted to addressing social issues such as poverty, healthcare, and employment	40	45	37	47	38	42	39	44
Less competitive business environment	31	31	30	38	26	41	28	35
Substandard infrastructure	12	7	17	11	7	17	12	7
Loss of money due to bribes	10	7	7	10	16	8	10	9

Third, 84% or 8 out of 10 Filipinos agree with the statement that “the government should strengthen anti-corruption laws, representatives, agencies, and collective mechanisms to implement and fulfill its international commitments to combatting corruption,” with 13% undecided and 3% in disagreement.

Table 4
Comparative Ratings of the National Administration on Selected National Issues: **PHILIPPINES**
In Percent
(November 2022 and March 2023)

Base: Total Interviews, 100%								
How much do you agree or disagree with this statement? Would you say you...	RP	LOCATION				CLASS		
		NCR	BL	VIS	MIN	ABC	D	E
AGREE	84	82	80	89	92	92	83	86
Strongly agree	36	24	36	46	35	36	36	35
Somewhat agree	48	58	44	42	57	56	47	51
CANNOT SAY AGREE OR DISAGREE	13	18	16	10	7	8	14	11
DISAGREE	3	0	5	2	1	0	3	2
Somewhat disagree	2	0	5	1	0	0	3	2
Strongly disagree	0.13	0	0	0	1	0	0	0

In a nutshell, the survey results on corruption demonstrate the importance of controlling corruption for the economic and political well-being of the population and institutions. The survey also highlights the importance of controlling corruption in regaining public trust in government and the need to continually strengthen anti-corruption bodies.

II. THIRD-PARTY STUDIES

The Institute for Management Development (IMD) World Competitiveness Yearbook (WCY) 2023

On a global scale, competitiveness trends for the Philippines with respect to governance raise the challenge of (1) strengthening social protection and health care systems for inclusive development, (2) reducing climate change vulnerability, and (3) reinforcing efficient public management strategies to support fiscal responsibility.

In terms of government efficiency in the competitive landscape, Philippine public finance registered at 55th place, institutional framework at 56, business legislation at 57 and societal framework at 53rd, reflecting a less-than-average performance; while tax policy registered a high-performance level at 14th place.

In the aspect of competitive evolution, the biggest Philippine improvements under governance were reflected in the areas of government budget surplus/deficit (%), from -6.46 in 2022 to -5.24 in 2023, and the risk of political instability, from 3.89 to 4.43.

More areas for governance improvement can be seen through the registered key attractiveness indicators of the survey. The lowest response covered the areas of policy stability and predictability (18.5%), competency of government (13.8%), competitive tax regime (6.9%) and effective legal environment (6.2%). This means that the stated governance areas or aspects need to be improved and/or controlled by government.

The 2023 Kearney FDI Confidence Index®

In dealing with foreign direct investments, threats to governance is also persistently being considered. Investors, while 63% of them remaining optimistic and 32 to 35% is pessimistic, are “tempered by concern about downsides,” which include two governance risks in an emerging market---heightened geopolitical tensions and political instability. In the list of emerging

market rankings, the Kearney report considers Southeast Asia a strong performer, with Thailand (5th), Malaysia (10th), Indonesia (11th), the Philippines (12th), and Vietnam (13th) taking their respective positions.

A political economy dimension of the FDI Index highlights the role of transparency, where transparent government regulations are also continuously being prioritized by investors in making investment decisions. Also important are the presence of “efficient legal and regulatory processes” and “government incentives for investors.”

Figure 3
Transparency of Government Regulations and Lack of Corruption as well as Technological and Innovation Capabilities are the Most Important Factors in Determining Investment Intentions

Source: Cautious optimism: The 2023 Kearney FDI Confidence Index®

A governance aspect identified as the top reason why investors were not considering placing FDI in emerging markets is political instability (38%); a second aspect is regulatory environment (27%).

Given the more likely developments to occur in the next year, governance is more pronounced as the increase in geopolitical tensions ranked 2nd at 36% and political instability in an emerging market ranked 3rd at 28%. Investors also place a marginal consideration on the development of a more restrictive business regulatory environment in an emerging market (23%).

The Kearney report echoes the importance of governance consideration to investors. They see significant risks in increased geopolitical tensions while prioritizing markets with transparent government regulations, a lack of corruption, and established technological capabilities.

Figure 4
Reasons Vary Widely for Not Investing in Emerging Markets

Q: If not currently invested in or seeking investment opportunities in emerging markets, which of the following factors is most important in preventing your company from engaging in or considering investing in emerging markets? Select up to three.

Source: Cautious optimism: The 2023 Kearney FDI Confidence Index®

III. FOREIGN AND SECURITY POLICY


Broadening and Deepening of Diplomatic Ties Anchored on National Interests

The recent engagements of the Philippines with like-minded states in the Indo-Pacific on defense and diplomatic cooperation broaden its role as a critical defense partner in the region. These initiatives complement the “friend to all, enemy to none” strategy of the Marcos Jr. administration, which has promised not to give up a “square inch of territory.” Cooperation with the United States, Australia, Japan, India, European Union, France, and Italy demonstrates the increasingly mutual strategic interests in the Indo-Pacific. At the same time, it reinforces maritime security as a pillar for cooperation in a rules-based international order.

