

The Foreign Chambers of the Philippines

American Chamber of Commerce of the Phils., Inc. ♦ Australian-New Zealand Chamber of Commerce (Phils.), Inc.
Canadian Chamber of Commerce of the Phils., Inc. ♦ European Chamber of Commerce of the Phils., Inc.
Japanese Chamber of Commerce & Industry of the Phils., Inc. ♦ Korean Chamber of Commerce of the Phils., Inc.
Philippine Association of Multinational Companies Regional Headquarters, Inc.



STATEMENT OF THE JOINT FOREIGN CHAMBERS ON THE LETTER TO PRESIDENT ARROYO RE PHILIPPINE POWER INDUSTRY

June 6, 2008



Thank you for the invitation to the Hearing of the Committee on Energy to deliver a statement on the letter of the Joint Foreign Chambers (JFCs) to the President covering our concerns regarding the Philippine Power Industry and the real threat that we will face undersupplies in electricity starting 2010 which would affect existing and potential investors. The letter was addressed to the President and not the Energy Committee Chairmen of the Senate and the House because the issues raised were broad and not limited to the EPIRA Law. Let us assure you that there was no offense meant.



The JFCs is an informal organization, composed of the American Chamber of Commerce of the Philippines, Australian-New Zealand Chamber of Commerce of the Philippines, Canadian Chamber of Commerce of the Philippines, European Chamber of Commerce of the Philippines, Japanese Chamber of Commerce and Industry of the Philippines, Korean Chamber of Commerce of the Philippines, and the Philippine Association of Multinational Companies Regional Headquarters, representing more than 2,000 members, counting approximately one million employees, with substantial investment in this country, and continuing to encourage investors, to invest more money in the economy. Our members are both - large power generators and huge power users.



The chambers are bilateral organizations, representing both Filipino and foreign investors, both existing and potential investors. Many of our organizations and our members have been operating in the country for decades.



One of the prime objectives of our organizations is to foster closer economic and business relations between our countries and the Philippines. In order to achieve an environment conducive to doing business and attracting new investment to the country, it is essential to have a competitive and stable business environment.



It is in this context that we have raised the concerns regarding the Philippine Power Sector and have reiterated the positions we have taken in meetings with the House leadership and in other fora before.



The EPIRA Law is a reform legislation that has no match in the region. Once fully implemented, it will create a competitive electricity market in the Philippines that should lead to more efficiency and fair energy costs. We applaud the Senate for passing this landmark legislation

We met with Energy Secretary Reyes and his DOE Power Team on May 28 and discussed the energy situation extensively. The statement of PSALM President Ibazeta that EPIRA does not need to be amended given the progress PSALM is making in the privatization of the NPC generation assets as well as the NPC-IPP contracts supports our own views. We believe it is premature to amend the EPIRA law at this time.

Members of the JFCs came to the Philippines to invest because they saw a climate that honored contracts, was progressive, and clearly intending to create a level playing field where competition for the best price was the intention. The JFC believes that a business environment which encourages competition between private parties will generally give the consumer the best price for power.

Attached to this brief statement are documents demonstrating that the JFC has been raising the concerns mentioned in the letter to the President for quite some time. This is also the reason why the JFC supports the private sector initiative to achieve 'interim open access' now.

Let me finally state that we, the presidents of the seven organizations, are no power industry experts and will therefore not be able to respond to specific industry issues.

Thank you again for the opportunity to express our views.