

Europe Solidaire Sans Frontières > English > Asia > Philippines > Debt, poverty, Common Goods (Philippines) > **No new commitments under GATS! Power and Water Services, Out of GATS-WTO!**

Press Statement

No new commitments under GATS! Power and Water Services, Out of GATS-WTO!

Wednesday 8 February 2006, by [Freedom from Debt Coalition](#) (Date first published: 12 April 2005).

The Freedom from Debt Coalition urgently calls on the government to desist from entering into new commitments under the General Agreement on Trade in Services (GATS) that will lead to further liberalization of the service sector.

In December 2005, 147 countries will convene a Ministerial Meeting of the World Trade Organization (WTO) in Hongkong, with the hope to finally conclude trade negotiations that started in 2001. These include expansion of obligations under the GATS.

Based on the WTO Work Programme, countries are facing a May-2005 deadline for submission of new offers or proposals for new commitments under the GATS.

If the Philippine government agrees to the expansion of its GATS commitments, this will mean further opening up of various industries classified under SERVICES to foreign companies and investors. These include transportation, media, advertising, telecommunications and others.

It also means services currently under public ownership and management will have to be opened up to private corporations and investors, thus facilitating privatization of services. Apart from water and power services which the Philippine government has already started privatizing, these include health, education, housing, postal services, waste disposal etc.

The Filipino people know well the ill-effects of privatization of basic services.

When the government opened up the water sector to the private sector in 1997, it promised more efficient services at lower rates. Eight years after, water prices have increased tenfold, inefficiency in water delivery pervades, and a bankrupt private company continues to drain the public coffers.

From 1997 until 2005, Maynilad increased its rates by 500 percent at P30.19 per cubic meter, while Manila Water got a 700-percent rate increase at P17.86 per cubic meter.

On the other hand, power privatization resulted in continuous increases in electricity rates. The government pushed for a P1.87-per-kilowatthour rate increase in order to entice foreign investors to buy into Napocor's generation assets, with the Energy Regulatory Commission provisionally allowing Napocor to increase its rate by P0.98 per kilowatthour.

Aside from this, Napocor will impose another one-peso increase by May 2005 to recover costs arising from contractual obligations with the independent power producers. In all of these increases, end-users will be the one to bear the heaviest burden.

As indicated by proposals submitted to the Philippine government by European countries, new commitments under GATS will be requiring changes in the Philippine constitution, including and

specially the provisions limiting foreign investment in the Philippines to 40% of corporate equity and prohibiting foreigners to own land.

President Gloria Macapagal-Arroyo has already announced that Charter Change is next in her agenda after the targeted revenue-raising measures are passed in Congress.

FDC urgently calls on the Philippine government NOT to enter into new commitments under GATS and work with other governments to keep SERVICES out of the World Trade Organization.

Further, we reiterate our calls to stop the privatization of basic services, reverse the process of water privatization, and repeal the Electric Power Industry Reform Act.