The West Philippine Sea remains a priority area in building the country’s external defense capabilities as it confronts a host of gray zone operations. In fact, there is no indication that the aggressive actions of China in the West Philippine Sea are decreasing, as the Department of Foreign Affairs reported that it filed 97 diplomatic protests under the Marcos Jr administration. During its air patrol last June 30, the Armed Forces of the Philippines recorded 48 Chinese fishing vessels in Iroquois Reef and Sabina Shoal, which are located near the Recto Bank, where the Philippines has oil exploration service contracts. The vessels swarmed the area without any fishing activities noted. The Philippine Coast Guard also reported that two of its vessels were “pursued” by their Chinese counterpart while they were on a resupply mission with the Philippine Navy to BRP Sierra Madre in Ayungin Shoal.

In dealing with the geopolitical and geo-economic landscape of the Indo-Pacific, the Philippines under the Marcos Jr administration must continue to assert the national interest in implementing a responsive and strategic foreign and security policy. In the Pulse Asia survey commissioned by the Stratbase ADR Institute from June 19 to 23, 2023, 80% of Filipinos agree that alliances should be formed, and relationships strengthened with countries that have similar beliefs to the Philippines to defend the territorial and economic rights of the Philippines in the West Philippine Sea and protect international order.

Table 5
Agreement/Disagreement with Test Statement: **PHILIPPINES**
“Alliances should be formed and relationships strengthened with countries that have similar beliefs to the Philippines to defend the territorial and economic rights of the Philippines in the West Philippine Sea and protect international order”
In Percent / Up to 3 Allowed
(June 19-23, 2023)

