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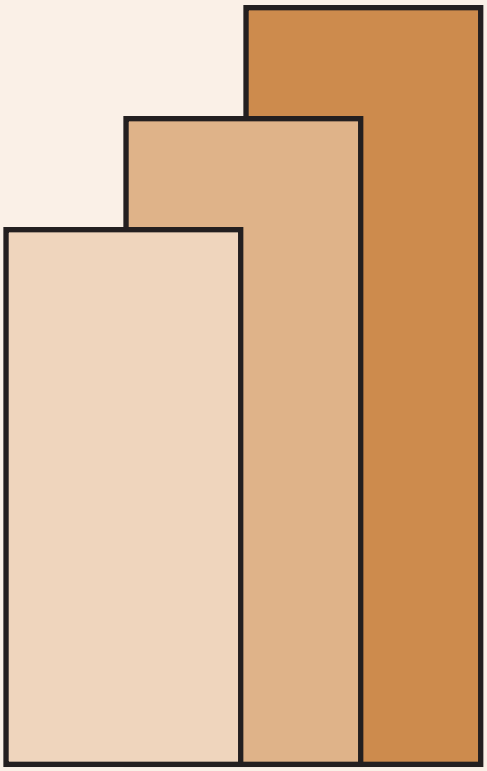

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Reducing Unnecessary Regulatory Burden:

The Philippine Tuna Industry[1]

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Philippine Institute for Development Studies

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Abstract

The Philippine fishing industry is considered as one of the major industries in the agriculture and fisheries sector. The marine resources available to the country indicate its vast potential in employment creation and output growth. It is in this light that the research team conducted this study with special focus on the tuna industry. The study objectives are to (a) provide regulatory mapping imposed on the local tuna industry; (b) identify those regulations considered as unnecessary or too burdensome to the industry; and (c) provide some recommendations on removing unnecessary regulations. An important inclusion in this project is the Informed Regulatory Conversation (IRC) which allows the regulators and the private sector to discuss the identified issues and come up with unified recommendations to ease the regulatory burden on different tuna industry stakeholders.

The result of the regulatory mapping shows the extent and number of regulations affecting the industry. Overall, the regulations imposed on the industry especially those concerned with food safety standards make sense and are necessary. However, there is a case for improving the regulatory framework of the tuna industry, especially the procedures for registration, licensing, and inspection as discussed in details in the report. The regulatory issues that were identified by the team basically focused on the following: a) acquiring business permit; b) acquiring registration and licenses for all types of fishing vessels, from MARINA, BFAR, and the LGU; c) acquiring License to Operate from the FDA and the possible case of duplication of inspection process by the BFAR and FDA; d) acquiring Certificate of Product Registration from the FDA; e) the Qualified Person in Industry Regulatory Affairs of FDA; f) presence BFAR signatories for the regulatory instruments, and others. Agreements to solve the regulatory burden to address the issues are detailed in the report.

Key words: regulatory impact analysis, regulatory burden, regulations, cost of doing business, tuna industry, Hazard Analysis of Critical Control Points, license to operate, business permit

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Abbreviations

AFF	Agriculture, Fishery, and Forestry
APEC	Asia Pacific Economic Cooperation
APFIC	Asia Pacific Fisheries Commission
AO	Administrative Order
BAS	Bureau of Agricultural Statistics
BFAR	Bureau of Fisheries and Aquatic Resources
BIR	Bureau of Internal Revenue
CAGR	Compound Annual Growth Rate
CAO	City Agricultural Office
CCSBT	Commission for the Conservation of Southern Bluefin Tuna
CFVGL	Commercial Fishing Vessel and Gear License
CMM	Conservation and Management Measure
CO	Certificate of Ownership
CPBI	Census on Philippine Business and Industries
CPR	Certificate of Philippine Registry
CTI	Coral Triangle Initiative
CTO	City Treasurers Office
DOH	Department of Health
DICT	Department of Information and Communication Technology
DILG	Department of Interior Local Government
DTI	Department of Trade and Industry
HACCP	Hazard Analysis of Critical Control Points
HC	Health Certificate
ECC	Export Commodity Clearance
EEZ	Exclusive Economic Zone
ERIA	Economic Research Institute for ASEAN and East Asia
FAD	Fish Aggregating Device
FARMC	Fisheries and Aquatic Resource Management Council
FAO	Fisheries Administrative Order
FDA	Food and Drug Administration
GDP	Gross Domestic Product
GMP	Good Manufacturing Practices
GT	Gross tonnage
GSCFC	General Santos City Fishport Complex
GVA	Gross Value Added
ICCAT	International Commission for the Conservation of Atlantic Tunas
IOTC	Indian Ocean Tuna Commission
IUU	Illegal Unreported and Unregulated
LGU	Local Government Unit
LTO	License to Operate
MARINA	Maritime Industry Authority
MAO	Municipal Agricultural Office

MCSCOC	Monitoring Control and Surveillance Coordinating and Operations Centers
MPC	Malaysia Productivity Corporation
MTO	Municipal Treasurer's Office
MT	Metric tons
NAFC	National Agriculture and Fisheries Council (NAFC),
NCIE	National Committee on Illegal Entrants (NCIE)
NFRDI	National Fisheries Research and Development Institute
NTIC	National Tuna Industry Council
NGO	Non-government Organization
NTC	National Telecommunications Commission
PIDS	Philippine Institute for Development Studies
PFDA	Philippine Fisheries Development Authority
PMMRR	Philippine Merchant Marine Rules and Regulations
PNS	Philippine National Standard
PPA	Philippine Ports Authority
PSA	Philippine Statistics Authority
RA	Republic Act
RPOA	Regional Plan of Action to Promote Responsible Fishing Practices Including Combating Illegal, Unreported and Unregulated Fishing
RURB	Reducing Unnecessary Regulatory Burdens
SEAFDEC	Southeast Asian Fisheries Development Council
SPS	Sanitary and Phytosanitary
SSOP	Sanitation Standard Operating Procedures
VMS	Vessel Monitoring System
WCPFC	Western and Central Pacific Fisheries Commission
WCPO	Western and Central Pacific Ocean

Executive Summary

In the recent years, the Philippines has been regarded as one of the fastest growing economies in Asia. This was largely driven by the impressive performance of the services sector which accounted for 57.1 percent of the GDP in 2015. The industry sector, through the manufacturing subsector, also played a significant role across the years. The agriculture, fishery, and forestry (AFF) sector, meanwhile, which accounts for about 10 percent of the GDP, experienced a meager year-on-year growth at 0.2 percent. Of this, the fisheries sector contributed only a mere 1.7 percent, which is equivalent to 5.9 percent expansion.

With a lengthy coastline of around 36,289 kilometers, a 226 thousand square kilometers of coastal waters and 1.93 million square kilometers of oceanic waters, exercising authority over 2.2 million square kilometers of territorial ocean waters including its Exclusive Economic Zone (EEZ) (World Bank, 2005), the Philippine fishing industry is considered as one of the major industries in the AFF sector, contributing 17.8 percent of the sector's total gross value added (GVA). In terms of employment, it covers about 1.4 million workers or 3.4 percent of the 39.78 million employed workers. Going across the fishing industry's value chain, it is apparent that the fishing industry's contribution to indirect employment is significant.

The marine resources available to the country indicate the vast potential of the fishing industry to the growth of output and employment creation. In 2013, the country produced 4.7 million metric tons of fish, crustaceans, mollusks, and aquatic plants including seaweeds, constituting 2.5 percent of the total world production of 191 million metric tons (Bureau of Fisheries and Aquatic Resources, 2014). According to the Department of Trade and Industry's (DTI), the fish and fishery product exports are considered as one of the Philippines achievers in the export market because their share of Philippine exports has been increasing despite the slow growth of demand for these products in the world market.

Given the economic and trade importance of the sector, the Philippine Institute for Development Studies (PIDS) has undertaken the study on "Reducing Unnecessary Regulatory Burden (RURB) on Business" with special focus on the tuna industry. This study is part of a regional research project spearheaded by the Economic Research Institute for ASEAN and East Asia (ERIA) with the support of the Malaysia Productivity Corporation (MPC).

The objectives of this study are to (a) provide a mapping of various regulations imposed on the local tuna industry; (b) identify those regulations considered as unnecessary or too burdensome to the tuna industry; and (c) provide some recommendations to remove regulatory burden. The study discusses the following: a snapshot of the tuna industry including the demand, supply, and trade of fresh and processed tuna; a description of the tuna value chain that is used for the regulatory mapping of the industry; the identification of regulations and regulatory processes that create an unnecessary burden to tuna industry players; and

recommendations agreed upon by the tuna industry stakeholders to ease the burden of such impositions.

With the assistance of the MPC, the ERIA developed a methodology that was used for the study. Each country team was required to submit the Issues Paper, which included the regulatory mapping, the Validated Key Unnecessary Regulatory Burdens (URBs) with proposed solutions, and the country report. An important inclusion in this project is the Informed Regulatory Conversation (IRC) which allows the regulators and the private sector to discuss the regulatory issues reported by the team and to determine the recommendations to ease the regulatory burden on different tuna industry stakeholders. Thus, in place of the usual recommendations traditionally submitted by researchers, our study team submits practical *key agreements* to solve the regulatory burden. The agreements are both practical and practicable because they came from inputs made by the regulated entities, the regulators and the research team.

The Philippine Tuna Industry

The Philippines is one of the world's top tuna producers. There are 21 species of tuna found in Philippine waters but only six are caught in commercial quantity, namely yellowfin, skipjack, eastern little tuna, frigate tuna, bigeye, and bullet tuna. The gross supply of tuna, which is composed of local tuna production and tuna imports, has been increasing from 2005 to 2009 at a compound annual growth rate (CAGR) of 4.4 percent but sharply declined in 2010 and 2011 due to a fall in local tuna production, as well as, significant decrease in tuna imports. Local tuna production declined during these years primarily because of the Western and Central Pacific Fisheries Commission (WCPFC) decision that led to a limited ban on tuna fishing utilizing fish aggregating devices (FADs). Also, this was due to the strengthening of protectionist measures among countries in the tuna-rich WCPFC areas, particularly Indonesia, which began requiring Filipino fishing operators to invest in processing and manufacturing plants to be located in Indonesia in exchange for access to its fishing grounds.

Tuna are caught in both domestic and international fishing grounds through ring nets, purse seine, hand line, and long line, which are operated in conjunction with fish aggregating devices (FADs) which are used to attract pelagic fish. They are caught by both commercial and municipal fishing vessels. After the fish are caught, they are brought to be stored, traded, and graded in private, traditional, or government-owned fish landing centers (i.e. LGUs or the Philippine Fisheries Development Authority). In the case of tuna, most of the catches are landed in the General Santos Fish Port Complex (GDFPC), an internationally recognized and accredited port by the European Union, Japan, and the United States. Tuna are degutted and cut as head-on and head-off, cubes, tuna loins, sashimi, pellets, or steak, which are kept fresh or frozen or maintained as fresh/frozen whole tuna. These are exported to Japan, the United States, the European Union, and other countries either via air or water transport. Tuna canning, on the other hand, is a higher-value added processing of tuna compared to simple chilling or freezing of the tuna catch. As of present, there are seven tuna canneries operating in the Philippines, one from Zamboanga and the rest are from General Santos City.

Tuna exporters of fresh/chilled and canned are required to abide by international standards imposed by tuna-importing countries in the European Union, the United States, Australia, and Japan, among others. The required certifications include the Certificate of Hazard Analysis of Critical Control Points (HACCP) and Certification of Good Manufacturing Practices (GMP) and Sanitation Standard Operating Procedures (SSOP). Tuna exporters are required to obtain these certificates and permits before they can sell to these countries.

Regulatory Mapping

The government agency tasked to implement all the rules imposed by the international and regional organizations is the Bureau of Fisheries and Aquatic Resources (BFAR). It is the recognized competent authority that represents the Philippines in all the regional conventions in which the Philippines is signatory. It was established to govern, develop, protect, conserve, utilize, and regulate the fisheries and aquatic resources in the country and its EEZ. Other government agencies involved in the tuna fishing industry are not regulators but are generally concerned with its development. They, include the Department of Environment and Natural Resources (DENR), the Maritime Industry Authority (MARINA), the PFDA, the Philippine Ports Authority (PPA), and the DTI. Crucial research and policy support agencies include the National Fisheries Research and Development Institute (NFRDI) and the BAS, under the PSA. For enforcement, involved units are the Philippine Coast Guard, the Philippine Navy, the Philippine National Police Maritime Group, and the Philippine Air Force. In terms of coordination, concerned institutions are the National Agriculture and Fisheries Council (NAFC), Fisheries and Aquatic Resource Management (FARMCs), National Committee on Illegal Entrants (NCIE), Monitoring Control and Surveillance Coordinating and Operations Centers (MCSCOCs), Bantay Dagat (Sea Watch) Program, and National Tuna Industry Council (NTIC). (Bureau of Fisheries and Aquatic Resources, 2012).

The result of the regulatory mapping of the value chain shows the extent and number of regulations affecting the tuna industry. In each stage of the value chain compliance with various government regulations is a necessary undertaking by the private sector in the tuna industry. Some of those regulations are necessary to safeguard food safety, while some may be an unnecessary burden. Overall, the regulations imposed on the tuna industry especially those concerned with food safety standards make sense and are necessary. However, there is a case for improving the regulatory framework of the tuna industry, especially the procedures for registration, licensing, inspection of fish processing plants, and product registration, as discussed in the study.

The regulatory issues that were identified by the team in the course of conducting key informant interviews and focus group discussions with BFAR, MARINA, the local government of General Santos City, tuna industry associations, commercial tuna fishers, tuna exporters, tuna canners and municipal fishermen basically focused on the following: a) acquiring business permit; b) acquiring registration and licenses for all types of fishing vessels, from MARINA, BFAR, and the LGU; c) acquiring license to operate (LTO) from the FDA and the possible case of duplication of inspection process by the BFAR and FDA; d) acquiring Certificate of Product

Registration (CPR) from the FDA; e) the Qualified Person in Industry Regulatory Affairs (QPIRA) of FDA; f) presence BFAR signatories for the regulatory instruments, and others.

