

H. No. 8971

Rate hikes,

from S1/1

The Philippine Statistics Authority (PSA) is scheduled to release July inflation data on Aug. 5, and second-quarter gross domestic product (GDP) data on Aug. 9.

GROWTH OUTLOOK

Sanjay Mathur, chief economist for Southeast Asia and India of ANZ research, said the BSP has room to hike rates without hurting economic recovery amid global uncertainties.

"The 75-bp rate hike, though unexpected and unexpectedly large, is unlikely to impact growth. Nonetheless, further tightening is also on the cards to reduce inflation," Mr. Mathur said in an e-mail.

"Now the critical point to bear in mind is that the way a monetary tightening cycle works is that it reduces aggregate demand and that in turn, stabilizes or reduces inflation. The same transmission will evolve in the Philippines aggregate demand ease and that is a prerequisite for lower inflation."

The economy expanded by a faster-than-expected 8.3% in the first quarter. The Development Budget Coordination Committee (DBCC) is targeting 6.5-7.5% GDP growth this year.

"On the external developments, we should bear in mind that the Philippines is not a major exporting economy. Nonetheless, even a marginal impact on exports when domestic demand is easing (as discussed above), the overall impact on growth would be apparent," Mr. Mathur said.

Dollar,

from S1/1

In India, one of the world's biggest oil importers, the rupee has tumbled to a record low as the nation faces widening current-

account and fiscal deficits. Meanwhile, the hands-off approach by Thailand's monetary authority has resulted in a slump in the baht, one of the big decliners in emerging market currencies this year. Further currency weakness could

Rail, from S1/1

"Reliable rail systems will also positively disrupt the current transportation setup in these areas, as it can compete with buses and trucks in transporting passengers and cargo," Mr. Ridon said. The global economic outlook for this year and 2023 is expected to be further downgraded when the International Monetary Fund (IMF) releases its World Economic Outlook Update later this month.

"The war in Ukraine has intensified, exerting added pressures on commodity and food prices. Global financial conditions are tightening more than previously anticipated. And continuing pandemic-related disruptions and renewed bottlenecks in global supply chains are weighing on economic activity," IMF Managing Director Kristalina Georgieva said in a statement.

"Moreover, downside risks will remain and could deepen — especially if inflation is more persistent — requiring even stronger policy interventions which could potentially impact growth and exacerbate spillovers particularly to emerging and developing countries," she added.

Meanwhile, Mr. Muehlen expects that countries in the Southeast Asian region would continue their recovery in contrast with the global outlook.

"This part of the world is set for growth, we anticipate that ASEAN (Association of Southeast Asian Nations) and large parts of Asia will see its GDP grow by two times versus the rest of the world, in the foreseeable future, and for quite a number of years," Mr. Muehlen said.

"The growth opportunities here are over proportional. And as a consequence, we continue to look very constructively at the future here for us," he added.

threaten the resilience their stock markets have shown in 2022. Chinese stocks, which saw a

slew of bullish calls in June, have taken a sharp turn lower

this month, adding to Asia's woes. A key gauge of shares listed in Hong Kong is down more than 9% amid renewed COVID concerns, an intensifying property crisis and fresh regulatory scrutiny of the tech sector. – **Bloomberg**

Republic of the Philippines Congress of the Philippines Metro Manila Fighteenth Congress Third Regular Session

Begun and held in Metro Manila, on Monday, the twenty-sixth day of July, two thousand twenty-one.

[REPUBLIC ACT NO. 11829]

AN ACT GRANTING ISMO INCORPORATED, A FRANCHISE TO CONSTRUCT, INSTALL, ESTABLISH, OPERATE, AND MAINTAIN TELECOMMUNICATIONS SYSTEMS IN THE PHILIPPINES

Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:

