

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

THIRTEENTH CONGRESS
First Regular Session

House Bill No. 1971

INTRODUCED BY HON. ANTONIO V. CUENCO

Explanatory Note

When the Philippines formally recognized and shifted its diplomatic relation from the republic of China or Taiwan to the People's Republic of China, it signed a Joint Communiqué with the same on June 9, 1975, thereby establishing a Philippine one-China policy. This one-China policy should not, however, be viewed as precluding the people of the Philippines from pursuing the many mutually beneficial relationships—economic, cultural, commercial and social—with the Chinese people in Taiwan. In fact, these relations are considered of primary importance even to the Chinese peoples of the ASEAN and other member countries of the United Nations, including the United States, Japan and the United Kingdom. Thus, in an effort not only to preserve the said relations but also to facilitate and foster a much closer people-to-people contact and enhance further bilateral relations between the peoples of the Philippines and Taiwan, the Philippines, through this proposed bill, hereby expressly provides for an expansion of Philippine-Taiwan relations with particular focus on the enhancement of the areas considered to be most advantageous to all.

The enactment of this bill shall be a crucial step towards providing much needed clarification of the country's one-China policy and establishing transparency and firmness in the relations between the peoples of the Philippines and Taiwan.

It is for the foregoing consideration that the immediate enactment of this bill is sought.

ANTONIO V. CUENCO

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AN ACT
ESTABLISHING THE PARAMETERS OF ECONOMIC, SOCIAL AND CULTURAL RELATIONS BETWEEN THE PEOPLE OF THE PHILIPPINES AND THE PEOPLE IN TAIWAN

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

SECTION 1. ***Short Title*** – This Act may be cited as the "Taiwan Economic and Cultural Relations Act".

SEC. 2. ***Declaration of Policy*** – It is the policy of the Government of the Republic of the Philippines to maintain and promote lasting, close and friendly commercial, cultural, social, economic, and other relations between the people of the Philippines and the people in Taiwan and other Asian neighbors. It is also the policy of the Philippines to pursue peace and stability in the Asia-Pacific region in the fields of political, security, and economic matters.

In view of the adoption of the Philippines of its one-China policy pursuant to the Joint Communiqué dated June 9, 1975 between the Republic of the Philippines and the People's Republic of China and the absence of formal diplomatic relations with the authorities in Taiwan, Congress finds it necessary to establish the parameters for a closer and more active interaction between the people of the Philippines and the people in Taiwan in the areas of economics, trade, commercial, tourism, cultural, social, humanitarian assistance and other mutually beneficial relations.

SEC. 3. ***Relations Defined; Non-Diplomatic Relations*** – The absence of diplomatic relations between the Philippines and the governing authorities in Taiwan is hereby affirmed, in accordance with the June 9, 1975 Joint Communiqué. This, however, shall not preclude the pursuit of commercial, tourism, cultural, economic, social, and other relations that will promote mutual benefit, understanding and cooperation between the people of the Philippines and the people in Taiwan.

SEC. 4. ***Application of Laws*** – The laws of the Philippines shall apply with respect to Taiwan in the same manner as the laws in Taiwan shall apply to the Philippines with respect to economic, trade, commercial, tourism, cultural, social and other beneficial relations.

In cases of contracts, agreements, or transactions calling for the application either of the laws in Taiwan or the Philippines, such laws shall refer to those laws applicable to Taiwan or the Philippines at the time such contract, agreement or transaction was signed.

The capacity of Taiwan to sue and be sued in Philippine courts in accordance with Philippine laws shall not be abrogated, infringed, modified, denied, or otherwise affected in any way by the absence of diplomatic relations or recognition.

SEC. 5. ***Foreign Investments*** – Private individuals, business establishments and other commercial entities in Taiwan may invest in the Philippines subject to all the laws and rules governing foreign investments in the country. Such foreign investments shall enjoy the full protection of Philippine laws with respect to repatriation of investments, remittance of earnings, remittance of payments for foreign loans and contracts, non-expropriation and non-requisition of investments except through due process, availment of incentives in certain areas and other related matters.

The appropriate and concerned Philippine government agencies shall have full regulatory powers as provided by law. Registration requirements of the concerned agencies shall be complied with.

SEC. 6. ***Government Recognized Entity to Deal with Taiwan*** – A non-stock, non-profit private corporation, to be known as the Philippine Economic and Cultural Center, hereinafter referred to as the "Center" shall be constituted pursuant to the laws of the Philippines. The Center shall be designated to promote and protect the interest of the people of the Philippines in Taiwan.