Key agreements to solve the regulatory burden

For business registration, the following recommendations were proposed: (i) concerned LGUs to provide clear guidelines on the procedure and schedule of fees to ensure transparency; (ii) use of automation and information communications technology to expedite the registration and permitting process, and to monitor and update the local governments' data base of firms, and (iii) implementation of the Joint Memorandum Circular signed by DTI, DILG, and DICT requiring local governments to release business permits and licenses in just one to two days and to use a unified application form.

For the registration and licensing of commercial fishing vessels: (i) BFAR, MARINA, NTC, and Coast Guard to regularly conduct joint mobile registration; (ii) BFAR and MARINA to establish One-Stop-Shop offices in General Santos City Fish Port Complex, and; (iii) BFAR and MARINA to computerize the registration and permit process, and establish online application process, and work together on the proper scheduling of the visits of the joint inspection team.

While in the case of municipal fishing vessels, the following solutions were recommended: (i) re-examination of the imposition of "purok" and barangay clearances and fees in view of the burden imposed on municipal fisherfolk; (ii) update and strengthen BoatR and FishR data base; (iii) concerned LGUs, BFAR, MARINA, and FDA to launch an information and awareness campaign on the importance of registration and license to operate, and; (iv) concerned LGUs to conduct joint mobile registration with BFAR and MARINA to facilitate the registration process of all fishing vessels, especially small municipal fishing vessels.

On acquiring a LTO from the FDA and the possible duplication of the inspection process, the following were recommended: (i) improve the current online system for LTO applications by making it user friendly and a more efficient instrument for business registration and licensing; (ii) the FDA negotiate with DBM to have sufficient resources to establish the right number of satellite offices manned by trained inspectors, and; (iii) deputize BFAR to conduct on-site inspections for purposes of the license to operate and HACCP accreditation/certification in view of BFAR's more extensive field presence and capacity. In the case of the CPR registration, the team recommended for the improvement of the registration procedure for CPR through online systems, more effective of enforcement of the requirement for CPR, and negotiation of the FDA with DBM to have sufficient resources to establish the right number of satellite offices manned by trained inspectors.

As for the issue on QPIRA that is conducted by the FDA, the group recommended that training and accreditation seminars be conducted in accessible locations where there is a large concentration of food establishments, and not just in selected provinces or regions (i.e. Metro Manila, Cebu, or Davao).

Finally, for acquiring HACCP certification/accreditation and the presence of BFAR signatories, the group recommended the need facilitate ISO-certification and accreditation of BFAR regional offices to make them qualified certifiers for the purpose of HACCP certification and accreditation.

I. Introduction

The country is an archipelago, the second largest in the world next to Indonesia. It is comprised of more than 7,100 islands and a lengthy coastline of around 36,289 kilometers, the fifth longest in the world. It has approximately 226 thousand square kilometers of coastal waters and 1.93 million square kilometers of oceanic waters, exercising authority over 2.2 million square kilometers of territorial ocean waters including its Exclusive Economic Zone (EEZ) (World Bank, 2005).

The Philippines is one of the fastest growing economies in the ASEAN region in recent years. This was largely driven by the impressive performance of the services sector which had a 57.1 percent contribution to the GDP. The manufacturing sector also played a significant role as it contributed about 23.2 percent (Philippine Statistics Authority, 2016). Table 1 shows comparative GDP growth rates from 2006 to 2015. Meanwhile, the agriculture, fishery, and forestry (AFF) sector, which accounts for 9 to 10 percent of the GDP, grew by 0.2 percent year-on-year owing to contractions in palay, corn, sugarcane, coffee, rubber, forestry, and fishing (Figure 1). More specifically, the fisheries sector contributed only a mere 1.7 percent to the total GDP in 2015. Typhoons, flooding, and the El Niño weighed heavily against the performance of the agriculture sector.

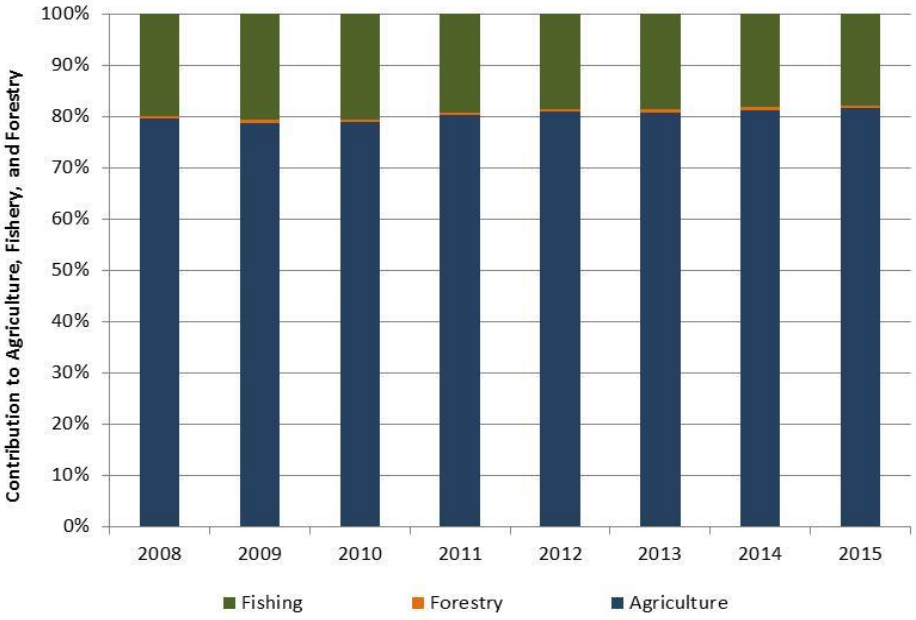
Table 1. Comparative GDP Growth Rates in East and Southeast Asia (2006-2015)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
East Asia										
China	12.7	14.2	9.6	9.2	10.6	9.5	7.8	7.7	7.3	6.9
Macao	13.3	14.4	3.4	1.3	25.3	21.7	9.2	11.2	-0.9	-20.3
Hong Kong	7	6.5	2.1	-2.5	6.8	4.8	1.7	3.1	2.6	2.4
Japan	1.7	2.2	-1	-5.5	4.7	-0.5	1.7	1.4	0	0.5
Mongolia	8.6	10.2	8.9	-1.3	6.4	17.3	12.3	11.6	7.9	2.3
Korea, Rep.	5.2	5.5	2.8	0.7	6.5	3.7	2.3	2.9	3.3	2.6
Southeast Asia										
Brunei Darussalam	4.4	0.2	-1.9	-1.8	2.6	3.4	0.9	-1.8	-2.3	-0.5
Cambodia	10.8	10.2	6.7	0.1	6	7.1	7.3	7.5	7.1	7
Indonesia	5.5	6.3	6	4.6	6.2	6.2	6	5.6	5	4.8
Lao PDR	8.6	7.6	7.8	7.5	8.5	8	8	8.5	7.5	7
Malaysia	5.6	6.3	4.8	-1.5	7.4	5.3	5.5	4.7	6	5

Myanmar	..	..	..	..	..	..	..	8.5	8.5	7
Philippines	5.2	6.6	4.2	1.1	7.6	3.7	6.7	7.1	6.1	5.8
Singapore	8.9	9.1	1.8	-0.6	15.2	6.2	3.7	4.7	3.3	2
Thailand	5	5.4	1.7	-0.7	7.5	0.8	7.2	2.7	0.8	2.8
Vietnam	7	7.1	5.7	5.4	6.4	6.2	5.2	5.4	6	6.7

Source: World Bank's World Development Indicators

Figure 1. Contribution to GVA of Agriculture, Fishery, and Forestry, in percent (2008-2015)



Source: Philippine Statistics Authority

Fishing is one of the major industries in the AFF sector, contributing 17.8 percent of the sector's total gross value added (GVA) as opposed to livestock's GVA at 13.8 percent and poultry's GVA at 11.8 percent. The fisheries sector was exceeded only by rice grains ("palay"), which contributed 19.7 percent to the AFF sector's GVA. The fishing industry's economic contribution has been declining since 2010 and in 2014 to 2015, the fishing industry suffered from a contraction of around 1.8 percent (Figure 2).

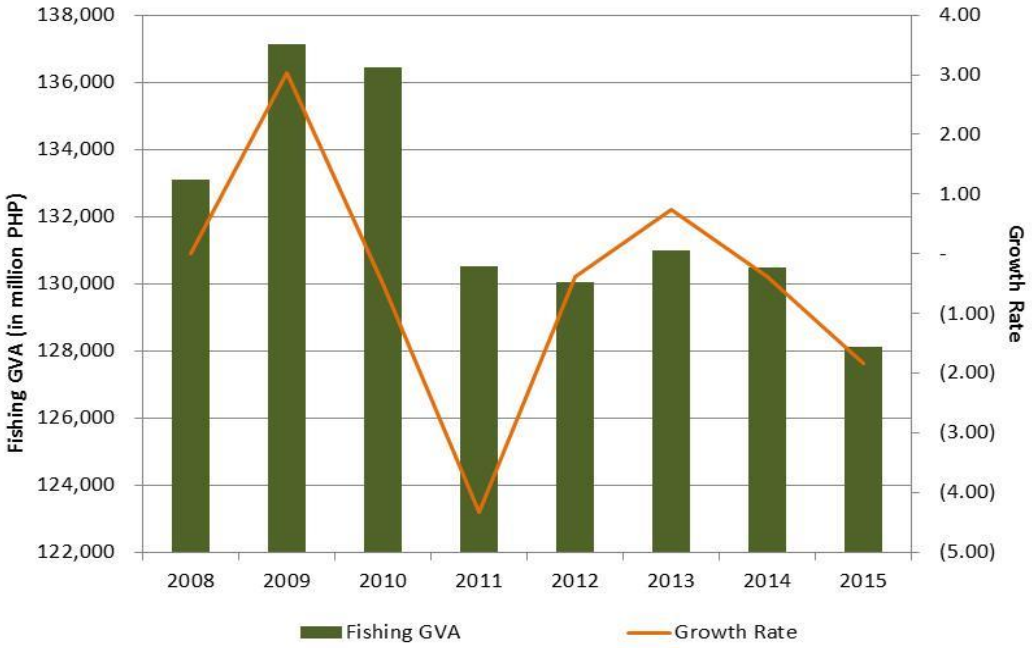


Figure 2. Fishing GVA, 2008-2015

Source: Philippine Statistics Authority

Based on the October 2015 Labor Force Survey, in terms of employment, the government estimated those directly employed in fishing at about 1.4 million workers or 3.4 percent of the 39.78 million employed workers. However, going across the fishing industry's value chain, it is noted that the fishing industry's contribution to indirect employment is not trivial. Based on the 2012 Census of Philippine Business and Industry (CPBI), around 26,799 individuals or an average of 79 to 80 employees per establishment are employed in the processing and preservation of fish, crustaceans, and mollusks, of which the tuna canning industry is a significant part. This is 2.3 percent of the total employment of all the manufacturing establishments in the formal sector.

The country ranks as 7th among the top fish producing countries in the world in 2013, and the marine resources available to the country indicates the vast potential of the fishing industry to the growth of output and employment creation. In 2013, the country produced 4.7 million metric tons of fish, crustaceans, mollusks, and aquatic plants including seaweeds, constituting 2.5 percent of the total world production of 191 million metric tons (Bureau of Fisheries and Aquatic Resources, 2014). According to the Department of Trade and Industry's (DTI) 2014, the fish and fishery product exports are considered as one of the Philippines achievers in the export market because their share of Philippine exports has been increasing despite the slow growth of demand for these products in the world market.

Given this scenario, the Philippine Institute for Development Studies (PIDS) has undertaken this study on “Reducing Unnecessary Regulatory Burden (RURB) on Business” with special focus on the tuna industry, as part of a regional research project spearheaded by the Economic Research Institute for ASEAN and East Asia (ERIA) with the support of the Malaysia Productivity Corporation (MPC).

The study is organized as follows: After a brief Introduction, Section II presents the objectives of the study. Section III explains the importance of the RURB process, which is discussed in more detail in the methodology in Section IV. Section V provides a snapshot of the tuna industry including the demand, supply, and trade of fresh and processed tuna. It also describes the tuna value chain that is used for the regulatory mapping of the industry in Section VI. Section VII presents the regulatory issues that create an unnecessary burden to tuna industry players and the key agreements made by industry stakeholders to ease regulatory burden. The last section presents the conclusion and way forward.

II. Objectives of the Study

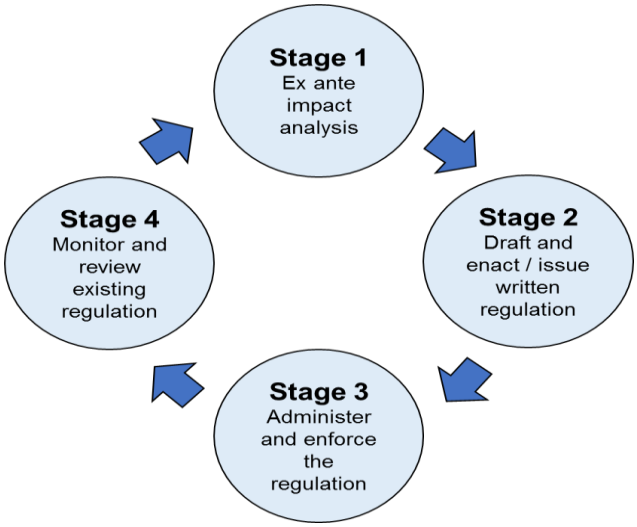
As the integration of the ASEAN Economic Community (AEC) continues, major challenges remain in enhancing economic performance and productivity and creating an atmosphere that is conducive to business and investment. The motivation behind this study is to help address these challenges by examining the regulatory environment of the AMSs, particularly those that greatly affect private firms and the decision of potential investors to conduct business. By reducing the unnecessary regulatory burdens on businesses, benefits accrue not only to the private sector, but also to the government as regulators become more efficient and cost-effective in terms of the regulations that they create and enforce.

The study aims to: (i) provide a mapping of various regulations imposed on the local tuna industry; (ii) identify those regulations considered as unnecessary or too burdensome to the tuna industry; and (iii) provide some recommendations on removing unnecessary regulations.

III. The RURB Process

The RURB process is typically used in assessing the impacts of existing regulations as shown in Stage 4 of Figure 3. This is the stage where existing regulations, both the written ones (Stage 2) and those that are already being administered and enforced (Stage 3), are reviewed. As for new regulations, a different approach is applied, i.e. regulatory impact analysis. This section briefly discusses the significance of the RURB process and some core concepts that served as guidelines in conducting the study.