SECTION 1. Nature and Scope of Franchise. - Subject to the provisions of the Constitution and applicable laws, rules and regulations, there is hereby granted to ISMO Incorporated, hereunder referred to as the Grantee, its successors or assignees, a franchise to construct, install, establish, operate, and maintain for commercial purposes and in the public interest, throughout the Philippines and between the Philippines and other countries and territories, wired or wireless telecommunications systems, including international and local exchange carrier, international and domestic gateway facility, international and domestic submarine cable landing stations, mobile, cellular, fixed line, trunked radio, fiber optics, multichannel multipoint distribution system, satellite transmit and receive systems, switches, electronic telecommunications or electronic communications services in or outside the Philippines and also in outer space, and value-added services, such as transmission of voice, data, facsimile, control signs, audio and video, information services, and all other telecommunications systems and technologies as are at present available or will be made available through technical advances or innovations in the future; and to construct, establish, install, maintain, acquire, lease, operate, and manage the corresponding transmitting and receiving stations, lines, cables, or systems, as are convenient or essential to efficiently carry out the purpose of this franchise.

As used in this Act:

Electronic communications network refers to (a) a transmission system for conveyance by means of electrical, magnetic, or electromagnetic energy, of signals of any description; and (b) any of the following as are used by the persons providing the system and in association with it, for conveyance of the signals: (1) apparatus comprised in the system; (2) apparatus used for the switching and routing of the system; and (3) software and stored data;

Electronic communications service refers to a service consisting in or having as its principal feature the conveyance by means of electronic communications network of signals. It includes wired, wireless, fixed, cellular or mobile, or integrated telecommunications services, including value-added services, or technologies related to such services which are at present available or made available through technological advances or innovations, and fixed and mobile stations; and

Telecommunications refers to any process which enables a telecommunications entity to relay and receive voice, data, electronic messages, written or printed matter, fixed or moving pictures, words, music or visible or audible signals or any control signals of any design and for any purpose by wire, radio or other electromagnetic, spectral, optical, or electronic means.

SEC. 2. Manner of Operation of Stations or Facilities. – The stations or facilities of the Grantee shall be constructed and operated in a manner as will, at most, result only in the minimum interference on the wavelengths or frequencies of existing stations or other stations which may be established by law, without in any way diminishing its own right to use its assigned wavelengths or frequencies and the quality of transmission or reception thereon as should maximize rendition of the Grantee's services or the availability thereof.

SEC. 3. Authority of the National Telecommunications Commission. — The Grantee shall secure from the National Telecommunications Commission (NTC) a Certificate of Public Convenience and Necessity or the appropriate permits and licenses for the construction, installation, and operation of its telecommunications systems or facilities. In issuing the certificate, the NTC shall have the power to regulate and impose such conditions relative to the construction, operation, maintenance, or service level of the telecommunications systems or facilities. Such certificate shall state the areas covered and the date the Grantee shall commence the service. The Grantee shall not use any frequency in the radio spectrum without authorization from the NTC. The NTC, however, shall not unreasonably withhold or delay the grant of such authority, permit, or license.

In case of any violation of the provisions of this franchise, the NTC shall have the authority to revoke or suspend, after due process, the permits or licenses it issued pursuant to the franchise. The NTC may recommend to Congress the revocation of the franchise for any violation of the provisions of this franchise.

SEC. 4. Excavation and Restoration Works. - For the purposes of erecting and maintaining poles or other supports for wires or other conductors and for laying and maintaining of underground wires, cables, or other conductors, it shall be lawful for the Grantee, its successors or assignees, with the prior approval of the Department of Public Works and Highways (DPWH) or the local government unit (LGU) concerned, as may be appropriate, to make excavations or lay conduits in any of the public places, roads, highways, streets, lanes, alleys, avenues, sidewalks, or bridges of the province, cities, or municipalities: Provided, however, That a public place, road, highway, street, lane, alley, avenue, sidewalk, or bridge disturbed, altered or changed by reason of erection of poles or other supports or the underground laying of wires, other conductors or conduits, shall be repaired and replaced in workmanlike manner by the Grantee, its successors or assignees, in accordance with the standards set by the DPWH or the LGU concerned. Should the Grantee, its successors or assignees, after the ten (10)-day notice from the said authority, fail, refuse, or neglect to repair or replace any part of public place, road, highway, street, lane, alley, avenue, sidewalk, or bridge altered, changed or disturbed by the Grantee, its successors or assignees, then the DPWH or the LGU concerned shall have the right to have the same repaired and placed in good order and condition, and charge the Grantee, its successors or assignees at double the amount of the costs and expenses for such repair or replacement.

