



## **Tokyo, Japan**

### **April 17, 2015**

#### **1. Current economic, political situation and labor situation in the country**

##### **Economy**

There is a simultaneous happiness and unease over the ASEAN Free Trade Agreement (AFTA) or its more recent transformation into ASEAN Trade in Goods Agreement (ATIGA) and ASEAN Framework Agreement on Services (AFAS). These are the heart of the ASEAN Economic Community for which a mindset change of stakeholders is needed to face the end-2015 economic integration deadline; these include politicians who have to implement agreements committed and signed by the government, business leaders who ask for protection and preferential treatment instead of proactively addressing long-term problems, and the general public who must wage a continuous battle against corruption and inefficiency.

Fears over changing comparative advantages, bad environment of doing business, more complex and chaotic global conditions, etc. must be balanced by

careful exploitation of opportunities. The Philippines has its own strengths going into AEC 2015, e.g., governance improvements that led to stronger economic fundamentals and investment upgrades, and network of overseas Filipinos who bring information on markets, financing options, transferable technologies on top of continued foreign exchange remittances.

It could overcome its weaknesses by pushing for more reforms in investment/trade promotion and facilitation by:

- Automating business procedures in national government agencies; streamlining procedures across various offices, and making them more transparent and consistent.
- Unifying various investment promotion bodies and adopting Philippine Economic Zone Authority (PEZA) operation practices, harmonizing their incentives, reviewing the Constitutional 60-40 rule on foreign equity participation and other limitations.
- Instituting a national single window and linking its databases with the Bureau of Customs to improve risk management; instituting e-government with sufficient physical and human infrastructure.

The Philippines should also pay attention to its much neglected physical ports facilities through PPP,

remove conflict-of-interest in regulatory agencies that own certain infrastructure, review its sabotage policy, and improve the efficiency of regulatory agencies and trade-related offices.

The ASEAN Political-Security Community and the ASEAN Socio-Cultural Community do not receive as much attention but serve as foundations for economic pillar of the integration exercise in Southeast Asia. Issues such as drug trafficking, labor migration, a peacekeeping force, strong mechanism for enforcing human rights, and border issues among member states and with China on maritime waters do not affect the progress of the ASEAN Economic Community. Local and foreign direct investments, as well as government expenditures, are swayed in certain locations and industries according to perceptions on these matters. (Source: Prof. Federico M. Macaranas, Ph.D, Presentation to the Center for Futuristics Society, AIM Conference Center).

On the labor side, Philippines Representative to Taiwan Antonio Basilio cited the Asean Agreement on the Movement of Natural Persons (MNP), which he said, is one of the series of steps leading to the establishment of the Asean Economic Community (AEC) by 2015.

The MNP, he said, is a subsidiary agreement necessary to the implementation of the Asean Framework Agreement on Services (AFAS) as it

covers the so-called Mode 4 in the delivery of services.

“It covers business persons,” Basilio said, noting that the MNP Agreement is specifically “limited to business visitors, contractual service suppliers and intra-company transferees.”

“Hence it covers skilled workers, professionals and executives, and only for their temporary entry,” he said.

The MNP Agreement “does not allow for permanent entry by such persons, nor does nit allow for movement of all persons (e.g., unskilled labor) even on a temporary basis,” he added.

In looking at its impact on labor in the Philippines, Basilio said that we should take into account that “it is tied up with concessions made under the Asean Framework Agreement on Services.”

“The impact will primarily be on skilled labor,” Basilio said, citing that it is “reciprocal” which means that our country “will also allow service providers from other Asean countries to send their skilled workers to the Philippines in the course of rendering a contracted for service.”

“Since we have an advantage in terms of the number of skilled workers (able to speak English) and lower wages than some Asean countries, it is more likely

that there will be a net outflow in our favor,” Basilio explained.

### Significant Visit of the Pope to the Philippines

Pope Francis’ visit to the Philippines from January 15 to 19, 2015, was the first state and pastoral visit of Pope Francis to the Philippines. The Pope went to Manila, plus Tacloban and Palo, Leyte, to pay a visit to the victims of Typhoon Haiyan. The theme of Pope Francis’ 2015 papal visit is “Mercy and Compassion.” The Pope celebrated Mass amidst heavy rains and strong winds near the Tacloban Airport. Leyte had been placed under Storm Signal No. 2 earlier in the morning. He had lunch with survivors of Typhoon Haiyan at the Archbishop’s Residence in Palo. The Pope Francis Center for the Poor also in Palo was blessed by the Pope himself during his visit. The Pope was warmly welcomed by millions of Filipinos from the time that he arrived up to the time that he left, inspired by the Pope’s simplicity and humility.

## **2. HR challenges**

The 3 main challenges facing the HR profession in the Philippines at present are still:

- Leadership development
- Talent management
- Succession management

### **3. PMAP new leadership and projects and initiatives**

#### PMAP Elects New Leaders

As is customary every year, a new set of PMAP Officers was elected to serve for 2015.

The newly-elected officers of PMAP are:

President : Roberto M. Policarpio

Vice President : Jesse Francis N. Rebutillo

Secretary : Bonifacio C. Afortunado

Treasurer : Leo S. Gellor

Rene Gener, past PMAP President, remains as PMAP's Executive Director.

#### Bill to Professionalize and Regulate the HR Practice

The PMAP Board 2015 resurrected the bill to professionalize and regulate the Philippine HR practice by requiring all HR professionals to take a written examination to be administered by the Professional Regulatory Commission. The reasons given are to standardize the HR practice and to prepare HR professionals for the eventual Asean

integration. There are some quarters opposing the bill, citing reasons such as, government intervention is not the logical way of regulating the practice. Instead, self-regulation is the preferred method. The oppositionists also said that it will discourage People Managers from other functional areas to practice HR and passing the bill into law will go against the practice of multinational corporations to freely assign and rotate their HR people from one Asean country to the Philippines or vice versa.

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