



NATIONAL TRADE UNION CENTER

Suites 8 N & O Future Point Plaza 2, 115 Mother Ignacia St.
South Triangle, Quezon City 1103, Philippines
Telephone/Mobile 632 374-1893; 09368242777
Email: pres@ntucphil.org & hgs@ntucphil.org

04 February 2019

HON. JUAN EDGARDO “SONNY” M. ANGARA

Chairperson, Ways and Means Committee
Senate of the Philippines

Dear Senator Sonny Angara,

Thank you for inviting our organization to the January 29 and February 4 hearings on Senate Bill Nos. 1599 and 1605.

Our NATIONAL TRADE UNION CENTER (NTUC Philippines) whose 18 federations have members in all sectors and industries (from agriculture to manufacturing to retail, transportation and services) including government employees, those in the informal economy and overseas workers, has watched economic and fiscal developments with increasing concern.

We understand that the said bills seeking to impose higher taxes on tobacco products is related to the government’s overhaul of the Tax Code. We have expressed a number of times our concern about how all these tax amendments have affected the labor sector.

A number of industries are still reeling from the effects of TRAIN 1. Employers have complained about high cost of raw materials and fuel prices. Some businesses have claimed they are downsizing due to the tax changes under TRAIN law. There are also reports that a number of employers are contemplating of re-locating to other countries if the rationalization of fiscal incentives will result in significant increases in the cost of doing business in the Philippines.

In 2018, excise taxes on fuel, vehicles, coal, tobacco products, and sweetened beverages were increased under TRAIN 1. We fear that further tax increases on the same goods and other products might further adversely affect workers in the concerned industries.

Hundreds of workers in the beverage industry, including union officers and members, have been laid off. Reports say about 2,000 to 4,000 have lost jobs in tobacco manufacturing. Also affected are thousands in small retail outlets and allied industries, as well as tobacco farmers whose sales, livelihood and incomes have suffered, since the tax increases under Excise Tax Reform Law on Alcohol and Tobacco Products started in 2013.

With additional impending raised taxes, more people will lose their jobs if the employers in the said industries decide that the successive tax increases will significantly raise their operating costs.

Safety nets for workers losing their jobs have been assured by government, but these have not been delivered effectively.