Figure 3. Four Stages of Making and Implementing Regulation



Source: Malaysia Productivity Corporation (2014)

Government interventions, in the form of regulations, are often justified where market failure (e.g. information asymmetry, negative externalities, monopoly power) exists. Regulations, however, naturally imposes certain amount of burden, whether it be in the form of direct or indirect costs, on business firms. The Malaysia Productivity Corporation (MPC) noted that regulations create unnecessary burdens where they are poorly designed or poorly administered and implemented. Some of the unintended costs include additional cost to doing business, high cost of government operation, delays in business operations and potentially limits the creativity of business firms. As emphasized by Viscusi, Vernon and Harrington, Jr. (2000), government interventions do not necessarily result to superior outcomes in the form of enhanced market performance and improved welfare. Sometimes, regulations also fail in attaining its intended outcomes (e.g. social, environmental, economic objectives). It is in this light that the RURB process aims to ensure that the regulations are proportionate to the risks involved, and sufficiently addresses these risks without adding any additional burden to business, individuals and/or communities.

Unnecessary regulatory burdens often result from the following (Malaysia Productivity Corporation, 2014):

- **excessive coverage by a regulation** - that is, the regulation affects more economic activity than was intended or required to achieve its objective (includes 'regulatory creep') subject-specific regulation that covers much the same issues as other generic regulation
- subject-specific regulation -
- **prescriptive regulation** – excessively limits the means through which businesses may comply with the objective of the regulations
- **overly complex regulation**

- **inconsistent regulatory frameworks** – affects businesses that operate across regions within a country
- **multiple regulations or regulators** – often results to overlaps and conflicting objectives
- **unwieldy license application and approval of processes**
- **excessive time delays** – often resulting from the late response and decisions from the regulators
- **unnecessarily invasive regulator behavior** – excessive inspections and information requests
- **inconsistent application interpretation** of regulation by regulators

Good and bad regulations may be identified by examining its content, how it was made (process of formulating regulation), and the way it is administered and implemented. Here are the qualities of good/ quality regulations: (i) formulated through RIA; (ii) proportionate to the risk/ problem being addressed; (iii) minimum necessary to achieve objectives; (iv) only prescriptive where fully justified; (v) accessible, transparent and accountable; (vi) integrated and consistent with other laws, and; (vii) communicated effectively.

IV. Methodology

For this study the ERIA simplified the RURB process currently used by the MPC. The quantitative analysis of the regulatory impacts was not included. The primary intention of the project is to identify the burdensome regulations and provide recommendations to reduce the burden, and to use the project as a test bed for future implementation or application of the RURB process among ASEAN member states[2]. The RURB process in this study only included the following major steps and outputs:

1) **Regulatory Mapping**: The mapping includes the description of and rationale for all relevant regulations in the value chain and the corresponding regulators. This lays out the processes and procedures followed by the regulated entities, e.g., firms, to satisfy regulatory requirements. Prior to collecting information for the regulatory mapping the research team identified the value chain of the chosen industry (in this study, the tuna industry) to ensure that all stages of the regulatory process are included in the study.

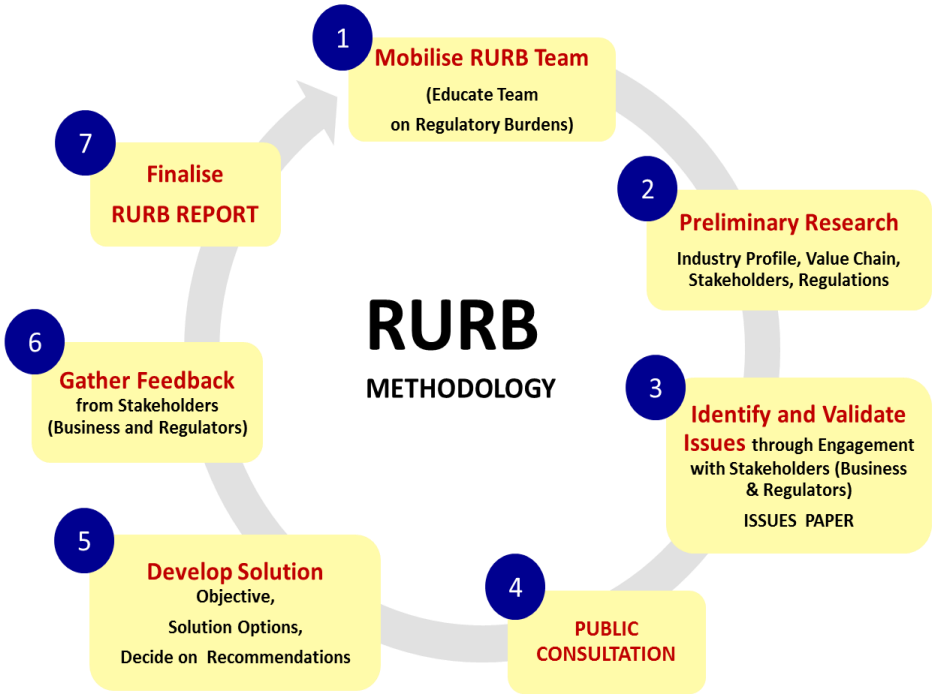
2) **Identification of Regulatory Issues**: Upon completion of the regulatory mapping, desk research and preliminary interviews with the stakeholders are conducted to determine the key regulatory bottlenecks, using the value chain as a convenient framework for identifying particular regulations as the product or commodity moves from production, processing, distribution and finally to

[2] Singapore was not included in this study.

consumption. The output at this stage of the research is an issues paper, which identifies regulatory issues and the regulatory bodies involved. Key informant interviews (KIIs) and focus group discussions (FGDs) with stakeholders are the main instruments to validate the preliminary findings of the issues paper.

3) **Key Unnecessary Regulatory Burdens (URBs) with Proposed Solutions**: This stage includes the conduct of informed regulatory conversation (IRC) among relevant stakeholders from the private sector, government agencies, and regulatory bodies. For each issue, the research team presents policy options that can solve or address the regulatory issue and checks whether those policy options are feasible or practicable given the constraints presented by the stakeholders. Figure 4 below shows the detailed RURB methodology (Mee 2015) that the research team applied to examine the regulatory burden on the tuna industry.

Figure 4. The RURB Process Used in the Study



Source: (Mee, 2015).

A unique approach taken by the authors is the use of IRC in arriving at a consensus on the key recommendations (called key agreements) to solve the regulatory burden. The research

team conducted a workshop with key stakeholders, called "Informed Regulatory Conversation"[3] where the regulatory issues identified from field interviews and the FGDs were presented and discussed. The IRC yielded a series of recommendations agreed upon by the participating stakeholders to address the identified regulatory issues. Thus, in place of the usual recommendations traditionally submitted by researchers, our study team submits practical *key agreements* to solve the regulatory burden. The agreements are both practical and practicable because they came from inputs made by the regulated entities, the regulators and the research team.

V. Philippine Tuna Industry Profile

The Philippines is one of the world's top tuna producers. There are 21 species of tuna found in Philippine waters but only six are caught in commercial quantity, namely yellowfin, skipjack, eastern little tuna, frigate tuna, bigeye, and bullet tuna[4].

Gross Supply of Tuna[5]

The gross supply of tuna, which is composed of local tuna production and tuna imports, has been increasing from 2005 to 2009 at a compound annual growth rate (CAGR) of 4.4 percent (Figure 5). This, however, dropped by double-digit rates in 2010 and 2011 owing to a decline in local tuna production as well as a significant decrease in tuna imports. Tuna supply rebounded in the next few years, especially in 2014 when it exhibited a 14.1 percent year-on-year increase to around 647,000 metric tons on account of the more than a hundred percent growth in tuna imports from 42,600 metric tons in 2013 to around 88,000 metric tons in 2014.

From 2006 to 2007, the tuna supply expanded due primarily to the growth of local tuna production and in 2008, both local production and imports increased. In 2008 the biggest boost in tuna production was realized when total production grew to about 636,000 metric tons, mostly coming from the huge catch of skipjack and yellowfin. However, this growth rate of 2.9 percent was lower than the 10.4 percent growth from 560,900 metric tons to 619,100 metric tons recorded in 2007. The slow growth was due to a significant drop in frigate tuna catch.

Local tuna production declined during these years as the member countries of Western and Central Pacific Fisheries Commission (WCPFC) settled to a limited ban on tuna fishing

[3] The research team conducted an informed regulatory conversation (IRC) on July 21, 2016 to identify those regulations that are necessary and those that may constitute a regulatory burden. Different stakeholders participated in the IRC, which was also used as a venue to agree on certain recommendations provided in this final section.

[4] The production of bullet tuna is too small and it is not included in the Philippine Statistical Authority (PSA) fishery production database.

[5] Gross supply of tuna is composed of two parts: (a) tuna production, which is the local supply of tuna caught by Philippine fishing vessels, both commercial and municipal, and (b) tuna imports.

utilizing fish aggregating devices (FADs). Since 2000, the Commission has seen an alarming depletion of tuna stocks due to overfishing and possible impacts of climate change. FADs, locally termed as “payao or payaw”, are man-made structures that utilize bright lights purposely deployed in fishing grounds to attract or lure pelagic fish species, most notably tunas and round scads. They are either made of bamboo or steel pontoons and are used as a standard accessory in traditional tuna fishing[6]. They are, however, damaging to the fish population since FADs catch even the small or juvenile fish. To address these concerns, BFAR released FAO No. 244, series of 2012 or the National Tuna Fish Aggregating Device Management Policy.

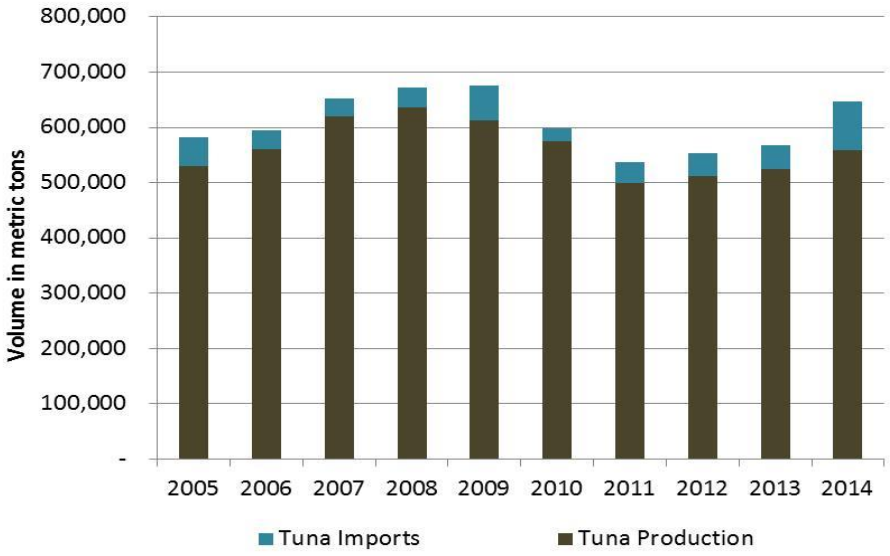
The ban was expanded to include a complete ban on purse seine fishing operations in two areas of the high seas in the Western and Central Pacific Ocean (WCPO). The original two to three months ban on the use of FADs in the area imposed in 2010 was lengthened as well to an annual ban, which has practically prohibited the use of such devices all year round. Commercial tuna catch, especially skipjack, yellowfin, frigate, and eastern little tuna, declined during this period by 9 percent. In 2011, local tuna production dropped by 13.2 percent year-on-year to 499,000 metric tons. Although this recovered in 2012 to 2014, as the Philippines was given a two-year exemption to the ban on purse seine fishing in Pocket 1 High Seas, the total volume of production was still below the 2008 level. The ban was reinstated in 2015.

The decline in local tuna catch was also due to the strengthening of protectionist measures among countries in the tuna-rich WCPFC areas, particularly Indonesia, which began requiring Filipino fishing operators to invest in processing and manufacturing plants to be located in Indonesia in exchange for access to its fishing grounds. Some of these operators include TSP Marine, Damalerio Fishing, SAL Fishing, RD Fishing, and RLG Fishing (Espejo, 2015a). Indonesia also required Philippine fishing vessels operating in its fishing grounds to hire Indonesian crew. In 2006, Indonesia terminated the bilateral fishing agreement with the Philippines, thus, sending Filipino fishing operators to look for other fishing grounds. The bilateral agreement started in 2002 and licensed 75 catcher vessels, 150 fish carriers, 20 long liners, 300 light boats, and 10 single purse seiners to fish in the Pacific Ocean as well as the Indian Ocean area that are within the Indonesia EEZ (Espejo, 2015b). Regulation No. 56 released by the Indonesian Maritime Affairs and Fisheries Ministry on November 2014 imposed a moratorium on fishing licenses to eliminate Illegal Unreported and Unregulated (IUU) fishing in Indonesian waters from November 3, 2014 to April 30, 2015. The moratorium was extended to October 31, 2015 (MindaNews, 2015).

The bulk of tuna supply comes from local production of tuna, which accounts for 86 to 93 percent of the gross supply of tuna.

[6] Source of information: BFAR interview.

Figure 5. Volume of Tuna Production, in metric tons, 2005-2014

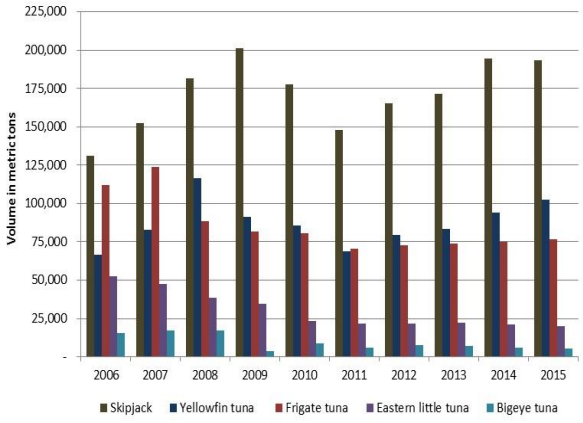


Source: Philippine Statistics Authority

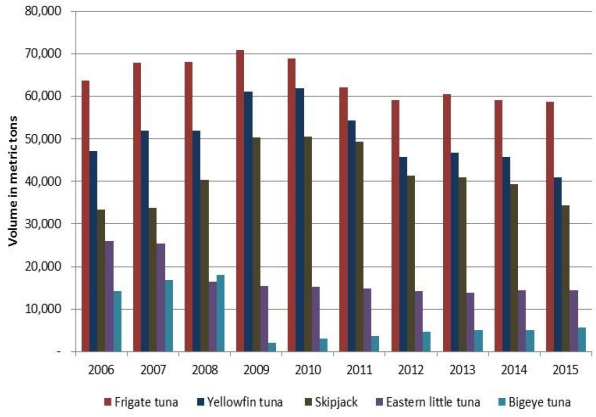
A large portion of the Philippine's tuna catch is the skipjack tuna, which accounts for about 40 percent of the total tuna production in the country. This is followed by yellow fin tuna, which again comes from commercial fishing[7]. The big eye tuna is the only tuna species that is caught more by municipal fishing than commercial fishing, but the difference is only minimal (Figure 6).

