COMMITTEE REPORT NO. 735

Submitted by the Committee on Constitutional Amendments on FEB 04 2021

Re: Resolution of Both Houses No. 2

Recommending its adoption with amendments.

Sponsors: Representatives Alfredo A. Garbin Jr., Joey Sarte Salceda, and Stella Luz A. Quimbo

MR. SPEAKER:

The Committee on Constitutional Amendments, to which was referred Resolution of Both Houses No. 2 introduced by Your Honor, entitled:

RBH No. 2 "Resolution of Both Houses Proposing Amendments to Certain Economic Provisions of the 1987 Constitution of the Republic of the Philippines Particularly on Articles II, XIV & XVI"

has considered the same and recommends its adoption, with the following amendments:

1. On page 2, line 3, delete the phrase “to propose amendments to”, and replace it with the phrase “propose to amend”;

2. On same page, lines 6 and 29, delete the words “National Patrimony and Economy”, and replace them with the words “National Economy and Patrimony”;

3. On same page, make the 4th, 5th, and 6th sentences of Section 2, Article XII, of the 1987 Constitution as another paragraph, thus, Section 2, Article XII shall read as follows:

“Section 2. All lands of the public domain, waters, minerals, coal, petroleum, and other mineral oils, all forces of potential energy, fisheries, forests or timber, wildlife, flora and fauna, and other natural resources are owned by the State. With the exception of agricultural lands, all other natural resources shall not be alienated. The exploration, development, and utilization of natural resources shall be under the full control and supervision of the State."
The State may directly undertake such activities, or it may enter into co-production, joint venture, or production-sharing agreements with Filipino citizens, or corporations or associations at least sixty per centum of whose capital is owned by such citizens, UNLESS OTHERWISE PROVIDED BY LAW. Such agreements may be for a period not exceeding twenty-five years, renewable for not more than twenty-five years, and under such terms and conditions as may be provided by law. In cases of water rights for irrigation, water supply, fisheries, or industrial uses other than the development of water power, beneficial use may be the measure and limit of the grant.”

4. On same page, from line 47 to line 54, delete the entire No. 3 item which seeks to amend Section 7, Article XII of the 1987 Constitution;

5. Delete the title of Resolution of Both Houses No. 2 and replace it as follows: “Resolution of Both Houses Proposing Amendments to Certain Economic Provisions, Particularly Articles XII, XIV, and XVI of the 1987 Constitution of the Republic of the Philippines”;


Respectfully submitted,

[Signature]

ALFREDO A. GARBIN, JR.
Chairperson

THE HONORABLE SPEAKER
House of Representatives
Quezon City
Republic of the Philippines  
HOUSE OF REPRESENTATIVES  
Quezon City  

EIGHTEENTH CONGRESS  
First Regular Session  

RESOLUTION OF BOTH HOUSES NO. 2  

Introduced by HON. LORD ALLAN JAY Q. VELASCO  

RESOLUTION OF BOTH HOUSES  
PROPOSING AMENDMENTS TO CERTAIN ECONOMIC PROVISIONS OF THE  
1987 CONSTITUTION OF THE REPUBLIC OF THE PHILIPPINES  
PARTICULARLY ON ARTICLES II, XIV & XVI  

WHEREAS, the Constitution is the fundamental law of the land which defines,  
establishes and confers powers to the State and provides for the correlative obligation of the  
people to abide by it;  

WHEREAS, the Constitution, as a covenant between the State and the people, vests  
on the government the duty to provide decent living conditions to its people;  

WHEREAS, the mandate given to current leaders who advocate for change signifies  
renewed trust in the government and immense optimism in its ability and commitment to  
bring about improvement in the quality of life of Filipinos;  

WHEREAS, the trust reposed by the people upon the country’s leaders has  
encouraged more investments and it is helping the country maintain its pace as one of the  
fasted growing economies in Asia, with the World Bank giving it a future projection of 6.5  
percent GDP growth this year and 6.6 percent in 2020 and 2021;  

WHEREAS, in another 2019 economic outlook report of the Organization for  
Economic Cooperation and Development (OECD), the GDP percentage of the Philippines for  
the period of 2017 to 2019 constantly surpasses the GDP growth in other ASEAN countries  
such as Indonesia, Malaysia and Thailand;  

WHEREAS, growing global interest in Asia provides an opportunity for the  
Philippines to compete for more investments but statistics show that Philippines need to  
maximize its economic momentum since in a 2017 Association of Southeast Asian Nations  
(ASEAN) report, around 90% of the 36 million people in Southeast Asia who are living below  
the international poverty line are Filipinos and Indonesians;  

WHEREAS, in order to fully transform this economic growth into inclusive and  
solidary progress among Filipinos, the restrictive economic provisions in the Philippine  
Constitution which hamper the flow of foreign capital investments must be lifted: Now,  
therefore, be it
RESOLVED BY THE SENATE AND THE HOUSE OF REPRESENTATIVES, by a
vote of three-fourths (3/4) of all its Members, each House voting separately, and pursuant to
Article XVII of the Constitution, to propose amendments to Articles XII, XIV & XVI of the
1987 Constitution of the Republic of the Philippines, with the following proposals:

1. On paragraph 1, Section 2 of Article XII (National Patrimony and Economy), insert
the phrase unless otherwise provided by law after the fourth sentence and add a
comma before the phrase, to read as follows:

"Section 2. All lands of the public domain, waters, minerals,
coal, petroleum, and other mineral oils, all forces of potential energy,
fisheries, forests or timber, wildlife, flora and fauna, and other natural
resources are owned by the State. With the exception of agricultural
lands, all other natural resources shall not be alienated. The
exploration, development, and utilization of natural resources shall be
under the full control and supervision of the State. The State may
directly undertake such activities, or it may enter into co-production,
joint venture, or production-sharing agreements with Filipino citizens,
or corporations or associations at least sixty per centum of whose
capital is owned by such citizens, UNLESS OTHERWISE
PROVIDED BY LAW. Such agreements may be for a period not
exceeding twenty-five years, renewable for not more than twenty-five
years, and under such terms and conditions as may be provided by
law. In cases of water rights for irrigation, water supply, fisheries, or
industrial uses other than the development of water power, beneficial
use may be the measure and limit of the grant."