SEC. 8. Term of Franchise. — This franchise shall be in effect for a period of twenty-five (25) years from the effectivity of this Act, unless sooner revoked or cancelled. This franchise shall be deemed *ipso facto* revoked in the event the Grantee fails to comply with any of the following conditions:

(a) Commencement of operations within three (3) years from the approval of its operating permit by the NTC;

(b) Commencement of operations within five (5) years from the effectivity of this Act; and

(c) Continuous operation for two (2) years.

SEC. 9. Bond. — The Grantee shall file a bond with the NTC, in the amount that the NTC shall determine, to guarantee compliance with and fulfillment of the conditions under which this franchise is granted. If, after three (3) years from the date of approval of its permit by the NTC, the Grantee shall have fulfilled the same, the bond shall be released by the NTC. Otherwise, the bond shall be forfeited in favor of the government and the franchise *ipso facto* revoked.

SEC. 10. *Right of Interconnection.* — The Grantee is hereby authorized to connect or demand connection of its telecommunications systems to other telecommunications systems installed, operated, and maintained by any other duly authorized person or entity in the Philippines for the purpose of providing extended and improved telecommunications services to the public, under the terms and conditions mutually agreed upon by the parties concerned. This right shall be subject to the review and modification of the NTC.

SEC. 11. Mobile Number Portability. — The Grantee shall provide mobile number portability (MNP) and its implementing mechanism, including the required infrastructure and processes, and shall interconnect, directly or indirectly, with the infrastructure, facilities, systems, or equipment of other telecommunications franchise grantees. It shall not install network features, functions, or capabilities that will impede the implementation of a nationwide MNP system.

SEC. 12. Warranty in Favor of the National and Local Governments. - The Grantee shall hold the national, provincial, city, and municipal governments of the Philippines free from all claims, liabilities, accounts, demands, or actions arising out of accidents causing injury to persons or damage to properties, during the construction or operation of the stations, transmitters, facilities, or equipment of the Grantee.

SEC. 13. Sale, Lease, Transfer, Grant of Usufruct, or Assignment of Franchise. – The Grantee shall not sell, lease, transfer, grant the usufruct of, nor assign this franchise or the rights and privileges acquired thereunder to any person, firm, company, corporation, or other commercial or legal entity, nor merge with apy other corporation or entity, nor shall the controlling interest of the Grantee be transferred, simultaneously or contemporaneously, to any person, firm, company, corporation, or entity without the prior approval of Congress. The Grantee shall inform Congress, through the Office of the Speaker of the House of Representatives and the Office of the Senate President, of any sale, lease, transfer, grant of usufruct, or assignment of franchise or the rights and privileges acquired thereunder, or of the merger or transfer of the controlling interest of the Grantee. within sixty (60) days after the completion of the said transaction. Failure to report to Congress such change of ownership shall render the franchise ipso facto revoked. Any person or entity to which this franchise is sold, transferred, or assigned shall be subject to the same conditions, terms, restrictions, and limitations of this Act.

SEC. 14. Dispersal of Ownership. – In accordance with the constitutional provision to encourage public participation in public utilities, the Grantee shall offer to Filipino citizens at least thirty percent (30%) of its outstanding capital stock, or a higher percentage that may hereafter be provided by law, in any securities exchange in the Philippines within five (5) years from the effectivity of this Act: *Provided*, That in cases where public offer of shares is not applicable, other methods of encouraging public participation by citizens and corporations operating public utilities must be implemented. Noncompliance therewith shall render the franchise *ipso facto* revoked.

SEC. 15. Commitment to Provide and Promote the Creation of Employment Opportunities. – The Grantee shall create employment opportunities and accept on-the-job trainees in its franchise operations: Provided, That priority shall be accorded to the residents of the place where the principal office of the Grantee is located: Provided, further, That the Grantee shall comply with the applicable labor standards and allowance entitlement under existing labor laws, rules and regulations, and similar issuances.

The employment opportunities or jobs created shall be reflected in the General Information Sheet (GIS) to be submitted to the Securities and Exchange Commission (SEC) annually.

