

## **FN: updated 2 may conwep/amcham/JFC**

2 May 2025

**H.E. Ferdinand R. Marcos, Jr.**

President Republic of the Philippines  
Malacañang Palace  
Manila, Philippines

### **JOINT POSITION PAPER OF LOCAL AND FOREIGN CHAMBERS OF COMMERCE AND INDUSTRY ASSOCIATIONS ON THE LEGISLATED WAGE INCREASE, ITS IMPACT ON JOBS, AND THE URGENCY OF GOVERNMENT PROGRAMS ON WORKERS' ASSISTANCE**

Dear President Marcos,

We, the undersigned representatives of local and foreign Chambers of Commerce, Industry, and business associations, respectfully present this position paper to offer constructive alternatives to the proposed wage increase bills. Our recommendations are intended to foster a more sustainable business and economic landscape for all stakeholders, particularly in the face of today's dynamic economic, technological, demographic, and geopolitical shifts affecting both the nation and the world.

(In response to persistent demands from workers and labor groups, both chambers of the Philippine Congress have approved versions of a legislated wage hike. These demands are driven by surging prices of essentials such as food, housing, utilities, and transportation, alongside increased premiums and contributions to SSS, PhilHealth, and Pag-IBIG.)

Mr. President, first and foremost, “**We support preserving and strengthening the role of the RTWPB to ensure predictable, region-sensitive, and productivity-linked wage-setting** as mandated by Republic Act No. 6727. The current system ensures fair wage-setting by including representatives from government, labor, and employers. However, it is crucial that this mechanism adheres to the law's core mandate of making regular, moderate, and predictable adjustments. Businesses need stability and the ability to anticipate wage changes, which supports strategic long-term planning and is vital for attracting and maintaining investments in the country.

Our analysis of minimum wage adjustments from 2022 to 2024 shows regional increases ranging from 24% to as high as 50%. Notably, Regions III (31%), IV-A (50%), and VII (24%)—which are crucial centers for export manufacturing—have experienced significant hikes.

“There have been concerns that external factors may have influenced regional wage-setting, highlighting the need to safeguard the independence of the process. We have observed that political interventions at the local level have sometimes skewed wage-setting toward politically motivated rates. We therefore advocate for a more balanced, economically sound approach to wage adjustments, wherein the independent RTWPB determines minimum wages by thoroughly considering the needs of workers, the sustainability of businesses, and the broader economic impact.

To preserve the integrity of the wage-setting process, it is essential that it remains free from political and legislative interference. Wage adjustments should reflect genuine regional economic realities rather than broad national mandates, ensuring these changes are timely, relevant, and tailored to each region’s unique conditions. This approach will foster a fairer and more sustainable wage structure nationwide, encouraging robust employment growth. Currently, minimum wages in the Philippines outpace those in most ASEAN and Southeast Asian countries, making it more challenging to attract foreign direct investments that generate quality jobs for Filipinos.

Secondly, we strongly advocate for the government to provide alternative support mechanisms for workers. The private sector should not bear the sole responsibility for addressing the complex needs of the workforce and their families. We respectfully suggest that government agencies actively deliver subsidies, tax relief, or other financial assistance to help cushion the effects of inflation and the rising cost of living. Such targeted government interventions are crucial to ensuring workers receive sufficient support.

To address the urgent needs of workers experiencing economic strain, we propose the following short-term programs as interim solutions:

1. Enhance the Ayuda para sa Kapos ang Kita Program (AKAP): We recommend expanding the AKAP initiative for near-poor and minimum wage earners to offer subsidies on basic goods such as food, transportation, and other necessities for a limited period, until inflation is under control.
2. Launch a Short-term National Assistance Program for Minimum Wage Earners: We propose an inflation-linked national assistance program, akin to the Small Business Wage Subsidy (SBWS) that was implemented by SSS, DOF, and BIR during the pandemic. This initiative would provide immediate relief to formal economy minimum wage earners struggling with escalating living costs.
3. Strengthen the DOLE Adjustment Measure Program (DOLE-AMP) Fund: This fund, designed to support skills enhancement projects, should be utilized to bridge the gap between minimum wage and food needs, especially as it was originally created to help workers cope with financial

and oil crises.

4. Expand DOLE's Existing Programs: The Department of Labor and Employment has previously launched programs aimed at mitigating inflation's impact on workers. We urge the further development and expansion of these effective measures, such as rice distribution through unions, increased tax benefits for minimum wage earners, and higher maximum limits on de minimis benefits. Additionally, the TUPAD and various livelihood programs have proven vital in supporting workers during periods of economic hardship.

Drawing on global best practices, many countries offer subsidies to sustain employment during difficult times or economic downturns . We encourage the consideration of similar programs, such as: a) reducing the cost of basic food items, b) enhancing food security and sufficiency, c) subsidizing transportation and utility costs for workers, and d) increasing benefits from social protection programs without raising workers' premium contributions.

We firmly believe that these proposals offer viable, long-term solutions that will benefit both workers and businesses. We stand ready to collaborate on initiatives that drive growth in the country's economic sectors, especially in the Philippine export manufacturing industry.

Thank you, Mr. President, for your attention to these important issues.