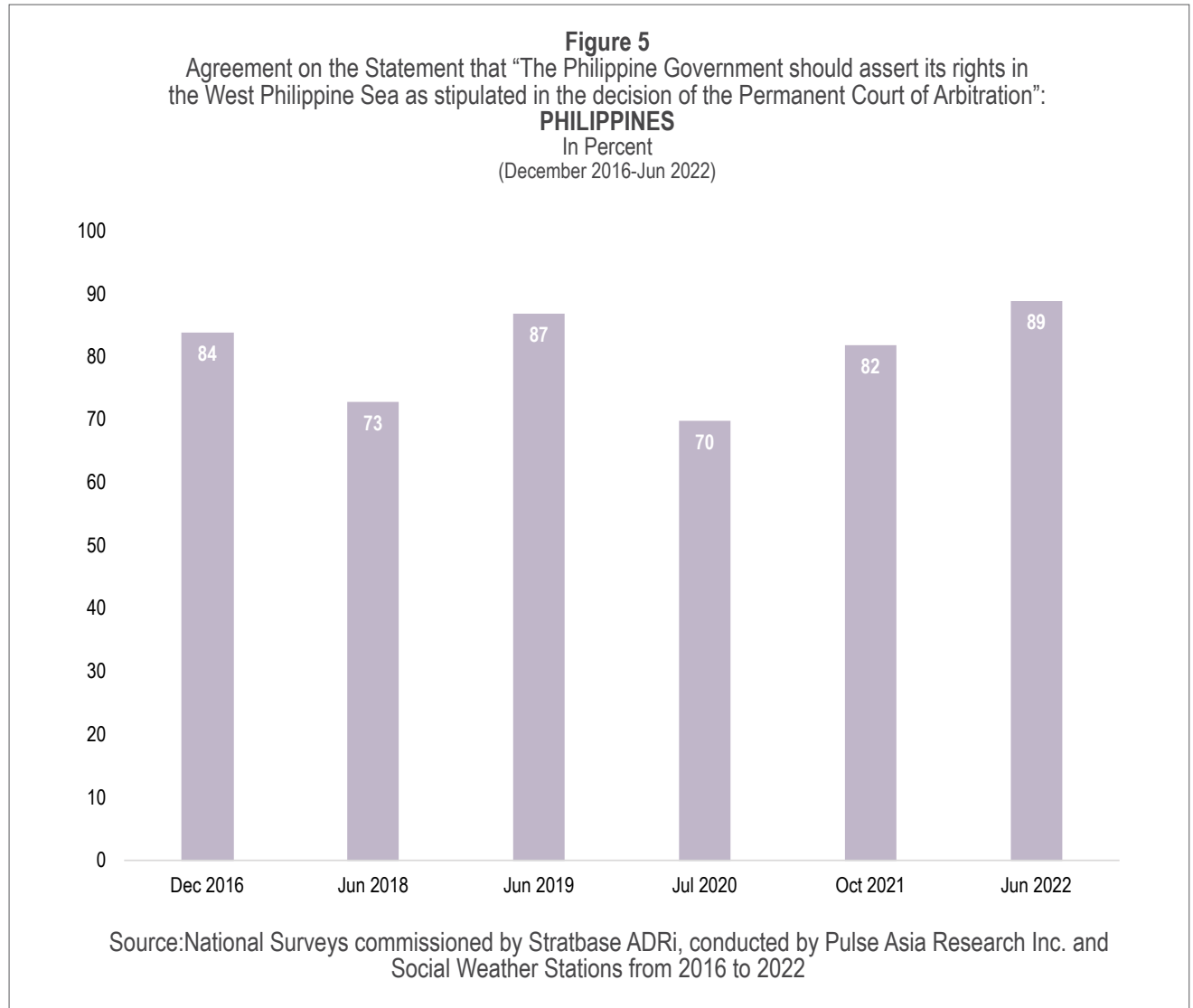


PulseAsia
RESEARCH INC.

Base: Total Interviews, 100%								
How much do you agree or disagree with this statement? Would you say you...	RP	LOCATION				CLASS		
		NCR	BL	VIS	MIN	ABC	D	E
AGREE	80	77	80	79	80	87	79	73
Strongly agree	26	24	19	37	32	24	25	31
Somewhat agree	54	54	61	42	48	63	54	42
CANNOT SAY AGREE OR DISAGREE	17	19	16	17	17	11	16	23
DISAGREE	3	2	4	3	2	2	3	2
Somewhat disagree	3	2	4	3	1	2	3	2
Strongly disagree	0.1	0	0	0	0	0	0	0
UNAIDED								
I don't have enough knowledge to give an opinion	1	2	0	0	1	0	1	1

Commemorating the Philippines' Arbitral Victory

The Stratbase ADR Institute has been at the forefront of the discussion on the Philippines' assertion of its national sovereignty and territorial integrity in the West Philippine Sea since 2016.



The support of the international community is crucial as the Philippines continues to assert its rights in the West Philippine Sea as protected by the United Nations Convention on the Law of the Sea (UNCLOS) and the ruling of the Permanent Court of Arbitration. The Philippines' victory is widely recognized and supported by the international community. Like-minded partners such as the United States, Australia, Japan and the European Union, among others, have consistently maintained that the West Philippine Sea is legally under the jurisdiction of the Philippines and that China has no legal right to claim a single inch of Philippine territory.

In the same Pulse Asia survey commissioned by the Institute, 80% of Filipinos agree that the current administration must form alliances and strengthen relationships with like-minded partners to defend the territorial and economic rights of the country in the West Philippine Sea.

Survey respondents were also keen on supporting the Marcos Jr administration in initiatives to effectively address the issues in the West Philippine Sea. Seventy-two percent of Filipinos support strengthening the military capability of the Philippines, especially the Philippine Navy, Philippine Coast Guard, and the Philippine Air Force. Aside from this, 64% said they support joint maritime patrols and military exercises with allied countries. In comparison, 61% said that the country should shift the focus of Philippine defense institutions and allocate more resources to strengthen its ability to defend itself from external threats.

Table 6
Measures the Marcos Administration should Prioritize to Effectively Address Issues in the West Philippine Sea: **PHILIPPINES**
In Percent / Up to 3 Allowed
(June 19-23, 2023)



PulseAsia
RESEARCH INC.

Base: Total Interviews, 100%								
Which of the following steps should the Marcos administration take to effectively address the issues in the West Philippine Sea? You may choose up to three.	RP	LOCATION				CLASS		
		NCR	BL	VIS	MIN	ABC	D	E
Strengthen the military capability of the Philippines, especially the Navy, Coast Guard, and the Air Force	72	70	73	67	73	76	70	77
Conduct joint maritime patrols and military exercises with allied countries	64	66	64	68	59	74	61	72
Shift the focus of Philippine defense institutions and allocate more resources to strengthen the ability to defend the country from external threats	61	67	59	62	62	61	60	67
Fully implement the Visiting Forces Agreement or VFA and the Enhanced Defense Cooperation Agreement or EDCA	54	41	59	64	44	52	56	48
Finalize the Association of Southeast Asian Nations' or ASEAN Code of Conduct which is an agreement that sets out rules on how countries would act in the South China Sea	37	36	37	36	40	19	42	28
UNAIDED								
I don't have enough knowledge to give my opinion	2	3	1	0	4	4	2	1

Source: Freedom House

Broadening Collaboration for a Rules-Based International Order

The Philippines continues to battle security threats in its maritime territory. With national interest as the primordial guide, the country is moving in the right direction in building its external defense capabilities while deepening its relations with friends, allies, and partners. These states have also continuously supported the Philippines' arbitral victory in the West Philippine Sea.

