

POSITION PAPER OF
**THE CONFEDERATION OF PHILIPPINE EXPORTERS FOUNDATION
(CEBU), INC.,**

on

House Bill No. 345, mandating a Php 125.00 wage increase per day, across the board, over a period of 3 years starting October 1, 2006

INTRODUCTION

PHILEXPORT – CEBU is the umbrella organization that represents eight (8) major export sectors in Central Visayas namely: Electronics, Industrial Goods, Furniture, Seaweed, Food, Fashion Accessories, Gifts Toys & Housewares and Garments sector.

Central Visayas exports represent more than 10% of the total Philippine exports registering export sales of US\$4.152 Billion in 2004 and about US\$4.7 Billion in 2005 and provide at least 1.5 million direct and indirect employment to Filipinos in the Visayas and Mindanao region.

BACKGROUND

On December 20, 2006 the House of Representatives approved House Bill No. 345 which mandated Php 125.00 across the board daily wage increase spread over a period of 3 years and retroactive to October 1, 2006.

EXPORTER'S POSITION

The Exporters in Central Visayas hereby state its position on House Bill No. 345 as follows:

1. It has always been the position of the export industry that any legislated wage increase does not resolve the economic problems of our workers. This will only add inflationary pressure on domestic prices which will eventually negate any benefit from this legislated wage hike. Wage increase should base on merits and productivity.
2. With the current Philippine minimum wage averaging at the equivalent of \$6.00 per day, the proposed P125 across the board increase will bring the Philippine minimum wage to \$7.95. Compared to Vietnam's \$ 1.25, Cambodia's \$ 1.39 India's \$1.97, Indonesia's \$2.60, China's \$2.93 and Thailand's \$4.90, this will make the Philippines very uncompetitive.

3. The concept of “Minimum Wage” as advocated by the International Labor Organization (ILO) is to provide a “safety net” for those unskilled, new entrants who are mainly the unorganized part of the work force for the purpose of reducing poverty. HB 345 certainly had gone beyond the concept of minimum wage, which is simply construed as entry level rate.

RECOMMENDATION

Given the foregoing, we urge the House of Representatives and the Senate to carefully study the potential destructive effect of House Bill No. 345.

We foresee massive shutdown of business establishments and subsequent loss of jobs to millions of Filipinos in the export industry once House Bill No. 345 is enacted into law.

To help ensure the viability of the export industry, we call on the House of Representatives to **recall** and the Senate to **reject** House Bill No. 345 and explore other options to help the Filipino worker and the Philippine export industry.

JAY Y. YUVALLOS
President

Cebu City, 19 January 2007