Figure 6. Local Tuna Production, by source, 2006-2015

A. Commercial



B. Municipal



[7] In the Philippines, there are two general classifications of fishing based on the boundaries of territorial water and size of the fishing vessels, namely: municipal fishing and commercial fishing. The distinction between these two classifications will be discussed further in the next section of the paper.

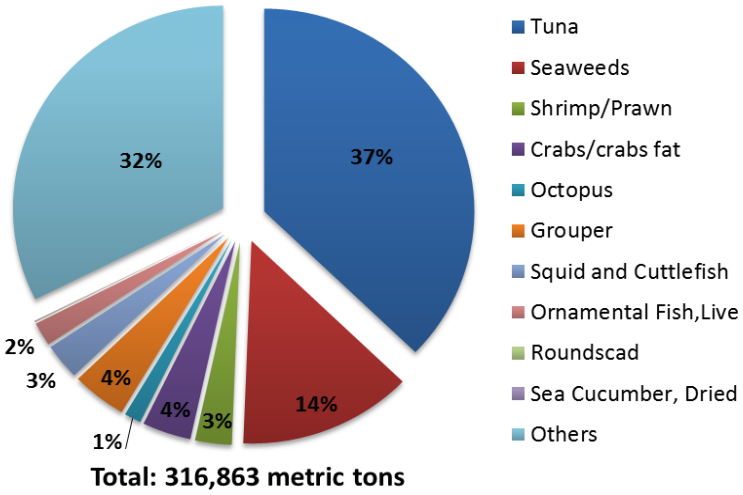
Source: Philippine Statistics Authority

Imported tuna from the international market accounts for about 7 to 14 percent of the country's total tuna supply. In 2012, the Philippines imported a total of 56,478 metric tons of chilled or frozen tuna from Papua New Guinea (39 percent of the total tuna imports), Taiwan (28 percent), China (12 percent), Japan (9 percent), South Korea (8 percent), and other countries such as Vietnam, Singapore, Indonesia, and the Marshall Islands, which account for about 1 percent each of the total imports.

Tuna Demand

In 2014, tuna was the Philippines' top fishery export in terms of volume (117,909 metric tons) and value (FOB value of US$443 million). Tuna accounts for 37 percent of the total fishery exports of the country followed by seaweeds, shrimp/prawn, crabs/crab meat, octopus, and others (Figure 7).

Figure 7. Major Fishery Export Products, 2014



Source: Philippine Statistics Authority

The major export destinations of fresh/chilled/frozen tuna are the United States, Japan, and Indonesia, members of the European Union like France, Germany, and the United Kingdom. For prepared/processed tuna, the major export markets are the United States, Germany, the United Kingdom, Japan, and Netherlands. Local tuna consumption is the highest among fish products consumed locally, at 4.35 kilograms per capita consumption in 2014 (Table 2).

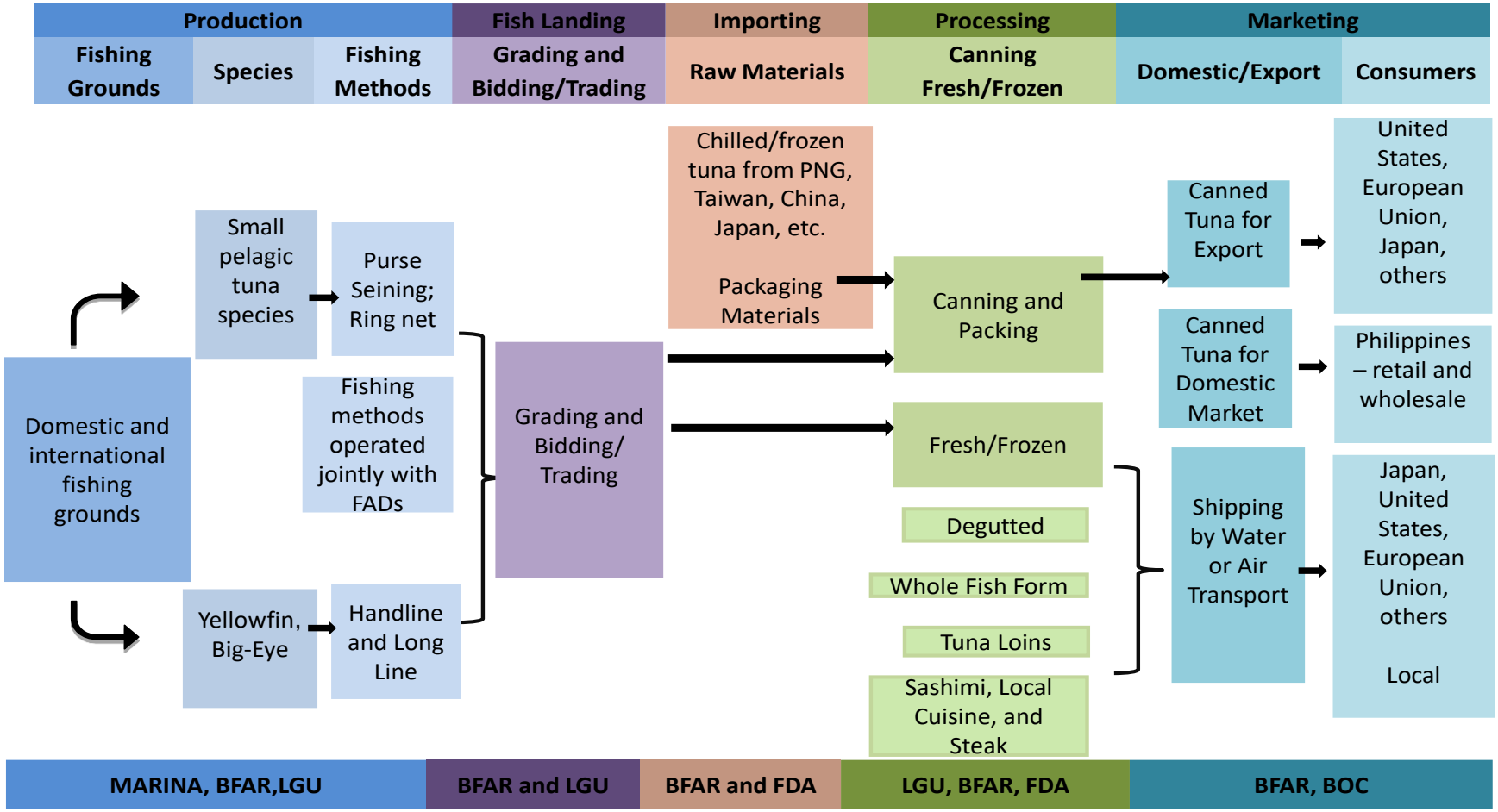
Table 2. Per Capita Fish Consumption, 2014

Fish Product	Consumption per Capita kg/yr
Tuna	4.35
Tilapia	3.06
Milkfish	2.62
Round Scad	1.71
Shrimps and Prawns	0.53
Crabs	0.36
Oyster	0.23
Mussel	0.19

Source: Bureau of Fisheries and Aquatic Resources

Philippine Tuna Value Chain

Figure 8. Philippine Tuna Value Chain



Verified by BFAR, DTI, and Tuna Canning Association of the Philippines

Figure 8 illustrates the tuna value chain tuna from production, to the intermediate stages of the chain, and finally to marketing for exports and direct consumption. At the bottom of the Figure are the different regulatory agencies intervening at different stages of the value chain.

Tuna is one of the most popular fish commodities in the international market. As mentioned above, there are 21 recorded species of tuna in the country but only six species are caught in commercial scale quantity, namely yellow fin, skipjack, eastern little tuna, frigate tuna, big eye, and bullet tuna. The Philippines is one of the world's top tuna producers. Tuna are caught in both domestic and international fishing grounds through ring nets, purse seine, hand line, and long line, which are operated in conjunction with fish aggregating devices (FADs), man-made floating objects or buoys used to attract pelagic fish. Although tuna can be caught in all of the country's fishing grounds, tuna fishing and processing are heavily concentrated in the Mindanao area. Tuna are caught by both commercial and municipal fishing vessels.

Commercial fishing is categorized as:

a. small scale, or fishing using passive[8] or active[9] gears and fishing vessels of 3.1 gross tons (GT) up to twenty (20) GT in weight;
b. medium scale, or fishing using active gears and vessels of 20.1 GT up to one hundred fifty (150) GT in weight; and
c. large scale, or fishing using active gears and vessels of more than one hundred fifty (150) GT in weight.

Commercial fishing vessels cannot legally fish within 15 kilometers from the shoreline since this area is reserved for municipal fishing under the jurisdiction of the municipal or city government as stipulated in the Republic Act (RA) No. 8550 (also known as the Philippine Fisheries Code of 1998) and the Local Government Code of 1991.

According to the WCPFC Record of Fishing Vessels, there are currently 313 Philippine-flagged fishing vessels listed with 82 percent of these boats registered in the General Santos Fish Port Complex while the rest are registered in Batangas, Davao, Manila, and Zamboanga. Fifty-three (53) fishing vessels are listed in the Indian Ocean Tuna Commission (IOTC). There is no Filipino fishing vessel registered with the International Commission for the Conservation of Atlantic Tunas (ICCAT) and the Commission for the Conservation of Southern Bluefin Tuna (CCSBT). Commercial fishing vessels operating only in the Philippine EEZA are not required to register with these international (regional) associations.

[8] Characterized by the absence of gear movements and/or the pursuit of the target species such as, but not limited to hook and line, fishpots, traps and gill nets set across the path of the fish. (BFAR)

[9] A fishing device characterized by gear movements and/or the pursuit of its target species by towing; lifting and pushing the gears surrounding, covering dredging, pumping and scaring the target species to impoundments, such as, but not limited to trawl, purse seine, Danish seine, bag nets, pa-aling, drift gill net, and tuna longline. (BFAR)

Municipal fishing, meanwhile, refers to fishing within municipal waters using fishing vessels of three gross tons or less, or fishing that does not require the utilization of fishing vessels. It is noted that there is only a very slight difference between small scale commercial fishing that uses vessels of 3.1 gross ton (GT) up to 20 GT in weight and municipal fishing that uses 3 GT or less in weight. The slight difference (3.1 GT and 3 GT) could invite local government regulation of vessels with 3.1 GT in weight.

After the fish are caught, they are brought to be stored, traded, and graded in landing centers[10] which are classified into three: 1) traditional; 2) government-owned fish landing centers (i.e. LGUs or the Philippine Fisheries Development Authority), and 3) privately managed landing centers. The last two classifications are considered as non-traditional landing centers. As of 2011, there were 456 commercial fish landing centers—369 of these are traditional landing centers, 46 are privately operated, and 41 are government-owned, specifically 33 are managed by the LGUs and eight are by the Philippine Fisheries Development Authority (PFDA) (BAS, 2012). The eight PFDA-managed landing centers are the General Santos Fish Port, Navotas Fish Port, Iloilo Fish Port, Lucena Fish Port, Zamboanga Fish Port, Davao Fish Port, Sual Fish Port, and the Camaligan Fish Port. Most of these PFDA ports cater to commercial fishing. According to data from the Philippine Statistics Authority-Bureau of Agricultural Statistics (PSA-BAS), total commercial fish production for 2015 was 1.08 million metric tons and total volume of fish unloaded in PFDA-managed ports was around 450,000 metric tons (PFDA, 2015). This means that 42 percent of the total commercial fish catch are landed in PFDA-managed ports. Municipal fish ports or community fish landing centers, meanwhile, are managed by local government units (LGUs) or jointly by the PFDA and the LGUs.

In the case of tuna, most of the catches are landed in the General Santos Fish Port Complex (GDFPC), an internationally recognized and accredited port by the European Union, Japan, and the United States. The GSFPC accounts for as low as 10 percent to as high as 34 percent of the total tuna catch. In 2015, 34 percent of total tuna production was unloaded in GSFPC. Some are unloaded in the ports of Navotas, Zamboanga, Davao, Sual, and even in Mindoro, which recently saw a significant rise in tuna catches.

Tuna are degutted and cut as head-on and head-off, cubes, tuna loins, sashimi, pellets, or steak, which are kept fresh or frozen or maintained as fresh/frozen whole tuna. These are exported to Japan, the United States, the European Union, and other countries either via air or water transport.

[10] The Philippine Statistics Authority defines the different types of landing centers in the Philippines as follows: (i) Traditional landing centers – where fishermen could unload their catch without any obligation to anybody for the use of the landing center; (ii) PFDA Fishport – wherein the PFDA has the complete control and supervision over the landing center and a certain amount is collected from the fisherman for the use of the port; (iii) LGU-managed landing center – where the local government unit manages the fishing activities in the landing center and sometimes a fee is charged for the use of the place; (iv) Privately managed landing center – a landing center could be considered as private if: (i) the pier/wharf or any docking structure and/or the land area where the said structures are build are owned or leased by a private entity, i.e. corporation, partnership or single proprietorship; (ii) boats unloading/docking are duly authorized by the owner/s of the landing center; (iii) a certain fee (for landing/unloading/docking) is collected from the boat operators, and; (v) Others - any other place used for unloading of fish catch

Tuna canning is a higher-value added processing of tuna compared to simple chilling or freezing of the tuna catch. As of present, there are seven tuna canneries operating in the Philippines, one from Zamboanga and the rest are from General Santos City. Tuna canners rely on both local supply and imported fresh/chilled tuna from other countries. Raw materials for tuna canning such as soybean and sunflower oil are also imported. Tin cans are bought locally or from the international markets such as Thailand, Malaysia, and Denmark. Canned tuna are mainly exported to the United States, the European Union, Japan, and other countries via water transport. Canned tuna are also sold in domestic markets and are a popular source of protein of both poor and non-poor households.