SEC. 7. ***Powers, Duties, Responsibilities and Privileges Entrusted to the Center*** – In addition to the powers of the Center under the Corporation Code, it shall be primarily responsible to promote and enhance economic, commercial, trade, tourism, cultural, social and other mutually beneficial relations between the people of the Philippines and the people in Taiwan. The Center shall initiate, engage, participate and/or extend its support to activities towards this end. In addition, the Center may authorize any of its personnel in Taiwan to perform any of the following:

(a) to administer or take any person's oath, affirmation, affidavit, or deposition, and to perform any notarial act which any notary public is required or authorized by law to perform within the Philippines;

(b) to act as provisional conservator of the personal estates of deceased Filipino citizens;

(c) to assist and protect the interest of Filipino citizens by performing other acts which are authorized to be performed outside the Philippines for consular purposes as the President may specify; and

(d) to perform such other functions normally exercised by Philippine Foreign Service posts abroad including the issuance of passports and visas and the collection of necessary fees for its services.

The Center is likewise authorized to keep the proceeds of the collections for consular services from its operation and upkeep. Any excess funds after deducting the allowances for

expanded operations shall at the end of each calendar year be donated to the Republic of the Philippines through the National Treasury.

SEC. 8. ***Supervision of the Center*** – The policies and guidelines in the implementation of the people-to-people relations between the Philippines and Taiwan should be the sole concern of the Office of the President though his/her duly designated representatives. Any government agency or instrumentality is authorized to perform administrative and technical support functions and services for the operations of the Center upon such terms and conditions as the President may direct.

SEC. 9. ***Entitlements and Privileges of the Personnel of the Center*** – The officers, personnel and employees of the Center shall enjoy and be entitled to the attendant rights, privileges, and allowances provided under Philippine labor laws and other related rules and regulations, including but not limited to termination, retirement, death and other employment benefits.

Employees of the Center shall not be considered employees of the Government of the Republic of the Philippines. However, allowances received by said employees shall not be deemed part of their gross compensation income and shall be exempt from taxation to the extent that they are equivalent to the amounts received by civilian personnel of the Government of the Philippines as allowances and benefits under R.A. No. 7157, otherwise known as the *Philippine Foreign Service Act of 1991.*

SEC. 10. ***Separation of Government Personnel for Employment with the Center*** – Under such terms and conditions as the President may direct, any agency of the Philippine Government may separate from the service for a specified period any officer or employee of that agency who accepts employment with the Center.

An officer or employee separated by an agency under the foregoing paragraph for employment with the Center shall be entitled upon termination of such employment to re-employment or reinstatement with such agency or its successor in an appropriate position with the attendant rights, privileges, and benefits which the officer or employee would have had or acquired had he or she not been so separated, subject to such time period and other conditions as the Civil Service Commission may prescribe.

SEC. 11. ***Tax Exempt Status and Exemption from SEC Reportorial Requirements*** – The "Center" shall be exempt from the payment of any and all forms of taxes imposed or hereafter to be imposed by the Republic of the Philippines or any of its instrumentalities. Likewise, the "Center" shall be exempt from complying with the reportorial requirements of the Securities and Exchange Commission on non-stock private corporations.

SEC. 12. ***Counterpart Taiwan Entity*** – A counterpart entity representing the people in Taiwan as determined by the President shall be recognized. All privileges and immunities which Taiwan shall grant with respect to the Center and its personnel shall likewise be extended to the Taiwan instrumentality.

SEC. 13. ***Congressional Oversight*** – The Committees on Foreign Affairs of both the Senate and the House of Representatives shall be constituted as a Congressional Oversight Committee to monitor the following:

(a) the implementation of the provisions of this Act;

(b) the legal operation and procedures of the Center; and

(c) the legal and technical aspects of continuing Philippine-Taiwan relations.

SEC. 14. ***Repealing Clause*** – Executive Order No. 931 Series of 1984, Executive Order No. 490 Series of 1998, Executive Order No. 4 Series of 1998, Executive Order No. 229 Series of 2000 and Executive Order No. 15 Series of 2001 are hereby repealed. All other laws, executive orders, instructions, rules and regulations which are inconsistent with the provisions of this Act are hereby repealed, amended and/ or modified accordingly.

SEC. 15. ***Separability Clause*** – Should any provision hereof be declared invalid or unconstitutional, the other provisions thereof insofar as they are separable shall remain in full force and effect.

SEC. 15. ***Effectivity*** – This Act shall take effect fifteen (15) days after publication in the Official Gazette or in any two newspapers of general circulation.

Approved.