Defense Secretary Gilberto Teodoro Jr and his US counterpart Secretary Lloyd Austin III had a call last July 6 to discuss ways to strengthen the alliance between the two countries. The officials acknowledged the progress made in defense cooperation, building on expanding the Enhanced Defense Cooperation Agreement, conducting joint patrols in the West Philippine Sea, and observing the Bilateral Defense Guidelines. In the pipeline are the Security Sector Assistance Roadmap and the General Security of Information Agreement on defense modernization and technology transfer, respectively. Aside

from this, interoperability of the armed forces is also a priority. The Marine Aviation Support Activity between the Philippine Marine Corps and the United States Marine Corps runs from July 6 to 21 and is participated in by more than 2,000 personnel. Meanwhile, the Philippine Air Force and the US Pacific Air Force also have the Cope Thunder exercises with almost 1,300 personnel. This is the second such exercise since its first iteration in 1991 and will run from July 7 to 21.

The Philippines also maintains stable bilateral relations with Australia, with a move to elevate ties from a comprehensive to a strategic partnership. Last July 5, the two had the third Philippine-Australia Maritime Dialogue in Manila led by DFA Assistant Secretary Maria Angela Ponce and Australian Department of Foreign Affairs and Trade First Assistant Secretary for US and Indo-Pacific Strategy Division Peter Sawczak. In the latter's opening statement, he expressed Australia's commitment to an "open, stable, and prosperous" region where "no one country dominates and no country is dominated." The DFA also expressed its appreciation for the maritime dialogue to discuss common security issues and explore possible ways to manage them.

After his working visit to Japan last February, President Marcos Jr is expecting a visit from Japanese Prime Minister Fumio Kishida within the year. On defense cooperation, both countries are working on a Reciprocal Access Agreement (RAA) while treating maritime security as a key area of collaboration. Trilateral maritime exercises were held last June in Bataan among the Coast Guard of the Philippines, the United States, and Japan. Another highlight in foreign relations is the ministerial meeting among the defense ministers of the United States, the Philippines, Australia, and Japan at the sidelines of the Shangri-La Dialogue in June 2023. This hints at a new quadrilateral security group that may be formed in the region.

The Philippines and India had the 5th Joint Commission on Bilateral Cooperation in New Delhi, led by Philippine Foreign Affairs Secretary Enrique Manalo and Indian Minister of External Affairs Dr. S. Jaishankar, from June 27 to 30. Both sides agreed on opening a Defense Attaché office in Manila and India's offer for a concessional Line of Credit for the Philippines' military modernization. They called on the operationalization of the Standard Operating Procedure (SOP) for the White Shipping Agreement between the Indian Navy and the Philippines Coast Guard. Included in the pipeline is the signing of the Memorandum of Understanding on Enhanced Maritime Cooperation between the two countries' coast guards. In a pivotal move, India actively called for adherence to international law in the South China Sea. In their joint statement, both countries expressed their shared interest in a free, open, and inclusive Indo-Pacific and called for respect for the 2016 arbitral award.

Port visits to the Philippines by European countries are also being frequently conducted to assert the latter's presence in the Indo-Pacific. Naval diplomacy was employed as the Philippines recently welcomed the French Navy ship Lorraine (D657) and the Italian Navy ship Francesco Morosini at the Port of Manila. The Philippines and France look forward to future military exercises after their last "Sama-Sama" exercise in 2021 with the United States. The Philippines will have basic maritime training and a joint passing exercise (PASSEX) with its Italian counterpart.

Furthermore, there was an inaugural maritime dialogue between the Philippines and the United Kingdom earlier this year as part of their "enhanced partnership." The two countries' defense ministries also had the Third UK-PH Joint Defense Committee meeting led by British Ambassador Laure Beaufils and Defense Secretary Teodoro. With the European Union, the Philippines will form a Subcommittee on Maritime Cooperation as agreed upon during the Joint Committee Meeting in Brussels.

These engagements reinforce the support of the international community in building the Philippines as a critical defense partner in the Indo-Pacific. Cooperation, in all its forms, must continue as more security risks are expected to evolve soon, threatening the region's peace and stability. Working towards a rules-based international order is evident in these countries' support for the Philippines' arbitral victory in the West Philippine Sea.

7th Year of the Arbitral Ruling

As the late Foreign Affairs Secretary Albert Del Rosario said, international law is the "great equalizer" among states. His legacy is in the Philippines' arbitral victory in the West Philippine Sea under the United Nations Convention on the Law of the Sea. Since 2016, the case of the Philippines has been a great testament to the unwavering strength of the rule of law. The country has made considerable strides in defending its territory against gray zone operations and the swarming of foreign

vessels. With the move towards external defense and the increase in diplomatic engagements, the Philippines plays a critical role in defending the rules-based international order.