SEC. 16. Reportorial Requirement. – The Grantee shall submit an annual report on its compliance with the terms and conditions of the franchise and on its operations to the Congress of the Philippines, through the Committee on Legislative Franchises of the House of Representatives and the Committee on Public Services of the Senate, on or before April 30 of every year during the term of its franchise.

The annual report shall include an update on the commencement of activities, development, operation, and expansion of business; audited financial statements; latest GIS officially submitted to the SEC, if applicable; certification of the NTC on the status of its permits and operations; and an update on the dispersal of ownership undertaking, if applicable.

FULL STORY

scanning the QR code with

your smartphone or by

typing the link

<bworldonline.com

Rene S. Santiago, a transport expert, said in a phone message on Saturday, that based on data and assumptions in the feasibility studies for Davao and Subic railways, "they are not economically viable."

"The benefit-cost ratio is less than 1. Meaning, a bad investment for the country... If not viable economically, the more it is not financially viable (for PPP). The private sector may touch these rail projects only with huge subsidies from government, or guaranteed returns," he said.

Before the Marcos administration can attract PPPs, Mr. Santiago said the president must first "regain the trust of investors."

According to Mr. Chavez, the contract for the P142-billion PNR Bicol was awarded to the joint venture of China Railway Group Ltd., China Railway No. 3 Engineering Group Co. Ltd., and China Railway Engineering Consulting Group Co. Ltd. in January this year. The contract for the construction of the P51billion Subic-Clark railway was awarded in December 2020 to China Harbour Engineering Co.

The DoTr failed to proceed with the P83-billion Tagum-Davao-Digos segment of the Mindanao Railway project, because Beijing did not submit a shortlist of contractors for the design-build contract.

The government may need to shelve the three projects for now and focus on social agenda, analysts said.

"For projects that are unfeasible to be undertaken as PPPs, government has no choice but to wait until our fiscal situation becomes better, either through improving tax collection or raising taxes only in very specific areas," Mr. Ridon said.

For his part, Mr. Santiago said: "Cancel or defer the three rail projects, because they are not economically viable."

LESSONS

The Marcos administration should learn from this "harsh lesson," particularly in dealing with the Chinese government, Michael Henry LI. Yusingco, a research fellow at the Ateneo de Manila University, said in an emailed reply to questions on Saturday. national interests. So, no one should have been impressed with the purported friendship between President Duterte and President Xi... Government programs must be anchored on contractual commitments and not mere promises," Mr. Yusingco said.

"The personal relationship of world

leaders will ultimately bow down to

For his part, InfraWatch's Mr. Ridon said: "Without equivocation, this only shows that the former president compromised sovereign rights in the territorial dispute for nothing."

"All we got from the Chinese infrastructure deals were token bridges employing Chinese nationals and projects that had been subjected to adverse findings by the Commission on Audit, such as the Kaliwa Dam project."

The Philippines, under Mr. Duterte, received about P12.18-billion loan from China for the Kaliwa Dam project as well as P5.9-billion grant for the Binondo-Intramuros and Estrella-Pantaleon bridges.

The Philippines also secured P4.37billion loan for the Chico River Pump Irrigation project and P998-million grant for the rehabilitation of the war-torn city of Marawi.

Mr. Duterte brought home about P1.2 trillion worth of pledges in loans and grants from China as part of his "Build, Build, Build" program after his state visit to Beijing in October 2016, according to Malacañang.

"For all the bombast of more than a hundred Chinese-funded projects in the last six years, there was little to show for it," Mr. Ridon said.

"It is time for the new president to push harder on Philippines-China relations and reassert our victory in the Hague tribunal, as Beijing might have forgotten about its standing commitments to Manila," he added.

Mr. Yusingco said Mr. Marcos' directive to renegotiate with the Chinese government seems to go against the promise to vigorously pursue PPP.

"The viability of the renegotiations will depend on the commitment of the Marcos, Jr. administration to this promise. In a way, this is a litmus test for his economic team, as to whether they can sway the president to take the more prudent and beneficial course of action," he added. SEC. 5. Responsibility to the Public. – The Grantee shall conform to the ethics of honest enterprise and not use its stations or facilities for obscene or indecent transmission, or for dissemination of deliberately false information, or willful misrepresentation, or assist in subversive or treasonable acts.

