

26 May 2025

H.E. Ferdinand R. Marcos, Jr.
President, Republic of the Philippines
Malacañang Palace
Manila, Philippines

**JOINT POSITION PAPER OF FOREIGN CHAMBERS OF COMMERCE AND
INDUSTRY ASSOCIATIONS ON THE LEGISLATED WAGE INCREASE, ITS
IMPACT ON JOBS, AND THE URGENCY OF GOVERNMENT PROGRAMS ON
WORKERS' ASSISTANCE**

Dear **President Marcos, Jr.:**

We, the undersigned representatives of local and foreign Chambers of Commerce, Industry, and business associations, respectfully present this position paper to offer constructive alternatives to the proposed wage increase bills. Our recommendations are intended to foster a more sustainable business and economic landscape for all stakeholders, particularly in the face of today's dynamic economic, technological, demographic, and geopolitical shifts affecting both the nation and the world.

Mr. President, first and foremost, we support preserving and strengthening the role of the RTWPB to ensure predictable, region-sensitive, and productivity-linked wage-setting as mandated by Republic Act No. 6727. The current system ensures fair wage-setting by including representatives from government, labor, and employers. However, it is crucial that this mechanism adheres to the law's core mandate of making regular, moderate, and predictable adjustments. Businesses need stability and the ability to anticipate wage changes, which supports strategic long-term planning and is vital for attracting and maintaining investments in the country.

Our analysis of minimum wage adjustments from 2022 to 2024 shows regional increases ranging from 24% to as high as 50%. Notably, Regions III (31%), IV-A (50%), and VII (24%)—which are crucial centers for export manufacturing—have experienced significant hikes. There have been concerns that external factors may have influenced regional wage-setting, highlighting the need to safeguard the independence of the process. We therefore advocate for a more balanced, economically sound approach to wage adjustments, wherein the independent RTWPB determines minimum wages by thoroughly considering not only the needs of workers, but also the sustainability of businesses and the broader economic impact.

To preserve the integrity of the wage-setting process, it is essential that it remains free from political and legislative interference. Wage adjustments should reflect genuine regional economic realities rather than broad national mandates, ensuring these changes are timely, relevant, and tailored to each region's unique conditions. This approach will foster a fairer and more sustainable wage structure nationwide, encouraging robust employment growth. Currently, minimum wages in the Philippines outpace those in most ASEAN and Southeast Asian countries, making it more challenging to attract foreign direct investments that generate quality jobs for Filipinos.

Secondly, we strongly advocate for the government to provide alternative support mechanisms for workers. The private sector should not bear the sole responsibility for addressing the complex needs of the workforce and their families. We respectfully suggest that government agencies actively deliver subsidies, tax relief, or other financial assistance to help cushion the effects of inflation and the rising cost of living. Such targeted government interventions are crucial to ensuring that workers receive sufficient support.

To address the urgent needs of workers experiencing economic strain, we propose the following short-term programs as interim solutions:

1. Enhance the *Ayuda para sa Kapos ang Kita Program* (AKAP): We recommend expanding the AKAP initiative for near-poor and minimum wage earners to offer subsidies on basic goods such as food, transportation, and other necessities for a limited period, until inflation is under control.
2. Launch a Short-term National Assistance Program for Minimum Wage Earners: We propose an inflation-linked national assistance program, akin to the Small Business Wage Subsidy (SBWS) that was implemented by SSS, DOF, and BIR during the pandemic. This initiative would provide immediate relief to formal economy minimum wage earners struggling with escalating living costs.
3. Strengthen the *DOLE Adjustment Measure Program* (DOLE-AMP) Fund: This fund, designed to support skills enhancement projects, should be utilized to bridge the gap between minimum wage and food needs, especially as it was originally created to help workers cope with financial and oil crises.
4. Expand DOLE's Existing Programs: The Department of Labor and Employment has previously launched programs aimed at mitigating inflation's impact on workers. We urge the further development and expansion of these effective measures, such as rice distribution through unions, increased tax benefits for minimum wage earners, and higher maximum limits on de minimis benefits. Additionally, the *Tulong Pang-hanapbuhay sa Ating Disadvantaged/Displaced Workers* (TUPAD) and various livelihood programs have proven vital in supporting workers during periods of economic hardship.

Drawing on global best practices, many countries offer subsidies to sustain employment during difficult times or economic downturns. We encourage the consideration of similar programs, such as: a) reducing the cost of basic food items, b) enhancing food security and sufficiency, c) subsidizing transportation and utility costs for workers, and d) increasing benefits from social protection programs without raising workers' premium contributions.

We firmly believe that these proposals offer viable, long-term solutions that will benefit both workers and businesses. We stand ready to collaborate on initiatives that drive growth in the country's economic sectors, especially in the Philippine export manufacturing industry.

Thank you, Mr. President, for your attention to these important issues.


Sincerely,

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Commerce of the Philippines**



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Executive Director

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