On July 12, 2023, the Stratbase Albert Del Rosario Institute commemorated the victory through a conference entitled “The 7th Year of the Arbitral Victory: Defending the West Philippine Sea, the Indo-Pacific, and the Rules-Based Order.” The event was attended by the diplomatic community, who expressed their respective country’s support for the Philippines, as well as top experts in international affairs who shared their assessments on Philippine foreign policy. The speakers acknowledged the ruling as final and legally binding under the United Nations Convention on the Law of the Sea, and that the actions of China within the Philippine territory are inconsistent with international law. They also denounced unilateral attempts and acts of coercion that go against the rules-based international order. They supported the push towards a peaceful settlement of the maritime dispute.

Australian Ambassador Hae Kyong (HK) Yu PSM echoed the initiative to elevate bilateral relations with the Philippines to a strategic partnership within the year. With this being a top priority in relations, the maritime partnership remains a cornerstone of relations where Canberra invests over PHP 3.6 million in regional maritime programs where the Philippines is a significant beneficiary.

US Ambassador MaryKay Carlson recalled the enduring alliance with the Philippines based on shared values, which is reinforced by the 1951 Mutual Defense Treaty, and the recent increase in the Enhanced Defense Cooperation Agreement (EDCA) sites. She added that the United States expects to allocate more than USD 107 million in infrastructure investments at the EDCA sites by the end of the year.

Japanese Ambassador Koshikawa Kazuhiko described the 2016 ruling as a “significant milestone to realizing the rule of law at sea.” As the first country to express its desires for a “free and open” Indo-Pacific, Japan expressed appreciation for the adoption of similar countries. The partnership is considered as the leading face in bilateral relations, and so the ambassador recalled the ongoing efforts to draw a reciprocal access agreement, or a visiting force agreement, as well as maritime domain awareness capacity building of the Armed Forces of the Philippines through the official security assistance (OSA).

EU Ambassador Luc Véron emphasized the bloc’s strategy of cooperation in the Indo-Pacific, downplaying assertions that it is based on confrontation. He also highlighted the strategy as one that considers the interconnection of geopolitical events and economic activities. On maritime security, the ambassador spoke of the Indo Pacific Regional Information Sharing (IRIS) platform as a venue for exchanging information and improving domain awareness and operational responses.

French Ambassador Michèle Bocoz committed France’s increasing presence in the Indo-Pacific, announcing the deployment of a full-time resident defense attaché in the Philippines. Likewise, defense cooperation is also illustrated in planned visits of three more frigates to the Philippines as well as their participation in military exercises including Balikatan and Sama-Sama exercises.

UK Ambassador Laure Beaufls declared taking a more active and activist posture on the world by continuously engaging with partners in the region through bilateral, minilateral, and multilateral engagements. The UK believes that this will be key to supporting regional peace and stability as well as to having a united front against those who threaten, coerce, intimidate, or use force against the present rules-based order. She underlined that the strengthening of relations also means building on collective capabilities against security risks in the region.

Indian Ambassador Shambhu Kumaran spoke of the expansion of India’s Act East Policy in the areas of people to people ties, development cooperation, defense, and security engagement, specifically focused on humanitarian assistance and disaster response, counter terrorism, and maritime security measures. He expressed optimism in the upcoming inaugural maritime affairs dialogue between the Philippines and India and looked forward to increased engagements through joint military exercises.

These expressions of support of the international community for the Philippines’ arbitral victory reflects the collective will to defend the rules-based international order. July 12 will always be a reminder that the Philippines is on the right side of history, in accordance with the rule of law. Moving forward, a truly independent foreign policy for the Philippines must be driven only by national interests and must stay clear of external pressures.

IV. LEGISLATIVE UPDATES

The Second Quarter of 2023 was eventful in terms of the movement of priority legislation in Congress. As relayed by Speaker Ferdinand Martin Romualdez during the American Chamber of Commerce of the Philippines event on June 22, 2023, the House of Representatives have passed a total of 35 of 42 priority pieces of legislation. In the second quarter alone, the lower chamber was able to pass four Legislative-Executive Development Advisory Council priorities. The President signed into law the Act Strengthening Professionalism in the Armed Forces of the Philippines on May 17, 2023, and the New Agrarian Emancipation Act on July 7, 2023. The two other bills, the Maharlika Investment Fund Act of 2023 and the Regional Specialty Hospitals Act, are still awaiting the President's signature.

Newly Signed Laws

An Act Strengthening Professionalism in the Armed Forces of the Philippines

The law is organizational in nature. It seeks to rationalize the rules pertaining to the assignment and promotion of AFP personnel and make them more responsive to the needs of the AFP and the development of AFP personnel.

New Agrarian Emancipation Act

The act seeks to write off all loans, interests, penalties, and surcharges incurred by agrarian reform beneficiaries (ARBs) from land awarded to them under Presidential Decree, 27, RA6657, and RA9700.

Bills Awaiting the Signature of the President

Regional Specialty Hospitals Act

The bill mandates the DOH to establish specialty centers in select hospitals to serve as apex or end-referral facilities at the regional level in accordance with the Philippine Health Facility Development Plan.