Tuna exporters of fresh/chilled and canned are required to abide by international standards imposed by tuna-importing countries in the European Union, the United States, Australia, and Japan, among others. The required certifications include the Certificate of Hazard Analysis of Critical Control Points (HACCP) and Certification of Good Manufacturing Practices (GMP) and Sanitation Standard Operating Procedures (SSOP). Tuna exporters are required to obtain these certificates and permits before they can sell to these countries. The certifications and permitting processes are means to ensure that the tuna have been caught legally using non-destructive methods, and are of high quality and fit for human consumption.

Tuna caught by municipal fishermen are landed in municipal ports and are processed through drying, salting, and smoking. The bulk of tuna caught in municipal waters is sold in the local markets and are rarely used in commercial processing.

VI. Regulatory Mapping

The Philippine tuna industry is subject to domestic [Philippine] regulations and international standards and regional agreements that the country adopted and acceded to. The objective of those domestic and international regulations is to ensure the proper and sustainable utilization, conservation, and management of such marine resources sourced from both Philippine and international waters. (Bureau of Fisheries and Aquatic Resources, 2012).

One of the international agreements signed and espoused by the Philippines is the United Nations Convention on the Law of the Sea, which was ratified in 1984. It outlines the rights and responsibilities of the countries in using the resources of the oceans and seas as well as the policies on its management. The Philippines is also a participant in various environmental treaties related to fisheries like the Convention on Biological Diversity and the Convention on the International Trade in Endangered Species of Wild Flora and Fauna (CITES). The country also has committed to observe the Food and Agriculture Organization's "Code of Conduct for Responsible Fisheries and the International Plan of Action to Prevent, Deter, and Eliminate Illegal, Unreported, and Unregulated Fishing (IPOA-IUU)". (Bureau of Fisheries and Aquatic Resources, 2012).

The Philippines is also a member of the Indian Ocean Tuna Commission (IOTC), International Commission for the Conservation of Atlantic Tunas (ICCAT), the Western and

Central Pacific Fisheries Commission (WCPFC) and a Cooperating Non-member to the Commission for the Conservation of Southern Bluefin Tuna (CCSBT). These memberships direct the Philippines to comply with regional conventions and conservation and management measures (CMMs) approved by the organizations. As of February 2016, there are 33 CMMs and resolutions of the WCPFC. In September 2015, 11 CMMs were adopted at the nineteenth session of the IOTC. Other commitments of the country that affect tuna fisheries include policies by the Asia Pacific Fisheries Commission (APFIC), the Southeast Asian Fisheries Development Council (SEAFDEC), the Asia Pacific Economic Cooperation (APEC), and Regional Plan of Action to Promote Responsible Fishing Practices Including Combating Illegal, Unreported and Unregulated Fishing (RPOA), and the Coral Triangle Initiative (CTI). (Bureau of Fisheries and Aquatic Resources, 2012).

Because of its role as one of the world's biggest tuna supplier in the international market, the Philippines follows rules on trade, specifically the World Trade Organization (WTO) rules on tariff and non-tariff barriers, fisheries subsidies, antidumping, sanitary and phytosanitary measures, as well as catch and trade documentation system and policies of big trading partners such as the EU and the United States, which impose the EU IUU Regulation and the Magnuson Stevens Act respectively, to guarantee that fish caught are legal. (Bureau of Fisheries and Aquatic Resources, 2012).

The government agency tasked to implement all the rules imposed by the international and regional organizations is the BFAR. It is the recognized competent authority that represents the Philippines in all these conventions. It was created in accordance with the Philippine Fisheries Code of 1998, to govern, develop, protect, conserve, utilize, and regulate the fisheries and aquatic resources in the country and its EEZ. The BFAR has jurisdiction, in terms of regulation, in both municipal and commercial waters. BFAR regulation is in addition to the regulation exercised by LGUs over municipal waters based on the Local Government Code of 1991. Efficient coordination between BFAR and the LGUs is crucial in protecting and conserving the country's marine resources.

Other government agencies involved in the tuna fishing industry are not regulators but are generally concerned with its development. They, include the Department of Environment and Natural Resources (DENR), the Maritime Industry Authority (MARINA), the PFDA, the Philippine Ports Authority (PPA), and the DTI. Crucial research and policy support agencies include the National Fisheries Research and Development Institute (NFRDI) and the BAS, under the PSA. For enforcement, involved units are the Philippine Coast Guard, the Philippine Navy, the Philippine National Police Maritime Group, and the Philippine Air Force. In terms of coordination, concerned institutions are the National Agriculture and Fisheries Council (NAFC), Fisheries and Aquatic Resource Management (FARMCs), National Committee on Illegal Entrants (NCIE), Monitoring Control and Surveillance Coordinating and Operations Centers (MCSCOCs), Bantay Dagat (Sea Watch) Program, and National Tuna Industry Council (NTIC) (Bureau of Fisheries and Aquatic Resources, 2012).

The tuna regulatory map will provide a convenient frame for identifying the regulations and regulatory instruments imposed at every stage of the tuna value chain, from starting a

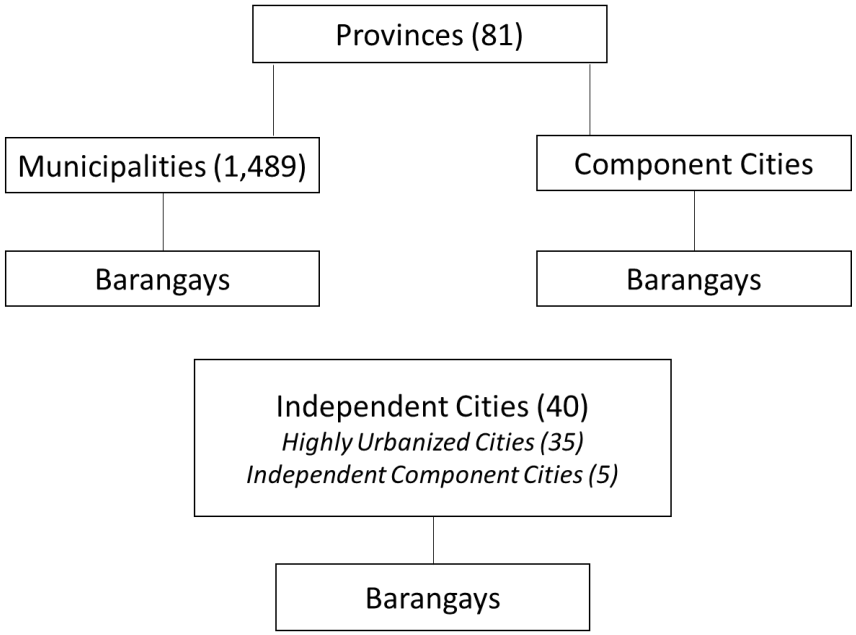
business, then to the local tuna production, the fish landing and storage stage, the importation of raw materials by tuna canning firms, the processing stage, and lastly the marketing and distribution to both the local and international market.

1. Starting a Business: Registration and Permits

The requirements to register a business in the tuna industry do not differ much from those required of other businesses. Tuna fishers, processors and canners face the same requirements in registering their respective businesses and getting permits to operate from local governments where they are located. However, there could be a difference in the number of procedures or steps, and in the number of days to obtain a license or permit to operate depending on the rules of the LGU where the business establishment is located. Hence, the LGUs' business permits and licensing office do not necessarily have the same set of procedures and efficiency in processing applications for permits and licenses.

To better appreciate the discussion, Figure 9 shows the structure of local governments in the Philippines. The largest local government unit in terms of political and geographical coverage are the provinces, followed by municipalities and the component cities. There are also the so-called, independent cities which are different from component cities. General Santos City (Dadiangas), which is covered in this study, is considered as a highly urbanized city. For each local government unit, there exists a local legislative council called the 'Sanggunian' (i.e. provincial board; city/municipal/barangay council) which is composed of councilors with the vice governor/vice mayor/punong barangay serving as the presiding officer (DILG-BLGF, 2015). Currently, there are 42,028 barangays in the country which are headed by a barangay captain.

Figure 9. Structure of Philippine Local Governments



Source: DILG-BLGF (2015).

The tuna industry players also have to register with various national government agencies such as the Social Security System, PhilHealth, Bureau of Internal Revenue, and others. These national government agencies either maintain offices near LGUs or within the premises of LGUs.

There are also differences in the way these national agencies deliver the services required of them because these agencies are not uniformly efficient.

The registration of businesses and securing permits to operate is done faster and more efficiently in municipalities or cities that have established "business one-stop shops", which house the different local and national government agencies.

This report highlights the procedures in starting a business in General Santos City where major tuna fishing companies and tuna canneries are located. Based on the World Bank's 2011 report on Doing Business in the Philippines, there are a total of 17 steps in starting a business in General Santos City (Table 3). The process takes about 20 days to complete with estimated associated costs[11] reaching about PHP12, 415.00.

Table 3. Starting a Business in General Santos City

	Procedure	Time to Complete	Associated Cost
1	Verify and reserve the company name with the Securities and Exchange Commission (SEC)	1 day	PHP40 (US$0.86)
2	Deposit paid-up capital in the Authorized Agent Bank (AAB) and obtain bank certificate of deposit	1 day	No cost
3	Notarize articles of incorporation and treasurer's affidavit	1 day	PHP500 (US$10.76)
4	Register the company with the SEC	1 day	PHP2,695 (US$58.00)
5	Pay the annual community tax and obtain the community tax certificate (CTC) from the City Treasurer's Office (CTO) after SEC certificate issuance	1 day	PHP500 (US$10.76)
6	Obtain barangay clearance	1 day	PHP800 (US$17.22)
7	Obtain application form from Business Permits and Licensing Division (BPLD)	1 day	No cost
8	Notarize business permit application form	1 day	PHP50 (US$1.08)
9	Register with the Social Security System (SSS)	1 day	No cost
10	Register with the Philippine Health Insurance Corporation (PhilHealth)	1 day	No cost
11	Apply for Certificate of Registration (COR) and Taxpayer Identification Number (TIN) at the Bureau of Internal Revenue (BIR)	1 day	PHP 115 (US$2.47)

[11] PHP to US$ = PHP46.467 to US$1 as of August 2016

12	Pay the registration fee and documentary stamp taxes (DST) at the AAB	1 day	PHP 4,670 (US$100.50)
13	Obtain business permit to operate from the BPLD	2 day	PHP1,805 (US$38.84)
14	Buy special books of account at bookstore	1 day	PHP400 (US$8.61)
15	Obtain the authority to print receipts and invoices from the BIR	3 days	No cost
16	Print receipts and invoices at authorized printing shops	1 day	PHP1,200 (US$25.82)
17	Have books of accounts and Printer's Certificate of Delivery (PCD) stamped by the BIR	1 day	No cost
	Total	**20 days**	**PHP12,415 (US$267.18)**

Source: World Bank's Doing Business in Philippines 2011

Of the 25 cities included in the 2011 report on Doing Business in the Philippines, General Santos City was seen to be the easiest place to start a business. The cost to establishments, which is computed as the percentage of income per capita, in General Santos City is 15.3 percent, the lowest among the 25 cities listed in the report. Globally, it ranked 95th out of the 183 cities surveyed for that study period (Table 4).

Table 4. Starting a Business Ranking of Select Philippine Cities

Rank	City	Steps (number)	Time (days)	Cost (% of income per capita)
1	General Santos	17	22	15.3
2	Davao	17	27	17
3	Taguig	16	28	23.2
4	Valenzuela	16	32	20.4
5	Lapu-Lapu	17	31	20
6	Zamboanga	20	28	16.9
7	Cebu	15	31	24.7
8	Marikina	16	29	24.3
9	Mandaluyong	19	28	21.7
10	Pasay	17	32	22.2
11	Caloocan	16	28	33.3
12	Quezon	16	36	21.4
13	Mandaue	18	35	19.9
14	Cagayan de Oro	17	32	27.8
15	Navotas	21	34	21
16	Malabon	20	32	26.7
17	Manila	15	38	30.3
18	Batangas	19	34	26.7
19	Paranaque	20	35	26

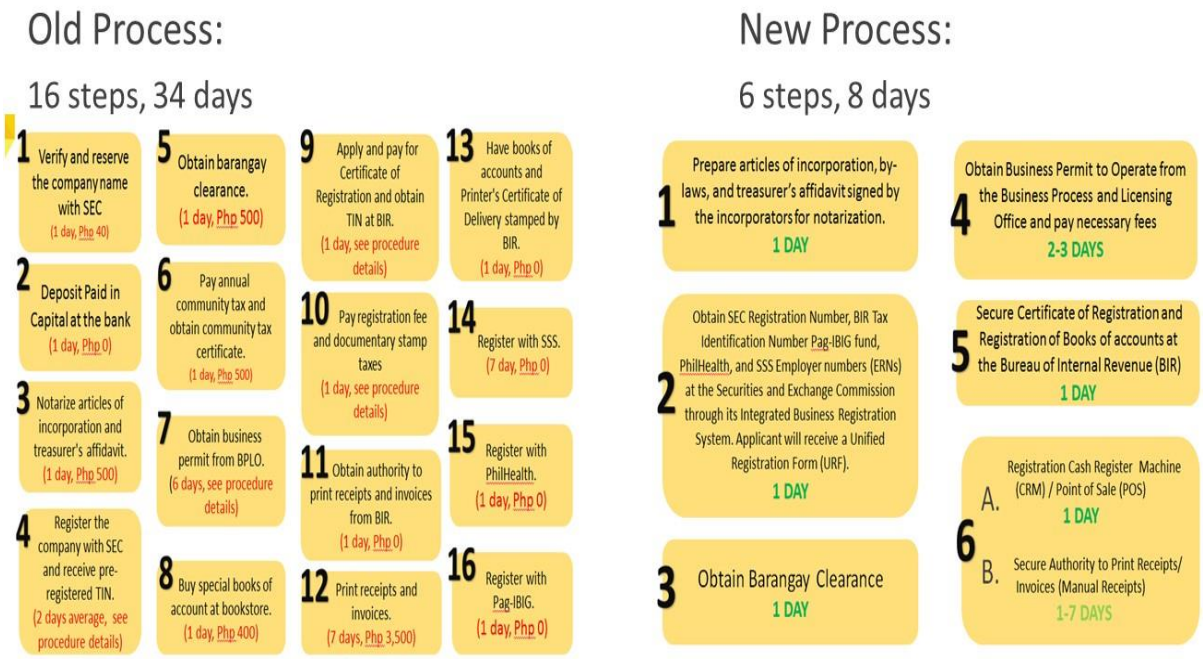
Rank	City	Steps (number)	Time (days)	Cost (% of income per capita)
20	Makati	19	33	36
21	Iloilo	20	56	22.3
22	Muntinlupa	20	36	26.9
23	Pasig	22	36	26.1
24	Las Pinas	21	35	34.7
25	San Juan	21	39	26.3
	Average	**18**	**33**	**24.4**

Note: The ease of starting a business rankings are the average of the city rankings on the procedures, time, cost and paid-in minimum capital for starting a business.
Source: World Bank's Doing Business in Philippines 2011

Although General Santos City was ranked first in terms of ease of doing business, it can still further improve business registration processes.