The Grantee shall operate and maintain all its stations, lines, cables, systems, and equipment for the transmission and reception of messages, signals, and pulses in a satisfactory manner at all times, and as far as economical and practicable, modify, improve, or change such stations, lines, cables, systems, and equipment to keep abreast with the advances in science and technology.

The Grantee shall improve and extend its services in areas not yet served, and in hazard- and typhoon-prone areas that shall be determined by the National Disaster Risk Reduction and Management Council, or its legal successor, in coordination with the NTC.

The Grantee shall also improve and upgrade its equipment, facilities, and services, in order to ensure effective compliance with the objectives of Republic Act No. 10639 or "The Free Mobile Disaster Alerts Act".

SEC. 6. Rates for Services. – The charges and rates for telecommunications services of the Grantee, except the rates and charges on those that may hereafter be declared or considered as nonregulated services, whether flat rates or measured rates or variations thereof, shall be subject to the approval of the NTC or its legal successor. The rates to be charged by the Grantee shall be unbundled, separable, and distinct among the services offered and shall be determined in such a manner that regulated services do not subsidize the unregulated ones.

SEC. 7. Right of the Government. — The radio spectrum is a finite resource that is part of the national patrimony and the use thereof is a privilege conferred upon the Grantee by the State and may be withdrawn any time after due process.

A special right is hereby reserved to the President of the Philippines, in times of war, rebellion, public peril, calamity, emergency, disaster, or disturbance of peace and order: to temporarily take over and operate the stations, transmitters, facilities, or equipment of the Grantee; to temporarily suspend the operation of any station, transmitter, facility, or equipment in the interest of public safety, security, and public welfare; or to authorize the temporary use and operation thereof by any agency of the government, upon due compensation to the Grantee for the use of the stations, transmitters, facilities, or equipment during the period when these shall be so operated. The reportorial compliance certificate issued by Congress shall be required before any application for permit or certificate is accepted by the NTC.

SEC. 17. Fine. - Failure of the Grantee to submit the requisite annual report to Congress shall be penalized with a fine in the amount of One million pesos (P1,000,000.00) for each working day of noncompliance, the effectivity of which shall commence upon applicability with other telecommunications franchise grantees: *Provided*, That in the interim, the Grantee shall be liable to pay the fine of Five hundred pesos (P500.00) per working day of noncompliance to the NTC. The fine shall be collected separately from the reportorial penalties imposed by the NTC, and it shall be remitted to the Bureau of the Treasury.

SEC. 18. Equality Clause. – Any advantage, favor, privilege, exemption, or immunity granted under existing franchises, or which may hereafter be granted for telecommunications, upon prior review and approval of Congress, shall become part of this franchise and shall be accorded immediately and unconditionally to the herein Grantee: Provided, however, That the foregoing shall neither apply to nor affect the provisions of telecommunications franchises concerning territory covered by the franchise, the life span of the franchise, or the type of service authorized by the franchise.

SEC. 19. Repealability and Nonexclusivity Clause. – This franchise shall be subject to amendment, alteration, or repeal by Congress when, the public interest so requires and shall not be interpreted as an exclusive grant of the privileges herein provided for.

SEC. 20. Separability Clause. – If any of the sections or provisions of this Act is held invalid, all other provisions not affected thereby shall remain valid.

SEC. 21. *Repealing Clause.* – All laws, decrees, orders, resolutions, instructions, rules and regulations, and other issuances or parts thereof which are inconsistent with the provisions of this Act are hereby repealed, amended, or modified accordingly.

SEC. 22. *Effectivity.* – This Act shall take effect fifteen (15) days after its publication in the *Official Gazette* or in a newspaper of general circulation.



This Act which originated in the House of Representatives was passed by the House of Representatives on March 25, 2021, amended by the Senate of the Philippines on January 31, 2022, and which amendments were concurred in by the House of Representatives on February 2, 2022.

2 hulu

MYRA MARIE D. VILLARICA Secretary of the Senate



Approved:

ispeed into its on JUN 0 2 2022 without the signature of the Fdent, in accordance with Article Section 27 (1) of the Constitu

RODRIGO ROA DUTERTE President of the Philippines