Maharlika Investment Fund Act

The bill creates the Maharlika Investment Corporation, which will mobilize and utilize the fund for investment. The identified sources on the fund include Bangko Sentral ng Pilipinas (BSP) dividends, government share in the Philippine Gaming Corporation (PAGCOR), and proceeds from properties identified by the DOF-Privatization and Management Office.

In the same period, the Philippine Centers for Disease Prevention and Control Act and the Public-Private Partnership Act were certified by the President for immediate enactment, which paves the way for a speedier process in Congress. These bills were intended to be passed during the First Regular Session of Congress but were not due to the prioritization of the Maharlika Investment Fund. Look for these to be passed in the Second Regular Session, which will commence on July 24, 2023.

Laws Certified for Immediate Enactment

Centers for Disease Prevention and Control (CDC) Act

The bill seeks to create the Philippine Center for Disease Prevention and Control, which shall be the authority on forecasting, analysis, strategy, and standards development for the prevention and control of all diseases of public health importance.

Public-Private Partnership (PPP) Act

The Public-Private Partnership Act or the "PPP Act" reintroduces the PPP scheme after several attempts under the Duterte Administration. The PPP Act is designed to expand the nature of PPP arrangements, funding modes, approval bodies, and incorporates various other changes that include unsolicited proposals, institutionalizing the PPP Governing Board, and others.

Lastly, for the LEDAC, the Salt Industry Development Bill, 30- Year National Infrastructure Program Act, and National Land

Use Act were all approved on final reading by the House of Representatives in the second quarter and are all pending in their respective committees in the Senate. Meanwhile, the bills on the Philippine Ecosystem and Natural Capital Accounting System (PENCAS) and the Proposed Natural Gas Industry Enabling Law were approved by the House on Second Reading.

Salt Industry Development Bill

The bill mandates the formulation of a Salt Industry Development Roadmap. Among the roadmap's objectives are to increase salt production in order to attain self-sufficiency; expand the number of salt producing areas; promote public-private investment in the salt industry; establishment of cooperatives among salt farmers; advance local and international market access for Philippine salt products; support research and development for salt production and processing; provide continuous training and capacity building in the salt industry; and provide technical and financial assistance to the local design and fabrication of high-capacity processing equipment and machineries for the salt industry.

30-Year National Infrastructure Program Act

The bill provides for a 30-year National Infrastructure Program. It also lays down the modalities that can be adopted and the role of implementing agencies in the development of programs for transport and logistic infrastructure, energy infrastructure, water resource infrastructure, information communications technology infrastructure, and social infrastructure, and in Agri-fisheries modernization and food logistics. The bill importantly sets a minimum budget allocation for infrastructure equivalent to no lower than 5% of the Gross Domestic Product.

National Land Use Act

The bill proposes the creation of the National Land Use Commission, which shall draft the National Physical Framework Plan to serve as a guide to the planning and management of the country's land via regional physical framework plans, provincial physical framework and development plans, and city and municipal land use plans. The bill also provides for holistic ecosystem approaches to planning such as the ridge-to-reef or watershed ecosystem management approach.

Philippine Ecosystem and Natural Capital Accounting System (PENCAS)

The bill seeks to institutionalize the accounting of natural assets such as water, minerals, timber, fish, as well as biodiversity. It aims to provide tools and measures that can serve as inputs in crafting of programs for the protection, conservation, and restoration of ecosystems.

Natural Gas Industry Enabling Law

The bill recognized the maturity of the Natural Gas Industry and tasks the DOE to prepare the Philippine Downstream Natural Gas Industry development plan, which shall consist of the following sectors: natural gas supply and aggregation, liquified natural gas (LNG), bunkering, LNG Storage and Regasification Terminals, Conventional and Virtual Transportation Systems, their related facilities, and end-users. The bills also set forth the LNG standards on product quality, facility, and safety practice, and incentives for the conversion of facilities from coal and oil to gas.

Latest Legislative Developments

On June 4, 2023, the LEDAC agreed to approve by the end of the year 20 bills, 18 of which are already among the priorities.

- | | |
|--|--|
| 1. National Employment Action Plan | 13. Ease of Paying Taxes |
| 2. PPP Act | 14. The Military and Uniformed Personnel (MUP) Pension Act |
| 3. Salt Industry Development Bill | 15. Amendment to the Anti-Agricultural Smuggling Act |
| 4. Internet Transactions Act | 16. New Philippine Passport Act |
| 5. E-Government Act / E-Governance Act | 17. Waste-to-Energy Act |
| 6. Magna Carta of Seafarers | 18. Real Property Valuation and Assessment Reform Act |
| 7. Local Government Unit Income Classification | 19. Bank Deposit Secrecy |
| 8. Virology Institute of the Philippines | 20. Anti-Financial Account Scamming Act |
| 9. Philippine Centers for Disease Prevention and Control (CDC Act) | |
| 10. Reserve Officers' Training Corps (ROTC) and NSTP Act | |
| 11. The National Government Rightsizing Act | |
| 12. HEART Act (Medical Reserve Corps) | |