Quezon City showed that this is possible. In 2015 it reduced the number of procedures from 16 steps to 6 steps and the days for registration from 34 to 8 days (Figure 10). Quezon City established a One-Stop Shop that houses its own business and permits licensing office and all national government agencies involved in the licensing and permitting process, for example, the Bureau of Internal Revenue (BIR), for the convenience of local businesses set up workstations in the Quezon City Hall. The case of Quezon City illustrates that if there is political will, LGUs can reduce the cost of doing business.

Figure 10. Quezon City Business Permits and Licensing Office, Old vs. New Process



Source: National Competitiveness Council

In August 2016, three government agencies, namely the DTI, the Department of Interior Local Government (DILG), and the newly formed Department of Information and Communication Technology (DICT) signed a joint memorandum circular (JMC) to help improve the business permits and licensing process of the cities and municipalities, and cut down processing time to only one to two days, to make it easy for businesses to register and get permits and licenses, thereby raising competitiveness. The JMC mandates the uniformity of forms and procedures of LGUs, the use of one application form in print and electronic form, and a maximum of three steps and two signatures, those of the Mayor and Treasurer or the Business Permit and Licensing Officer, together with their designated alternatives.[12]

The JMC enjoins the LGUs to stipulate the legal framework as well as provide the budget and logistical support in reforming their respective BPLS, which includes hiring of staff, establishing one-stop-shop facilities, usage of the unified forms, organization and operationalization of joint inspection teams, consolidating and managing the lists and databases, developing automated processes, presenting online mechanisms, and handling of information, education, and communication campaigns. Moreover, LGUs are urged to further

[12] The Joint Memorandum Circular has no number as of present but can be accessed through http://www.dilg.gov.ph/PDF_File/issuances/joint_circulars/dilg-joincircular-2016815_81d0d76d7e.pdf

reduce the cost and process of doing business through the issuance of the barangay clearance in the city or municipal hall as opposed to the usual practice of obtaining the barangay clearance in the barangay hall; and renewing the Fire and Safety Inspection Certificate (FSIC) for non-critical or low risk businesses every three years instead of every year.

2. Regulations: Production

Table 5 summarizes the major government regulatory instruments and the regulators directly affecting the Philippine tuna industry. Many of those regulations were issued pursuant to the Fisheries Code, as amended, the Local Government Code, and the Food Safety Act. The rationale behind all these regulations is to ensure the conservation, protection, and sustainable management of the country's marine resources through good practices and the observance of health and food safety standards in the fishing industry.

Note that each regulatory instrument has certain processes and requirements (Annex A and B). The discussion of regulations in the production stage is limited to commercial fishing as the requirements or procedures for municipal fishing, including fees differ depending on the LGU.

Table 5. Regulations and Regulatory Instruments in the Philippine Tuna Industry

Regulation Instrument	Regulation	Description/Objectives	Regulator
Fishing Vessels, Freezer/Carrier Vessels, and Fishing Boats			
1. Certificate of Philippine Registry (CPR) and Certificate of Ownership (CO)	MC No. 2013-02	Rules that govern the registration and documentation of ships entitled to fly the Philippine flag	MARINA
2. Commercial Fishing Vessel/Gear License	FAO No. 198 s. 2000	License that allows a vessel to conduct fishing operations in Philippine waters	BFAR
3. Fishing Gear Registration	FAO No. 198 s. 2000	Fishing gear allowed in fishing operations in Philippine waters	BFAR
4. International Fishing Permit	FAO No. 198 s. 2000	International fishing permit and Certificate of Clearance that the fish caught by such registered vessels shall be considered as caught in Philippine waters and therefore, not subject to all import duties and taxes, and only when the same are landed in duly designated fish landings and fish ports in the Philippines	BFAR
5. Fishworker's License	FAO No. 198 s. 2000	Permit to seek employment as fish worker or pearl diver	BFAR
6. Certificate of Eligibility	FAO No. 198 s. 2000	Certificate issued to a qualified commercial fishing vessel operator for tax and duty-exempt importation of fishing equipment and paraphernalia	BFAR

Regulation Instrument	Regulation	Description/Objectives	Regulator
7. Clearance to Import Fishing Vessels	FAO No. 198 s. 2000	Approval needed prior to the importation of fishing vessels and the construction of new fishing vessels	BFAR
8. Certificate of Hazard Analysis of Critical Control Points (HACCP) Recognition/Accreditation	FAO No. 212 s. 2001	Guidelines on the implementation of the Hazard Analysis Critical Control Point system	BFAR
9. Certificate of HACCP Approval, Certificate of Recognition for HACCP Implementation and Certificate of Inspection	FAO No. 212 s. 2001	Guidelines on the implementation of the Hazard Analysis Critical Control Point system	BFAR
Buying Stations/Auction Markets and Ice Plant and Cold Storage			
1. Certificate of Hazard Analysis of Critical Control Points (HACCP) Recognition/Accreditation	FAO No. 212 s. 2001	Guidelines on the implementation of the Hazard Analysis Critical Control Point system	BFAR
2. Certificate of HACCP Approval, Certificate of Recognition for HACCP Implementation and Certificate of Inspection	FAO No. 212 s. 2001	Guidelines on the implementation of the Hazard Analysis Critical Control Point system	BFAR
3. Cold Storage Warehouse Accreditation	AO No. 21 s. 2011 and AO No. 23 s. 2013	Mandatory Accreditation of Cold Storage Warehouse (CSW) for Agricultural and Fisheries Products	DA
Fish Processing Plants and Importer of Fresh/Chilled Fishery Products			
1. License to Operate	AO 2014-0029	Requirement to ensure food safety through the imposition of food quality standards that are aligned with the mandated issuances of regulatory agencies	FDA
2. Certificate of Product Registration (Medium and High Risk Food)	AO 2014-0029	Certificate to ensure food safety through the imposition of food quality standards that are aligned with the mandated issuances of regulatory agencies	FDA
3. Certificate of Hazard Analysis of Critical Control Points (HACCP) Recognition/Accreditation	FAO No. 212 s. 2001	Guidelines on the implementation of the Hazard Analysis Critical Control Point system	BFAR
4. Certificate of HACCP Approval, Certificate of Recognition for HACCP Implementation and Certificate of Inspection	FAO No. 212 s. 2001	Guidelines on the implementation of the Hazard Analysis Critical Control Point system	BFAR
5. SPS Clearance to Import Fresh/Frozen/Chilled Fishery Products (Old Clients)	FAO no. 195 s. 1999 and 195-1 s. 2003	Rules and regulations governing the importation of fresh/chilled/ frozen fish and fishery/aquatic products to ensure food safety on imported fish and fishery/aquatic products	BFAR

Regulation Instrument	Regulation	Description/Objectives	Regulator
6. SPS Clearance to Import Fresh/Frozen/Chilled Fishery Products (New Applicants)	FAO no. 195 s. 1999 and 195-1 s. 2003	Rules and regulations governing the importation of fresh/chilled/ frozen fish and fishery/aquatic products to ensure food safety on imported fish and fishery/aquatic products	BFAR
7. Inspection and Clearance of Imported/Incoming Fish and Fishery Products via the MDA/NAIA	FAO no. 195 s. 1999 and 195-1 s. 2003	Rules and regulations governing the importation of fresh/chilled/ frozen fish and fishery/aquatic products to ensure food safety on imported fish and fishery/aquatic products	BFAR
8. Chemical and Microbiological Testing	FAO no. 213 s. 2001	Establishment and maintenance of BFAR's quality control laboratories and collection of fees and charges for examination services	BFAR
Exporters of Fish and Fishery Products			
1. SPS/HC for Accredited Exporters to International Markets	FAO no. 228, s. 2008	Rules and regulations governing the organization and implementation of official controls on fishery and aquatic products intended for export to the EU market for human consumption	BFAR
2. Export Permit for Fresh/Frozen/Chilled Fishery Products (New Applicants)	FAO no. 210 s. 2001	Rules and regulations on the exportation of fresh, chilled or frozen fish and fishery/aquatic products	BFAR
3. Export Permit for Fresh/Frozen/Chilled Fishery Products (Old Clients)	FAO no. 210 s. 2001	Rules and regulations on the exportation of fresh, chilled or frozen fish and fishery/aquatic products	BFAR
4. Export Commodity Clearance	FAO no. 210 s. 2001	Rules and regulation on the exportation of fresh, chilled or frozen fish and fishery/aquatic products	BFAR
5. Clearance for Outgoing Fish and Fishery Products Via the MDA/NAIA	FAO no. 210 s. 2001	Rules and regulation on the exportation of fresh, chilled or frozen fish and fishery/aquatic products	BFAR

Source: Bureau of Fisheries and Aquatic Resources, Maritime Industry Authority, Food and Drug Administration

Registration and Licensing of Commercial Fishing Vessels

Commercial fishing vessels, freezer/carrier vessels, and fishing boats must obtain a Certificate of Philippine Registry (CPR) and a Certificate of Ownership (CO) from the MARINA in compliance to Presidential Decree No. 474, Section 12 (d) of Executive Order Nos. 125, as amended, Section 10 (1) Chapter III of Republic Act 9295, and Chapter XV of the Philippine Merchant Marine Rules and Regulations (PMMRR) 1997. MARINA Circular No. 2013-02 provides the revised rules for registration and documentation of ships operating in Philippine

waters. The MARINA also updates the Philippine registry regularly and delists ships under the following circumstances:

1. exportation of ship due to sale to foreign entity;
2. expiration of CPR of bareboat chartered ship;
3. ship breaking, scrapping and decommissioning of ship;
4. total loss as stipulated in a Marine Protest/Report;
5. non-operational for a period of five years for submarines, amphibians, and similar type of ships under the class of miscellaneous ships;
6. revocation by MARINA of the ship's charter or lease contract for a cause and after due process; and,
7. MARINA'S order, after due process, to delete from the Philippine Registry the registration of any ship found to have violated the government's rules and regulations.

Commercial fishing vessels obtain their commercial fishing vessel license and fishing gear registration and license from BFAR based on guidelines stipulated in Fisheries Administrative Order (FAO) No. 198 series of 2000. This allows both MARINA and BFAR to monitor whether the fishing vessels are using only environmentally-safe fishing gears and apparatus. All these information are updated regularly and submitted to the regional fisheries management organizations (RMFOs).

They also have to secure from MARINA and BFAR of the Fishworker's License, Certificate of Eligibility, and Clearance to Import Fishing Vessels. They also have to obtain an International Fishing Permit, which allows the Philippines to monitor vessels that fish in other countries' waters to ensure that they adhere to the fishing regulations of those countries. The International Fishing Permit also states that any fish caught by Philippine-flag vessels in international waters are considered caught in Philippine waters.

MARINA and BFAR impose the corresponding fees that depend on the size of the vessel (Annex A). The larger the size, the larger the fees associated with the certificates and licenses.

Registration and Licensing of Municipal Fishing Vessels

Meanwhile, the licensing of municipal fishing vessels[13] in the country is under the LGU (municipality or city government). Under **Section 149 of Republic Act 7160** or the Local Government Code (LGC) of 1991, municipalities have the authority to award fishing privileges in the municipal waters, to impose rentals, fees or charges, and particularly to issue licenses for the operation of municipal fishing vessels. **Executive Order No. 305 series of 2004** provides cities and municipalities with the task of registering municipal fishing vessels and maintaining

[13] Municipal fishing vessels are the smaller-sized vessels (i.e. 3 gross tonnage or less).

and updating their local databases. This devolves the registration function of MARINA to the LGUs with respect to the small fishing vessels. However, both MARINA and BFAR must still maintain a database of all registered and licensed fishing boats, whether commercial or municipal.

To accelerate and encourage municipal fishermen to register and obtain their licenses, the BFAR and the Fisheries Information Management Center (FIMC), established a centralized web-based database management systems referred to as the (i) BoatR or the Municipal Fishing Vessel and Gear Registration system and (ii) the FishR or the National Program for Municipal Fisherfolk Registry in 2015. The BoatR aids the LGUs in maintaining the database and documents of municipal fishing boats and gears. It also assists in the monitoring of the number of registered fishing boats and gears. The FishR helps the municipal fishermen to register in their municipalities. According to the BFAR, as of February 2016, 1.65 million fisherfolk have registered in the FishR.

Certificate of HACCP Recognition/Accreditation - BFAR

The BFAR also issues the Certificate of HACCP Recognition/Accreditation, especially to freezer/carrier vessels. The process of application for registration and HACCP Recognition starts with the submission of the application letter and the specific documents required for each type of applicant. Note that the primary requirement for most types of applicants in the fishing industry is the License to Operate which is issued by the Food and Drug Administration (FDA).

