

JOINT FOREIGN CHAMBERS OF THE PHILIPPINES

American Chamber of Commerce of the Phils., Inc. • Australian-New Zealand Chamber of Commerce of the Phils.
 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.

February 7, 2023

Hon. Edward Vera Perez Maceda
 Chairperson, Committee on Revision of Laws
 House of Representatives
 Batasan Hills, Quezon City

Dear Chairperson Maceda:

The members of the Joint Foreign Chambers (JFC) write in relation to House Bills 348, 1663, 4777, and 5078, seeking to declare additional non-working holidays (NWHs) which are included in the agenda of the February 8 committee hearing.

Instead of legislation declaring additional NWHs, the JFC and Philippine business groups have long recommended reducing the number of NWHs, considering the negative economic impact on all Philippines business sectors including their international competitiveness in exporting goods and services that is so essential to maintain sustained growth of the Philippines economy.

One of the fastest-growing industries in the country, business process outsourcing estimated that every NWH costs more than Php 1 billion in extra expenses to pay for overtime. This in an industry where costs in the Philippines already exceed its leading competitor India by 15% and more and has been burdened with extra costs to maintain operations during the pandemic. The industry employs over 1.3 million Filipinos full time, continues to grow, and constitutes more than 7% of the country's GDP. Further, casual workers lose a day of pay for each NWH since they are prevented from work by company and employer closures.

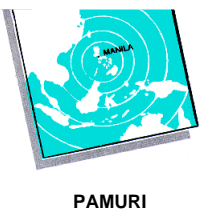
According to DOLE, the total number of NWHs celebrated in the Philippines for the five years ending in 2019 (prior to Covid-19 pandemic) has been:

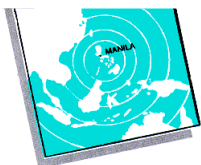
Regular, special, and local non-working holidays in the Philippines, 2015-2019

Total	Year	Regular	Special	Local
23	2019	12	10	1
22	2018	12	9	1
20	2017	12	7	1
22	2016	12	9	1
25	2015	12	12	1

In addition, there are more than 100 local NWHs proclaimed each year resulting in additional NWHs in most provinces and cities, which adds to the local cost of doing business.

By contrast, the number of NWHs in some other selected countries in 2019 is:





Australia	9
China	19
Hong Kong	17
Malaysia	15
Philippines	23
Taiwan	15
Thailand	29
United Kingdom	8
United States	10
Vietnam	11

Source: Official government releases

President Rodrigo Duterte reduced the high number of NWHs for 2021, under Proclamation 1107, declaring All Souls' Day, (November 2, Tuesday), Christmas Eve (December 24, Friday), and the last day of the year (December 31, Friday) as special working days. The same three days were again declared as special working days in 2022 under Proclamation 1236. This was part of efforts to minimize work disruption and boost economic activity while the country dealt with the coronavirus disease 2019 (Covid-19) pandemic.

Non-working holidays make the Philippines a less competitive economy by raising the cost of doing business. Although well-intentioned, having too many NWHs destroys jobs in the country, where the supply of jobs is so inadequate that many millions of citizens must leave to work abroad. They are also very harmful to MSMEs, which struggle to make ends meet. They make our factories and farms less productive and allow cheaper imports to damage local markets. The commitments the government has made in free trade treaties with ASEAN and others allows their products access to the Philippine market in exchange for Philippine products to enter their foreign markets.

However, Filipino enterprises are unable to compete, for example against Vietnam, when the Filipino worker is paid not to work for more than 20 days a year and the Vietnamese worker only has 11 days. Consequently, Vietnam is able to attract many more export manufacturers than the Philippines. In 2020 the 6th largest source of imports for the United States was Vietnam and the Philippines was not even close at 31st. Some 500,000 Vietnamese make products for Nike, while the last factory in the Philippines making products for Nike moved to Vietnam a decade ago, and it was owned by a Filipino.

The Swedish retailer Ikea has just opened its largest store in the world at Mall of Asia. It sources food and plants locally but imports almost all else that it sells from China, Vietnam, Poland, and elsewhere. Why not the Philippines? Because the manufacturers of Ikea merchandize find production costs in the Philippines too expensive.

Thus national competitiveness can be improved by a policy to rationalize and reduce the current high number of NWHs to a number closer in our main competing ASEAN economies. For example, the total number of NWHs could be reduced by six (1) passing a law to combine

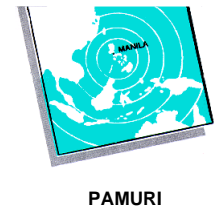
the three NWHs for Benigno Aquino, Andres Bonifacio, and Jose Rizal with National Heroes Day, (2) repealing either Eidl' Fitr or Eid'l Adha, (3) repealing the new December 8 NWH, and (4) ending the practice of proclaiming Chinese New Year as a non-working holiday, which has often been declared a NWH by President Duterte and President Aquino in recent years but rarely in previous administrations.


A policy of one NWH per month would contribute significantly to making the Philippine economy more competitive. The current policy provides workers in the formal sector with more income, which they spend on imported products while their relatives have to work abroad. It would be better if they worked more days – for the same pay – and their employers would become more competitive in both the domestic and export markets and be able to hire more Filipinos. Then fewer relatives would have to work abroad.

In view of the post-pandemic economic recovery efforts, we strongly recommend that the House adopt a policy to examine all bills for their impact on national competitiveness and to strive to make the national economy more able to compete. The Legislative Branch should always be a partner for national competitiveness and strive to avoid actions that further increase the cost of doing business in the Philippines.

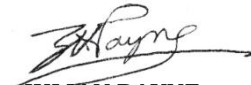
Also attached is a previous letter sent to former Senate President Vicente Sotto III in November 2020 and signed by a group of foreign chambers and business groups who have consistently opposed more NWHs and recommend their rationalization.

Thank you for considering our views.




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ATTY. MIMI LOPEZ MALVAR
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Attachment: November 2020 PBG-JFC letter to former Senate President Sotto re NWHs

cc: Speaker Ferdinand Martin Romualdez

Rep. Dan Fernandez

Rep. Lani Mercado-Revilla

Rep. Marlyn Primicias-Agabas

Rep. Rufus Rodriguez

Rep. Joey Salceda

DOF Secretary Benjamin Diokno

DOLE Secretary Bienvenido Laguesma

DTI Secretary Alfredo Pascual

NEDA Secretary Arsenio Balisacan



**AMCHAM
PHILIPPINES**

AMERICAN



AUSTRALIAN-NEW
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CANADIAN



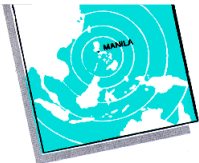
EUROPEAN



JAPANESE



KOREAN



PAMURI