Table 8
LEDAC Priorities Identified for Passage by End-2023
(As of July 6, 2023)

BILL TITLE	HOUSE OF REPRESENTATIVES		SENATE	
	Bill No.	STATUS	Bill No.	STATUS
National Employment Action Plan	8400	Business for the day on May 30, 2023	2035	Sent to the House for concurrence on May 29, 2023
Philippine Centers for Disease Prevention and Control (CDC) Act	6522	Approved by the House on December 12, 2022	1869	Certified by the president for immediate enactment on March 14, 2023
Public-Private Partnership (PPP) Act	6527	Approved by the House on December 12, 2022	2233	Certified by the president for immediate enactment on May 31, 2023
Salt Industry Development Bill	8278	Approved by the House on May 29, 2023	2243	Transferred from the calendar for ordinary business to the calendar for special order on May 31, 2023
Internet Transactions Act 4		Approved by the House on December 12, 2022	1846	Interpellation by Sen. Win Gatchalian on March 15, 2023
Package 3: Real Property Valuation and Assessment Reform Act	6558	Approved by the House on December 15, 2022	314, 693, 897, 1018, 1473	Conducted committee meetings/hearings on March 29, 2023
E-Government Act/E-Governance Act	7327	Approved by the House on March 7, 2023	334, 455, 974, 982, 1867, 1978	Conducted committee meetings/hearings on May 22, 2023, and June 7, 2023
Local Government Unit Income Classification	7006	Approved by the House on March 14, 2023	2165	Transferred from the calendar for ordinary business to the calendar for special order on May 10, 2023
Magna Carta of Seafarers	7325	Approved by the House on March 6, 2023	2221	Transferred from the calendar for ordinary business to the calendar for special order on May 22, 2023
Creation of Virology Institute of the Philippines	6452	Approved by the House on December 5, 2022	196, 281, 489, 599, 941, 981, 1130, 1161, 1322, 1363, 1818, 1890, 1928	Referred to the Subcommittee on Center for Disease Control and Prevention on March 6, 2023
Reserve Officers' Training Corps (ROTC) and National Service Training Program (NSTP) Act	6687	Approved by the House on December 15, 2022	2034	Transferred from the calendar for ordinary business to the calendar for special Order on March 22, 2023

BILL TITLE	HOUSE OF REPRESENTATIVES		SENATE	
	House Bill Numbers	STATUS IN THE HOR	Senate Bill Numbers	STATUS IN THE SENATE
National Government Rightsizing Act	7240	Approved by the House on March 14, 2023	890, 1474, 1779, 2126	Referred to the committees on Civil Service, Government Reorganization and Professional Regulation and Finance on May 10, 2023
HEART Act (Medical Reserve Corps)	6518	Approved by the House on December 12, 2022	88, 255, 892, 1017, 1120, 1131, 1180, 1423, 1475, 1647, 1915	Referred to the committees on Health and Demography; Local Government; and Finance on February 27, 2023
Ease of Paying Taxes Act	4125	Approved by the House on September 26, 2022	2224	Transferred from the calendar for ordinary business to the calendar for special order on May 24, 2023
Military and Uniformed Personnel (MUP) Pension Act	7, 667, 1825, 2015, 3592, 2556, 3728, 3887, 4238, 7511, 8150	Pending with the Committee on Public Order and Safety since May 17, 2023	59, 284, 910, 1421	Conducted Joint committee meetings/hearings on May 15, 2023
Amendment to the Anti-Agricultural Smuggling Act	319, 3596, 3917, 5742, 6975, 7202, 8170, 8104, 8455	Pending with the Committee on Agriculture and Food since May 31, 2023	1688, 1812, 1891, 1962, 2127, 2205, 2214	Read on first reading and referred to the committees on Agriculture, Food and Agrarian Reform and Justice and Human Rights on May 22, 2023
Amendment to the Bank Deposit Secrecy Law	7446	Approved by the House on May 8, 2023	596, 1068, 1839	Read on first reading and referred to the Committee on Banks, Financial Institutions and Currencies on February 7, 2023
Anti-Financial Account Scamming Act	7393	Approved by the House on May 8, 2023	336, 2171	Read on first reading and referred to the committees on Banks, Financial Institutions and Currencies and Justice and Human Rights since May 16, 2023
New Philippine Passport Act	6510	Approved by the House on December 12, 2022	691, 1036	Conducted Technical Working Group Discussions on November 8, 2022, and January 18, 2023
Waste-to-Energy Act	6444	Approved by the House on December 12, 2022	151, 177	Pending in Committee since September 5, 2022

Table 9
Other LEDAC Priorities and Common Legislative Priorities of Congress
(As of July 6, 2023)