Once the application letter and the food safety programs submitted by the applicant to BFAR are found compliant to BFAR requirements, the applicant will be asked to accomplish Form No. 210 (Application for Registration and HACCP Recognition of Fishery Products Establishments) and Form No. 202 (company profile) before proceeding to the next step, the *pre-assessment on-site inspection*. The inspection is to be conducted by inspectors from both the central and the concerned regional BFAR offices ("joint fish inspectors"). During inspection, the joint fish inspectors are expected to meet with the owner(s) and conduct a walk-through within the vessel or fish processing plant premises. After this, the inspectors prepare and release to the applicant a final "Pre-assessment Inspection Report". The applicant is expected to submit a corrective action plan (CAP) to the BFAR regional office if there are any deficiencies found during the pre-assessment inspection. The CAP will be reviewed and once it has been approved, the BFAR Central Office (located in Metro Manila) will send the results of the CAP evaluation via email/fax and the original copy through a courier.

After the pre-assessment on-site inspection, another round of on-site inspection of the facility by the BFAR regional inspectors and desk review is undertaken. The applicants present and explain their respective food safety programs while the joint fish inspectors review these programs (Good Manufacturing Practices (GMP) / Sanitation Standard Operating Procedures (SSOP) and HACCP). Then, the BFAR central and regional inspectors must prepare the "Final Assessment Report", which the BFAR regional offices release to applicants.

The next step after registration is the system audit of the fish processing plant. A request for audit is sent to the BFAR Regional Office. The joint inspection team visits the fish

processing plant for the third time but the third visit is for conducting a systems audit with rating. The BFAR Regional Office releases the assessment report to the applicant. If the applicant is found compliant, the facility (fish processing plant) will be recommended by BFAR for inclusion in the list of HACCP-approved fishery establishments. Otherwise, re-inspections will be done until the fish processing plant passes the minimum food safety requirements.

There are other regulations the tuna industry players must comply with in order to sell to the international market as well as ensure conservation efforts. In 2015, BFAR issued FAO No. 245-3, which states the regulations and implementing guidelines on group tuna purse seine operations in high seas pocket number 1 as a Special Management Area. This is in compliance with the WCPFC's CMM to maintain big eye, yellow fin, and skipjack tuna stocks at levels producing maximum sustainable yield. In 2015, BFAR released FAO No. 236-4, an extension of FAO 236-3 stating the rules and regulations on the operations of purse seine and ring net vessels using FADs during the FAD closure period from July-September of every year.

3. Regulations: Fish Landing and Storage

Fish landing sites, buying stations, auction markets, and ice plant and cold storage facilities also require the HACCP Recognition/Accreditation. Two requirements are needed by establishments in this stage: the sanitary permit and the Good Manufacturing Practices (GMP) and Sanitation Standard Operating Procedures (SSOP) plan.

The DA Administrative Order No. 21 (issued in 2011) requires cold storage warehouses for agricultural and fisheries products to obtain a certificate of accreditation from the DA, in compliance with RA No. 7394 or the Consumer Act of the Philippines, to guarantee that facilities and the food stored are safe for human consumption. Only those accredited and compliant Cold Storage Warehouses (CSWs) are allowed to engage in international trade. It is noted that BFAR already has a process in place for the certification of cold storage warehouses or facilities used for storing fish and fishery/aquatic products as implemented in the HACCP system since the DA assigned the BFAR as the Competent Authority (CA) to inspect, assess, and audit CSWs engaged in fishery and aquaculture product business. However, in 2013, the DA released AO No. 23, amending AO No. 21. This delegated the Committee on CSW Accreditation (CCSWA), which is composed of authorized inspectors known as Agriculture Compliance Officers (ACOs) from NMIS, BFAR, BPI, and BAI, with the task of conducting the audit and assessment of CSWs instead of BFAR solely handling the inspection. The CCSWA will then forward its findings to the DA-Competent Authority (DA-CA) Cold Storage Warehouse Team (DA-CSWCT)[14] for approval and issuance of accreditation.

[14] Composed of the Chairman, two representatives each from the National Meat Inspection Services (NMIS), Bureau of Animal Industry (BAI), Bureau of Plant Industry (BPI), BFAR, and the DA's Legal Division

4. Regulations: Processing of Tuna: Fresh/Chilled and Canned

The next bloc of the value chain involves the processing of both fresh/frozen tuna and canned tuna products. All tuna fish, in raw form, must follow the standards stipulated in the Philippine National Standards (PNS), created and developed by the Bureau of Product Standards under the DTI. All fresh, chilled, fresh-frozen and treated tuna produced by companies and/or utilized by canning firms must comply with the national standards specified in PNS BAFS 138:2014.[15] The Philippine standards cover the following: 1) the cooling / chilling temperature that must be applied throughout the handling process; 2) the essential composition and quality factors; 3) standards for food additives and contaminants; 4) proper hygiene and handling practices; 5) proper packaging and labelling practices; 6) methods of sampling, examination and analysis of products; 7) definition of defective products; and 8) the requirements for lot[16] acceptance. In terms of the regulatory agencies involved, the BFAR and the Food and Drug Administration (FDA) are the main regulators for the registration and operations of tuna processing firms. These regulators use various regulatory instruments to ensure that safety standards are met, most of which are anchored to the international standards imposed by major tuna importers (e.g. EU and the US).

As mentioned earlier, the required certificates and licenses vary at each stage of the value chain. In the case of fish processing plants, the operator must have a license to operate (LTO), which is issued by the FDA, and GMP and SSOP/HACCP Plan, which are issued by the BFAR (see Annex B).

Another matter of consideration is the actual time involved in securing registration and HACCP accreditation. The BFAR's Citizen's Charter states the processing time to be be approximately 20 working days, 4 hours and 45 minutes. The reality could be different. Certain steps in the whole procedure of registration and accreditation have to be undertaken in the BFAR Regional Offices, which means that actual processing time depends on the availability of inspectors. The unavailability of inspectors seems a bottleneck in the registration and accreditation process. It is noted that the inspection is done jointly by the central and regional offices, which makes the process quite tedious.

The Charter seems to indicate an ideal situation wherein the members of the joint inspection team are readily available to do their assigned tasks, and applications and other documentation satisfy the information requirements of the regulator.

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[15] This is a recent addition to the Philippine National Standards that was developed by the Technical Working Group (TWG) organized by the Bureau of Agriculture and Fisheries Standard (BAFS) through Department of Agriculture (DA) Special Order No. 275, series of 2013. The TWG includes members representing the BFAR, DOST-Industrial Technology Development Institute, UP Visayas – College of Fisheries and Ocean Sciences, and two private companies which produced fresh / processed tuna products.

16 The Bureau of Product Standards defines this as the "collection of primary containers, or sample units, of the same size, type and style which have been manufactured or processed under essentially the same conditions".

5. Regulations: Marketing and Distribution

The final stage of the Philippine tuna value chain is the marketing and distribution both to the local market and the international market. The BFAR primarily regulates the export of fresh and processed tuna products, as it is tasked with issuing the export permits and the export commodity clearance in accordance with FAO No. 210series of 2001.

Based on the said regulation, “only fish products which have been processed in fish processing establishments certified by BFAR to be compliant with the SSOP and HACCP system shall be allowed to be exported”. These products are mandated to undertake laboratory tests, depending on the requirement of the importing country, at any BFAR laboratory or BFAR-accredited laboratory. The results are then submitted to BFAR and will be the basis for issuing the SPS/health certificate. The permits and SPS/health certificates are filed on a per shipment basis at least a week before the date of exportation, which should include an export declaration and packing list. Pursuant to EO No. 554, series of 2006, export clearances, inspections, permits, certificates, and other documentation requirements are free of any fee or charge. Before shipping, fish products are inspected for proper verification and to ensure that accompanying documents are complete.

VII. Regulatory Issues and Key Agreements

The regulatory mapping shows the extent and number of regulations affecting the tuna industry. In each stage of the value chain compliance with various government regulations is a necessary undertaking by the private sector in the tuna industry. Some of those regulations may be necessary, for example, to safeguard food safety, while some may be an unnecessary burden. Overall, the regulations imposed on the tuna industry especially those concerned with food safety standards make sense and are necessary. However, there is a case for improving the regulatory framework of the tuna industry, especially the procedures for registration, licensing, and inspection as will be discussed below.

The regulatory mapping shows that there are four major regulators faced by the tuna industry: LGUs, MARINA, BFAR, and FDA. This section reports the regulatory issues identified by the research team upon conducting key informant interviews and focus group discussions with BFAR, MARINA, the local government of General Santos City, tuna industry associations, commercial tuna fishers, tuna exporters, tuna canners and municipal fishermen. They identified various issues on a) starting a business; b) acquiring license to operate from FDA; c) BFAR signatories for the regulatory instruments; d) acquiring registration and licenses for fishing vessels, from MARINA, BFAR, and the LGU; e) the Qualified Person in Industry Regulatory Affairs (QPIRA) of FDA; and others.

The research team conducted a workshop with key stakeholders, called "Informed Regulatory Conversation"[17] where the regulatory issues collected from field interview and focus group discussions were presented and discussed. The IRC yielded a series of recommendations agreed upon by the participating stakeholders to address the identified regulatory issues. After a discussion of the regulatory issues, this final section provides the agreements to improve the regulatory framework affecting the tuna industry.

1. Business registration

The process of registering a business differs across municipalities and cities. For instance, in Cebu City there are only 15 steps for registration, the shortest number of steps among the study areas covered in the World Bank-International Finance Corporation (2010) report, but it takes 31 days to finish it. In Iloilo City, it takes 56 days, the longest among them all, to complete 20 steps. The average for all the areas is 18 steps in 33 days. However, as demonstrated by Quezon City, cutting steps further and streamlining the registration process to make it easier, faster, and more efficient is doable given the LGUs' powers as provided in the LGC of 1991. The LGUs where the different players in the tuna industry are located should consider reducing both the processing time to get permits and licenses and simplifying the procedures.

With the implementation of Joint Memorandum Circular (JMC) No. 1, series of 2016[18], it is expected that the LGUs (i.e. cities and municipalities) will follow the revised standards in processing business permits and licenses which will significantly reduce the processing time to two days for new business permit applications and one day for renewals. Furthermore, they are directed to limit the number of signatories to two which includes the Mayor (or any designated representative) and the BPLO or City Treasurer as recommending approval. This also directs LGUs to use a unified application form for new business applicants and strongly encourages them to adopt an automated system in conducting government transactions. This also provides for the setting-up of a Business One-Stop-Shop (BOSS) facility for business registrations.

There is also a case for a re-examination of the fees and charges imposed by both local and national governments. For instance, businesses are required to pay for barangay clearance which costs around PHP 500.00 or approximately USD10.20[19]. This clearance may be acquired

[17] The research team conducted an informed regulatory conversation (IRC) on July 21, 2016 to identify those regulations that are necessary and those that may constitute a regulatory burden. Different stakeholders participated in the IRC, which was also used as a venue to agree on certain recommendations provided in this final section.

[18] This was issued by the Departments of Interior and Local Government (DILG), Trade and Industry (DTI), and Information and Communications Technology (DICT) last August 30, 2016.

[19] Exchange rate at PHP 49 per 1 USD.

in one day provided that the barangay captain, who is the sole signatory to the document, is present. Chapter 4, Section 391(2) of the LGC allows barangays to enact its own tax and revenue ordinances, subject to the limitations imposed in the Code. According to the Department of Budget and Management (2012), collection of fees for barangay clearances serves as one of its schemes to generate revenues. Barangays have other sources of incomes or funding support such as the internal revenue allotment from the national government, taxes imposed on stores or retailers with fixed business establishments, and gross sales or receipts in the preceding year of a certain amount, fees collected from sources as allowed in the LGC, shares from the revenues of national/provincial/city or municipality (e.g. real property tax collections of the provinces and city), among others. While, the cost of acquiring barangay clearance is minimal, there seems to be a need to review the necessity of this requirement because it also imposes transaction costs to businesses. In the most recent review of the LGC of 1991, the DILG (2015) noted that having various requirements for securing Mayor's permit which includes the barangay clearance, among others, adds to the complication of tax administration in local governments. Joint Memorandum Circular No. 1, series of 2016 now encourages LGUs to remove barangay clearance as a documentary requirement in acquiring business / Mayor's permit and include it instead as a requirement during the pre-registration stage, i.e. in securing Occupancy Permit / Certificate of Occupancy (see Annex C).

While it is beyond the scope of this study to examine this issue on the barangay clearances and permits, it is important to take into consideration the various local services that have been devolved to them as mandated by the LGC of 1991. In a study conducted by Layug, Pantig, Bolong, & Lavado (2009), they found that there is a "mismatch between (the LGUs') financial capabilities and (their) devolved functions" which may be attributed to limited funds that are mostly spent on personal services. The following are the devolved local services to barangays: (i) agricultural support services, which include planting material distribution system, and operation of farm produce collection and buying stations; (ii) health and social welfare services, which include maintenance of barangay health centers and day care centers; (iii) services and facilities for general hygiene and sanitation, beautification, and solid waste collection; (iv) maintenance of "katarungang pambarangay or barangay justice system"; (v) maintenance of barangay roads and bridges and water supply systems; (vi) infrastructure facilities such as multipurpose halls, multipurpose pavement, plaza, sports center, and other similar facilities; (vii) information and reading center; and (viii) satellite or public market, where viable (Layug, Pantig, Bolong, & Lavado, 2009).

The LGU may indeed simplify and streamline the registration process. General Santos City government has a dedicated staff in the business permit and licensing division (BPLD) to process certain requirements such as the Zoning Clearance, OBO Clearance, Conditional Sanitary Permit to Operate, Real Property Tax Clearance, and Environmental Certifications. General Santos City local government also formed a team from the various local units involved in registration, permits and licensing, e.g., health inspection unit, fire inspection unit, to visit the local businesses that have applied for registration and licensing, to make site visits all at the same time, instead of these local units doing the site visits on their own time and schedule. This

is intended to reduce the transaction costs of the applicant firms, and also to save time for the limited number of staff in the business permit and licensing offices of the city government.

However, the requirement to first secure clearances from concerned national government agencies, e.g., PhilHealth, Bureau of Internal Revenue, before proceeding with the processing of local business registration and getting the Mayor's Permit could be a major challenge for business firms. The JMC No. 1, s. of 2016 still includes this provision under Section 6.2 which necessitates business permit applicants to comply with all national laws and regulatory requirements including, but not limited to, clearances/licenses/certificates required by other agencies (e.g. FDA for food establishments). Securing local permits and clearances has been made dependent on the efficiency of such national government agencies in processing the business firms' application for national clearances and their accessibility. If they are not easily accessible, then delays in securing the clearances contribute to the high transaction costs for securing such national government clearances. For instance, some key informants cited as an example, problems with locating or accessing Food and Drug Authority (FDA) and the Philippine Shippers' Bureau (PSB) in General Santos City.