2. On paragraph 1, Section 3 of Article XII (National Patrimony and Economy), insert
the phrase unless otherwise provided by law after the fourth sentence and add a
comma before the phrase, to read as follows:

"Section 3. Lands of the public domain are classified into
agricultural, forest or timber, mineral lands, and national parks.
Agricultural lands of the public domain may be further classified by
law according to the uses to which they may be devoted. Alienable
lands of the public domain shall be limited to agricultural lands.
Private corporations or associations may not hold such alienable lands
of the public domain except by lease, for a period not exceeding
twenty-five years, renewable for not more than twenty-five years, and
not to exceed one thousand hectares in area, UNLESS OTHERWISE
PROVIDED BY LAW. Citizens of the Philippines may lease not more
than five hundred hectares, or acquire not more than twelve hectares
thereof by purchase, homestead, or grant."

3. On Section 7 of Article XII (National Patrimony and Economy), insert the phrase
unless otherwise provided by law after the word “succession” and add a comma
before the phrase, to read as follows:

"Section 7. Save in cases of hereditary succession, UNLESS
OTHERWISE PROVIDED BY LAW, no private lands shall be
transferred or conveyed except to individuals, corporations, or
associations qualified to acquire or hold lands of the public domain."
4. On paragraph 1, Section 10 of Article XII (National Patrimony and Economy), insert the phrase *unless otherwise provided by law* after the first sentence with a comma before the phrase, to read as follows:

"Section 10. The Congress shall, upon recommendation of the economic and planning agency, when the national interest dictates, reserve to citizens of the Philippines or to corporations or associations at least sixty per centum of whose capital is owned by such citizens, or such higher percentage as Congress may prescribe, certain areas of investments, **UNLESS OTHERWISE PROVIDED BY LAW.** The Congress shall enact measures that will encourage the formation and operation of enterprises whose capital is wholly owned by Filipinos."

5. On Section 11 of Article XII (National Patrimony and Economy), insert the phrase *unless otherwise provided by law* between the word "citizens" and the symbol "," in the first sentence and add a comma before the said phrase; also, insert the phrase *unless otherwise provided by law* before the last sentence thereof, to read as follows:

"Section 11. No franchise, certificate, or any other form of authorization for the operation of a public utility shall be granted except to citizens of the Philippines or to corporations or associations organized under the laws of the Philippines, at least sixty per centum of whose capital is owned by such citizens, **UNLESS OTHERWISE PROVIDED BY LAW;** nor shall such franchise, certificate, or authorization be exclusive in character or for a longer period than fifty years. Neither shall any such franchise or right be granted except under the condition that it shall be subject to amendment, alteration, or repeal by the Congress when the common good so requires. The State shall encourage equity participation in public utilities by the general public. **UNLESS OTHERWISE PROVIDED BY LAW, [T]he participation of foreign investors in the governing body of any public utility enterprise shall be limited to their proportionate share in its capital, and all the executive and managing officers of such corporation or association must be citizens of the Philippines.""

6. On paragraph 1, no. 2, Section 4 of Article XIV (Education, Science and Technology, Arts, Culture, and Sports), insert the phrase *unless otherwise provided by law* at the end of the first sentence and insert a comma before the phrase. On paragraph 2, no. 2, add the phrase *unless otherwise provided by law* at the end of the sentence thereof and insert a comma before the phrase, to read as follows:

"Section 4.

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(2) Educational institutions, other than those established by religious groups and mission boards, shall be owned solely by citizens of the Philippines or corporations or associations at least sixty per centum of the capital of which is owned by such citizens, **UNLESS OTHERWISE PROVIDED BY LAW.** The Congress may, however, require increased Filipino equity participation in all educational institutions.
The control and administration of educational institutions shall be vested in citizens of the Philippines, **UNLESS OTHERWISE PROVIDED BY LAW.**

7. On paragraph 1, no. 1, Section 11 of Article XVI (General Provisions), add the phrase *unless otherwise provided by law* after the sentence and insert a comma before the phrase. The same with paragraph 2 of no. 2, add the phrase *unless otherwise provided by law* after the sentence with a comma before the phrase. Thereafter, insert the phrase *unless otherwise provided by law* before the last sentence thereof. Section 11 shall read as follows:

"Section 11.

1. The ownership and management of mass media shall be limited to citizens of the Philippines, or to corporations, cooperatives or associations, wholly-owned and managed by such citizens, **UNLESS OTHERWISE PROVIDED BY LAW.**

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2. xxx

Only Filipino citizens or corporations or associations at least seventy per centum of the capital of which is owned by such citizens shall be allowed to engage in the advertising industry, **UNLESS OTHERWISE PROVIDED BY LAW.**

**UNLESS OTHERWISE PROVIDED BY LAW,** [T]he participation of foreign investors in the governing body of entities in such industry shall be limited to their proportionate share in the capital thereof, and all the executive and managing officers of such entities must be citizens of the Philippines."

Adopted,

[Signature]

LORD ALLAN JAY Q. VELASCO