Sincerely,

*JOINT FOREIGN CHAMBERS OF COMMERCE AND INDUSTRY ASSOCIATIONS,  
MANUFACTURING .....*

Cc:

**Secretary Frederick Go**

Special Assistant to the President for Investment and Economic Affairs

Office of the Special Assistant to the President for Investment and Economic Affairs

**Secretary Bievenindo E. Laguesma**

Department of Labor and Employment

**Undersecretary Ceferino S. Rodolfo**

Industry Development and Trade Policy Group (IDTPG), Department of Trade and Industry

## **FN : updated amcham JFC 01/05/25**

24 April 2025

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President Republic of the Philippines  
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Dear **President Marcos:**

The undersigned local and foreign Chambers of Commerce and Industry and business/industry associations are respectfully submitting this position paper to propose viable alternatives to the draft wage increase bills. We believe that our proposed solutions create a more sustainable business and economic environment for all stakeholders, especially in light of the current economic, technological, demographic, and geopolitical developments that are impacting the world and the country.

Both chambers of the Philippine Congress have passed their respective versions of a legislated wage increase, in response to the persistent calls for wage increases from workers and labor groups. These calls are rooted in the rising costs of essential goods and services, including food, housing, utilities, and transportation, alongside the higher contributions and increased premiums to SSS, PhilHealth, and Pag-IBIG.

Mr. President, first and foremost, we firmly **support** believe in upholding the effectiveness of the current minimum wage-setting system through the Regional Tripartite Wages and Productivity Board (RTWPB), as mandated by Republic Act No. 6727. This system provides a fair and just mechanism for setting minimum wages by ensuring that government, workers, and employers are aptly represented in the wage boards. However, we must emphasize that this system requires adherence with the law's fundamental mandate for regular, moderate, and predictable adjustments. Businesses require stability that gives them the ability to anticipate wage adjustments for effective long-term planning, which is essential for attracting and sustaining investments in the country.

The findings of our study on minimum wage increases between 2022 to 2024 reveal a trend that regional wage increases ranged from a low of 24% to a high of 50%. In particular, three regions—Region III (31%), Region IV-A (50%), and Region VII (24%)—which are crucial centers for export manufacturing, have experienced significant increases. We have observed in these increases active interventions by local politicians in wage-setting, which skewed the process towards politically driven rates. Therefore, we urge a more balanced and economically sound approach to future wage adjustments, in which the independent RTWPB sets minimum wages, carefully considering the workers' needs, the need to maintain business sustainability, and the impact of wage adjustments to the economy.

The integrity of the wage-setting system requires that it be independent and free from political and legislative interventions. It is important that wage adjustments are grounded in genuine regional economic conditions rather than being dictated by across-the-board national mandates. Such an approach guarantees that these adjustments are timely, relevant, and reflective of the specific needs and circumstances of each region. Ultimately, this fosters a more equitable and sustainable wage structure across the country, one that can support robust employment growth. At present, the country's minimum wages are higher than most countries in the ASEAN and in Southeast Asia. This does not help make the Philippines attractive for foreign direct investments (FDI) that help create decent jobs for Filipinos.

Second, we strongly emphasize the necessity for the government to provide alternative forms of support for workers. The private sector should not be made solely responsible for meeting the multifaceted needs of workers and their families. Instead, we kindly propose that responsible government agencies actively provide subsidies, tax relief, or other forms of financial assistance to help alleviate the pressures of inflation and the rising cost of living. These crucial government interventions will help ensure that workers receive adequate and sufficient support.

To address the immediate needs of workers facing economic hardships, we propose focusing on the following programs that can serve as temporary bridging measures:

1. Refinement of the Ayuda para sa Kapos ang Kita Program (AKAP): We propose expanding the existing AKAP program, intended for near-poor or minimum wage earners, to provide subsidies for essential items such as food, transportation, and other necessary expenses for a specified period, until inflation rates stabilize.
2. Short-term National Assistance Program for Minimum Wage Earners: We suggest an inflation-triggered national assistance program for minimum wage earners similar to the Small Business Wage Subsidy (SBWS) program launched by the SSS, DOF, and BIR during the pandemic. The proposed program is intended to provide immediate relief to minimum wage earners in the formal economy who are affected by skyrocketing cost of living.
3. DOLE Adjustment Measure Program (DOLE-AMP) Fund: This fund aims to enhance workers' skills through financing for skills upgrade projects. We propose that this program be utilized as an adjustment measure to bridge the gap between the minimum wage and food requirements, as the program was initially designed to assist workers in coping with financial and oil crises.
4. The Department of Labor and Employment (DOLE) has previously initiated several programs to mitigate the effects of inflation on workers. We urge the strengthening and expansion of these successful initiatives, which include rice distribution through trade unions, more tax benefits for minimum wage earners, and increase in the maximum limits of the *de minimis* benefits, among others. Moreover, the TUPAD and livelihood programs have proven to be instrumental in providing essential support during periods of economic distress for our workers.

Drawing from the experience of other countries, subsidies are often granted to sustain workers' employment during difficult times or economic downturns. Thus, we suggest exploring similar programs, including a) reducing the cost of putting food on the table, b) improving food sufficiency and security; c) subsidizing transport costs and other utilities for workers, and d) improving benefits from workers' social protection programs, without corresponding increases in premium contributions.

We firmly believe these proposals offer viable solutions for the long term to support workers and businesses. We stand ready to collaborate on initiatives that support the growth of the country's economic sectors, particularly the Philippine export manufacturing industry.

Thank you, Mr. President, for your attention to these critical matters.

Sincerely,

*JOINT FOREIGN CHAMBERS OF COMMERCE AND INDUSTRY ASSOCIATIONS,  
MANUFACTURING .....*

Cc:

**Secretary Frederick Go**

Special Assistant to the President for Investment and Economic Affairs

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Vice Chairman and Managing Head, Board of Investments