

14 February 2020

**UNDERSECRETARY ANTONIO A. GALLARDO**  
Presidential Legislative Assistance  
Presidential Legislative Liaison Office-Senate  
Rm. 417, GSIS Building  
Roxas Blvd., Pasay City

Dear **Undersecretary Gallardo**,

We are please to submit the Department's position on **Senate Bill No. 1232**, entitled:

**“An Act Establishing the Autonomous Region of the Cordillera”**

This is without prejudice to the Department's submission of additional inputs.

Very truly yours,

  
**RAMON M. LOPEZ**  
Secretary



DTI Position on

**Senate Bill No. 1232**

**“An Act Establishing the Autonomous Region of the Cordillera”**

The Department acknowledges the intention of the proposed bill to substantiate the aspirations of the Cordillera people, as well as to follow through the provisions of the 1987 Philippine Constitution, specifically Article X, Section 1, which provides for autonomous regions for Muslim Mindanao and the Cordilleras. While Republic Act (RA) 11054, otherwise known as the “*Bangsamoro Organic Law*”, is the current framework establishing the autonomous region for Muslim Mindanao, there remains no existing equivalent framework for the Cordillera. We note that two previous attempts to enable the establishment of an Autonomous Region of the Cordillera (ARC), i.e., RA 6766 (1989) and RA 8438 (1997), were unsuccessful in garnering an affirmative vote during their respective plebiscites.

The Department manifests its support to the proposed ARC and looks forward to the successful realization of the third attempt. However, we opine that the ARC should have fundamentally equivalent powers, responsibilities, and functions as that of the Bangsamoro Autonomous Region in Muslim Mindanao (BARMM), although fine-tuned to match local contexts and circumstances in the Cordillera.

In view of the foregoing, the Department forwards the following specific inputs for constructive improvement of the Cordillera’s hopeful autonomy framework vis-à-vis the provisions of the proposed bill that are relevant to the dual mandate of the DTI, namely, to enable businesses and empower consumers, to wit:

- Article III – Declaration of Policies and Principles

<b>SBN 1232</b>	<b>DTI Inputs</b>
SEC. 22. Foreign Investments – XXX	The Department expresses no objections to this provision but notes that the ARC’s investment and incentives structure must be aligned with national policies. The deliberations on the Comprehensive Tax Reform Program (CTRP) Package 2 highlighted the need for a streamlined and rationalized incentives menu that would be uniformly implemented by various investment promotion agencies (IPAs). Hence, we recommend that a qualifying statement should be inserted effecting alignment of ARC policies with the national government.

	Furthermore, we also recommend that the proposed bill must refrain from specifying the ARC's investment and incentives structure as this should be provided for by subsidiary enabling measures.
--	--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

- Article X – Sources of Revenue and Other Fiscal Matters

SBN 1232	DTI Inputs
SEC. 104. Trade Agreements – XXX	<p>The Department expresses no objections to this provision given that the Bangsamoro Organic Law also contains language/text of the same effect, specifically under Article XII, Sections 24-29 of RA 11054.</p> <p>However, we reiterate that the ARC's foreign engagements must be aligned with national policies. The DTI recommends for the necessity of alignment to be explicitly reflected in the proposed bill.</p>

- Article XI – Agriculture, Agrarian Reform, Trade and Industry, Tourism and Cooperative

SBN 1232	DTI Inputs
SEC. 111. Prevent Flight of Labor and Capital – To promote investments and employment and to prevent flight of capital and labor from the region, the Regional Government shall adopt measures: (a) Against monopolies, cartels and unfair competition in public utilities, development, trading and similar concerns. XXX.	The Department opines that that the Philippine Competition Commission (PCC) retains jurisdiction on matters of market competition and distortions, even in autonomous regions such as with BARMM. Thus, we recommend for the PCC to continue exercising this nationwide jurisdiction with cooperation from the ARC.
SEC. 113. Promote Economic Zones – XXX	The Department opines that the mandate of the Philippine Economic Zone Authority (PEZA) remains relevant even in autonomous regions. PEZA, an attached agency of DTI, may continue exercising its functions and implement RA 7916, as amended, otherwise known as the " <i>Special Economic Zone Act</i> ", within the jurisdiction of, and in cooperation with, the ARC. Hence, we find no need to establish a new, separate economic

	<p>zone authority specifically for ARC as the PEZA's regional presence may already serve such purposes.</p> <p>Moreover, we reiterate the objectives of CTRP Package 2 which is to establish a streamlined and rationalized incentives menu that would be uniformly offered by all IPAs. Therefore, the incentives offered with regard to special economic zones in ARC's jurisdiction should still be aligned with the national framework.</p>
SEC. 114. Marketing and Exportation of Indigenous Products – XXX	The DTI notes that it has a regional presence in the Cordillera and stresses that it would continue its functions and services simultaneous with the ARC framework. These services include the promotion of local goods and services for both domestic and foreign markets.
SEC. 115. Cooperatives – XXX	The DTI notes that the Cooperative Development Authority (CDA), an attached agency, and the DTI-Bureau of Small and Medium Enterprises (DTI-BSMED) handle the promotion and development of cooperatives and SMEs, respectively. Thus, similar to our previous inputs on marketing of indigenous products, the Department also welcomes the relevant provisions of the proposed bill and expresses that it would continue its undertakings in cognizance with the ARC framework.

- Article XII – Education, Science and Technology, Language, Arts and Culture and Sport

SBN 1232	DTI Inputs
SEC. 125. Intellectual Property Rights – XXX	The DTI notes that the Intellectual Property Office of the Philippines (IPOPIL), an attached agency, would still continue its functions and services in the ARC, alongside the general assistance provided by the DTI.

- Article XIII – Social Justice, Health and Welfare

SBN 1232	DTI Inputs
----------	------------

<p>SEC. 130. Equality of Employment Opportunities – XXX (d) Mandatory corporate social responsibility towards employees and host community. XXX</p>	<p>The DTI opines that mandating all business entities operating in the Cordillera to practice corporate social responsibility (CSR) may raise costs and impose burdens, especially to SMEs.</p> <p>Hence, we express reservations towards this particular provision and recommends the language to reflect the encouragement of adopting CSR among businesses, in lieu of requirement.</p>
-----------------------------------------------------------------------------------------------------------------------------------------------------	---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

The Department reiterates its support to the intentions of the proposed bill with consideration of its inputs.



**Bureau of Trade and Industrial Policy Research**

**14 February 2020**

Ref: BTIPR-012020-206

/erma