BILL TITLE	HOUSE OF REPRESENTATIVES		SENATE	
	Bill No.	STATUS	Bill No.	STATUS
Strengthening Professionalism in the Armed Forces of the Philippines (amending Republic Act No. 11709)	6517	Approved by the House on December 12, 2022	1849	Signed into law as Republic Act No. 11939 on May 17, 2023
New Agrarian Emancipation Act	6336	Approved by the House on December 12, 2022	1850	Sent to Malacanang for the president's signature on June 8, 2023
Maharlika Investment Fund Act of 2023	6608	Approved by the House on December 15, 2022	2020	Sent to Malacanang for the president's signature on July 4, 2023
Regional Specialty Hospitals	7751	House ratified the committee report on May 31, 2023; Senate ratified on May 31, 2023	2212	Passed by both Houses on May 31, 2023
Negros Island Region	7355	Approved by the House on March 6, 2023	89, 812, 1236, 1422, 1469	Conducted joint committee meetings/hearings on February 7, 2023
Amendment to Universal Health Care Act	6772	Approved by the House on March 21, 2023	335	Conducted joint committee meetings/hearings on February 1, 2023
Creation of Philippine Ecosystem and Natural Capital Accounting System (PENCAS)	8443	Approved on second reading on May 31, 2023	9, 1914, 2041	Conducted joint committee meetings/hearings on May 29, 2023
30-Year National Infrastructure Program Act	8078	Approved by the House on May 22, 2023	1470	Transferred from the calendar for ordinary business to the calendar for special order on February 22, 2023
Package 4: Passive Income and Financial Intermediary Taxation Act (PIFITA)	4339	Approved by the House on November 14, 2022	900, 1347, 1364, 1848	Referred to the Committee on Ways and Means on February 7, 2023
Government Financial Institutions Unified Initiatives to Distressed Enterprises for Economic Recovery (GUIDE) Act	1	Approved by the House on December 15, 2022	411, 506, 674, 1129, 1182, 1640	Referred to the committees on Banks, Financial Institutions and Currencies; Government Corporations and Public Enterprises; Ways and Means; and Finance on January 23, 2023
National Land Use Act	8162	Approved by the House on May 22, 2023	374, 898, 1019, 1479	Referred to the committees on Environment, Natural Resources and Climate Change; Urban Planning,

BILL TITLE	HOUSE OF REPRESENTATIVES		SENATE	
	House Bill Numbers	STATUS IN THE HOR	Senate Bill Numbers	STATUS IN THE SENATE
				Housing and Resettlement; and Finance on November 22, 2022
Proposed Downstream Natural Gas Industry Enabling Law	8456	Approved on second reading on May 31, 2023	152, 1944, 1991, 2247	Referred to the committees on Energy; Ways and Means; and Finance on May 29, 2023
Department of Water Resources	21, 55, 144, 482, 858, 1014, 2298, 2523, 2538, 2690, 2818, 2880, 3082, 3226, 3237, 3302, 3435, 3610, 3677, 3727, 3886, 4057, 4326, 4535, 4536, 4865, 5177, 5205, 5810, 5877, 6266, 6306, 6311, 6360, 6463	Pending with the Committee on Government Reorganization since May 12, 2023	2013, 1395, 1244, 1021, 185, 268, 102, 87	Referred to the committees on Public Services; Civil Service, Government Reorganization and Professional Regulation; and Finance on March 20, 2023
Budget Modernization Bill (Public Financial Management)	19, 418, 6384, 3419, 4114, 4260, 4650, 5266, 5809, 7749, 8087	Pending with the Committee on Appropriations since May 17, 2023	1020	Referred to the Committee on Finance on September 5, 2022
Amendments to the Electric Power Industry Reform Act (EPIRA) or Republic Act No. 9136	3430, 3432, 4263, 8151	Pending with the Committee on Energy since May 17, 2023	486, 1612, 1975	Referred to the committees on Government Corporations and Public Enterprises and Energy on March 8, 2023
National Defense Act 2022	11, 869, 1656, 2976, 4082, 4096, 4640, 6376, 6054, 6400, 6619, 7701	Pending with the Committee on National Defense and Security since March 22, 2023	980, 1390, 1747, 1946, 2046	Read on first reading and referred to the committees on National Defense and Security; Peace, Unification and Reconciliation; Ways and Means; and Finance on May 8, 2023
Bureau of Immigration Modernization	127, 194, 274, 1069, 3300, 5448	Pending with the Committee on Justice since November 7, 2022	410, 1085, 1185	Read on first reading and referred to the committees on Justice and Human Rights; Civil Service, Government Reorganization and Professional Regulation; and Finance on September 7, 2022

CRITICAL ISSUES OF PHILIPPINE POLITY



STRATBASE ADR INSTITUTE

is an independent international and strategic research organization with the principal goal of addressing the issues affecting the Philippines and East Asia

The Financial Tower
6794 Ayala Avenue, Makati City
Philippines 1226

V (632) 88921751
F (632) 88921754

www.stratbase.ph

Copyright © 2023 Stratbase ADR Institute
All rights reserved.