An unnecessary burden faced by firms is the requirement for a barangay clearance, and in at least one instance, securing a "purok" clearance, and the corresponding fees charged by the barangays, which are perceived to be arbitrary, and worse at time, unreasonably high[20]. At the bottom of the clearance pyramid is the "purok" clearance. It appears business firms have first to get the "purok" clearance before securing a barangay clearance. This is for those barangays which have allowed "purok" wards to require a clearance for a fee.

Another issue is on the staff of the BPLD. Local governments have to professionalize their BPLD staffing and provide them with security of tenure. In the case of General Santos City government, most of the staff are coterminous with the incumbent City Mayor. A majority of staff could be contractual personnel or hired through job orders. They may be dismissed or replaced by an incoming local city administration after the triennial local elections. The lack of permanent status for these staff members who are sent to various training and skilling programs may lead to wastage of funds used to train such staff. The contracts of such contractual personnel or those hired through job orders may not be renewed for various reasons, e.g., budgetary constraint.

Understaffing is also an important issue brought out during the focused group discussions. This set-up weakens the business processing and licensing system, which may subject it to the vagaries of local politics.

[20] Barangay is the primary local government unit. Several barangays comprise a city. A "purok" is a smaller informal unit within a barangay. Several "puroks" constitute a barangay.

Agreements:

- **Concerned LGUs to provide clear guidelines on the procedure and schedule of fees to ensure transparency.**
- **Concerned LGUs to use automation and information communications technology to expedite the registration and permitting process, and to monitor and update the local governments' data base of firms.**
- **Concerned LGUs to implement the JMC signed by DTI, DILG, and DICT requiring local governments to release business permits and licenses in just one to two days and to use a unified application form.**

Additional recommendations:

- Review the necessity of barangay and "purok" clearances as a requirement in acquiring business permits
- Review the powers and responsibilities of local government units, especially the power to tax and collect fees or create revenue generating schemes.
- Clarify the role and extent of supervision of the Department of Interior and Local Government (DILG) over local government units.
- The DILG, in partnership, with the National Competitiveness Council under the DTI, must coordinate further in streamlining business registration processes in the country.
- The DILG, together with the DTI and DICT, must ensure the implementation of JMC No. 1, series of 2016.

2. Registration and licensing of commercial fishing vessels

Different government agencies handle the registration and licensing of fishing vessels. MARINA handles the registration of all vessels while BFAR issues the commercial fishing licenses. Both impose fees corresponding to the size of the ship. Although requirements for the two vary as their objectives are not the same, complying with the registration and licensing requirements was difficult for fishing vessels, especially since some of the regional offices of MARINA and BFAR may be not in the same city or municipality. For example, the MARINA regional office in Region XII is located in General Santos City, while the BFAR office is in Koronadal City (Table 6, Figure 11). This leads to high transaction costs for players of the tuna industry in the production stage of the value chain. Compliance becomes an issue owing to the location of MARINA and BFAR regional offices.

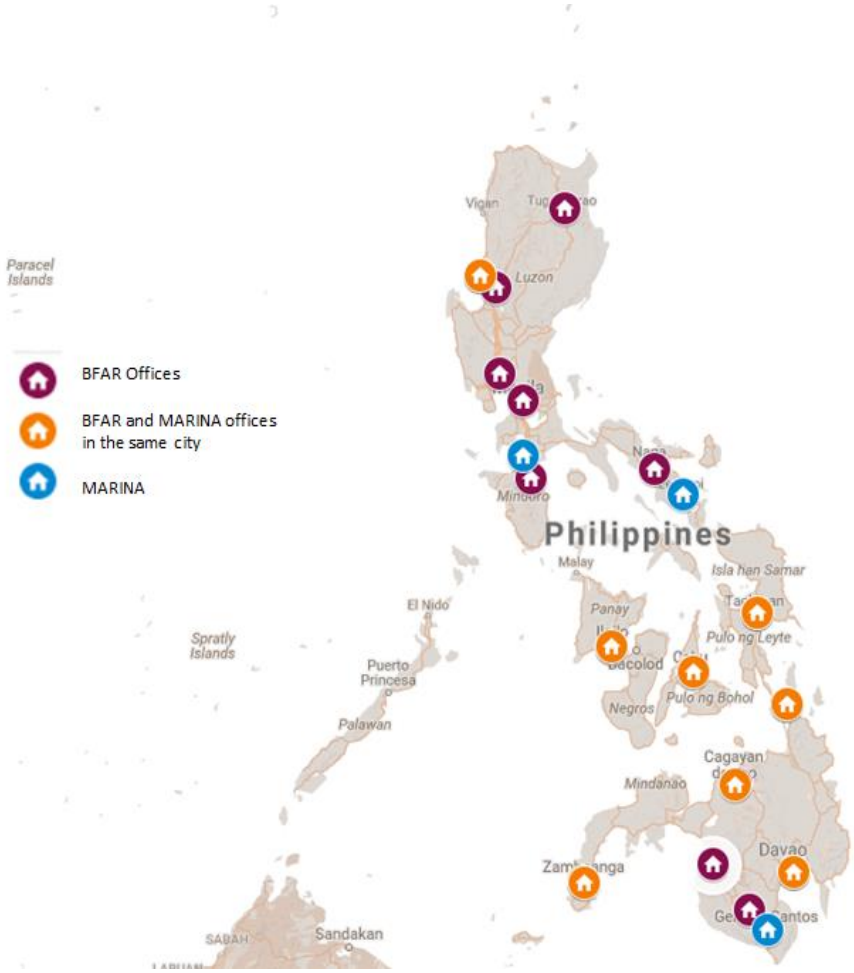
The BFAR Region XII office, however, is addressing this issue by establishing a satellite office in General Santos City. The BFAR also plans to move all its operations to the General Santos Fish Port complex for easier and more efficient transaction with the tuna industry players.

Table 6. MARINA and BFAR Regional Offices

Region	MARINA	BFAR
National Capital Region (NCR)	Manila	Quezon City
Cordillera Administrative Region (CAR)	-	Baguio City
Ilocos (Region I)	San Fernando City, La Union	San Fernando City, La Union
Cagayan Valley (Region II)	San Fernando City, La Union	Tuguegarao City, Cagayan
Central Luzon (Region III)	-	San Fernando City, Pampanga
Calabarzon (Region IV-A)	Batangas City, Batangas	Quezon City
Mimaropa (Region IV-B)	Batangas City, Batangas	Calapan City, Oriental Mindoro
Bicol Region (Region V)	Legazpi City, Albay	Bula, Camarines Sur
Western Visayas (Region VI)	Iloilo City, Iloilo	Iloilo City, Iloilo
Central Visayas (Region VII)	Cebu City, Cebu	Cebu City, Cebu
Eastern Visayas (Region VIII)	Tacloban City, Leyte	Tacloban City, Leyte
Zamboanga Peninsula (Region IX)	Zamboanga City	Zamboanga City
Northern Mindanao (Region X)	Cagayan de Oro	Cagayan de Oro City
Davao Region (Region XI)	Davao City	Davao City
Soccsksargen (Region XII)	General Santos City	Koronadal City
Caraga (Region XIII)	Surigao City	Surigao City
Autonomous Region in Muslim Mindanao (ARMM)	-	Cotabato City

Source: Bureau of Fisheries and Aquatic Resources and Maritime Industry Authority websites

Figure 11. Map of BFAR and MARINA Central and Regional Offices



Source: raw data from Bureau of Fisheries and Aquatic Resources and Maritime Industry Authority websites

It is noted that MARINA, BFAR, the National Telecommunications Commission (NTC), and the Philippine Coast Guard established a joint mobile registration and licensing of commercial fishing vessels in accordance with Joint Memorandum Circular No. 1 issued on June 25, 2013. This approach has helped to reduce some of the burden faced by commercial fishing vessels but it is an ad-hoc arrangement, which may be revoked or stopped at any time depending on the stance taken by bureaucrats.

It is also reported that an inadequate number of trained staff (for example, fish inspectors) in MARINA could lead to delays in registration, and in the issuance of licenses, in the case of BFAR. An issue is the proper scheduling of the site visits to be made by a limited number of staff.

Agreements:

- **BFAR, MARINA, NTC, and Coast Guard to regularly conduct joint mobile registration.**
- **BFAR and MARINA to establish One-Stop-Shop offices in General Santos City Fish Port Complex.**
- **BFAR and MARINA to computerize the registration and permit process, and establish online application process, and work together on the proper scheduling of the visits of the joint inspection team.**

3. Municipal fishing vessels registration and license

Municipal fishing vessel licenses are issued by the city or municipality. However, there is no uniform process or requirements for the issuing of licenses in the municipalities or cities. The amount of license fees also varies depending on the municipality or city ordinance (Table 6).

Table 6. Municipal Fishing Vessel License Process by Municipality

Selected Municipalities of Panay Island		
Polopina, Concepcion	**Pinamuk-an, New Washington**	**Culasi, Roxas City**
1. Submission of Brgy. Clearance and Community Tax Certificate to the Municipal Agriculture Office (MAO)	1. Submission of Brgy. Clearance and Community Tax Certificate to the Municipal Agriculture Office (MAO)	1. Submission of Brgy. Clearance, Community Tax Certificate, 5x7 colored picture of fishing boat, PNP maritime clearance (proof that ownership is legal), deed of sale (proof that boat was bought), builders certificate, affidavit of ownership to the City Agricultural Office (CAO)
2. MAO to conduct ocular survey and admeasurement	2. MAO to fill-up application form	2. CAO to conduct admeasurement
3. Payment of fees to the Municipal Treasurers Office (MTO)	3. Fisherfolk will measure their respective boats and submit to the MAO	3. Payment of fees to the City Treasurers Office (CTO)
4. Mayor issues license/permit upon recommendation from MAO	4. Mayor issues license/permit upon recommendation from MAO	4. Mayor issues license/permit upon recommendation from CAO
5. MAO issues vessel number	5. MAO issues vessel number	5. CAO issues vessel number

Source: Napata, Espectato, and Serofia (2015).

In General Santos City, the process of acquiring a municipal fishing vessel license is almost similar as those described above. However, based on the FGD with municipal fisherfolk and as verified by the City Agriculture office, some barangays require a “purok” clearance before the release of a barangay clearance and the fees vary among barangays and “purok”. The fees range from Php80.00 to Php115.00 depending on the barangay but these can be sometimes waived subject to barangay officials’ approval. Although fees are minimal, these can

add up and will be burdensome to the small fishermen when a barangay charges as high as Php1,500 as reported in the focused group discussions. The "purok" clearance and the corresponding burden of paying a fee that is arbitrarily set do not appear justified.

Based on the FGDs, fisherfolk do not register nor apply for a license for their fishing vessels because of meagre incomes. Their earnings from fishing are insufficient to cover the cost of registration and licensing, currently at Php700.00. The municipal fishing vessel license has to be renewed annually. There is no incentive to register because ordinary fishermen do not see any benefit from registration. Moreover, the absence of effective monitoring by the coast guard or the maritime police provides another reason not to register.

Agreements:

- **Concerned LGUs to re-examine the imposition of "purok" and barangay clearances and fees in view of the burden imposed on municipal fisherfolk.**
- **BFAR to update and strengthen BoatR and FishR data base.**
- **Concerned LGUs, BFAR, MARINA, and FDA to launch an information and awareness campaign on the importance of registration and license to operate.**
- **Concerned LGUs to conduct joint mobile registration with BFAR and MARINA to facilitate the registration process of all fishing vessels, especially small municipal fishing vessels.**

4. License to Operate

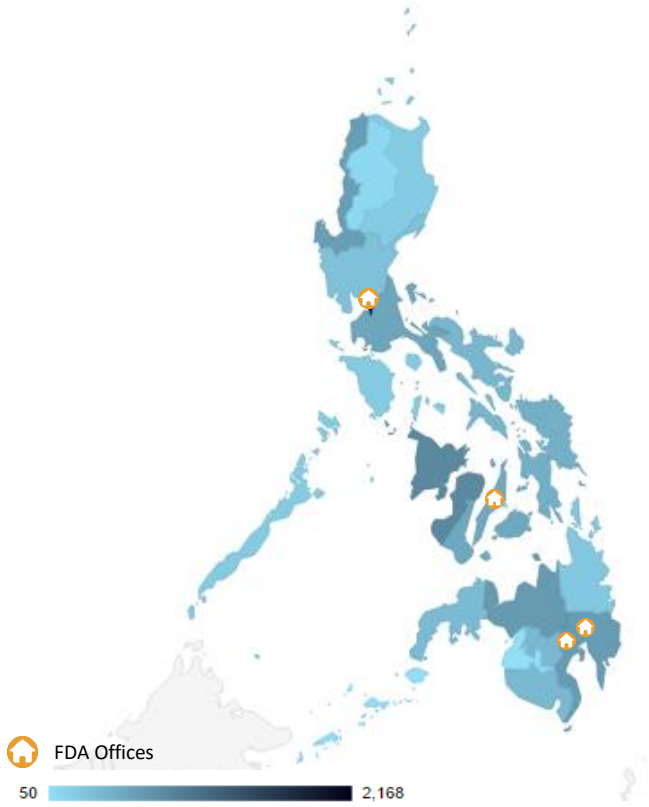
Exporters and fish processing plants have to secure a License to Operate (LTO) from the FDA. They cannot start operation without a license to operate, which is a requirement for obtaining the HACCP certification. FDA has shifted to online application from a manual procedure starting 2013 following FDA Memorandum Circular No. 2013-001 and Republic Act No. 8792, also known as E-Commerce Act of 2000[21]. Industry sources revealed that despite the online application for LTO the process of securing it has remained tedious and costly, especially for the small fish operators. It is ironic that applicants for a license to operate cannot verify online the status of their applications lodged with FDA and queries of the status of such applications and related issues are either ignored or given unsatisfactory replies or explanations by FDA, if the FDA staff care to reply at all[22]. Thus, exporter and fish processing plant owners/operators have to make the trip to either the FDA central or satellite office, whichever is accessible, to make follow ups on their applications for new LTOs or the renewal of LTOs, which have been lodged online.

[21]However, we cannot say anything at this point yet about the impact on applications for a license to operate because of FDA's refusal, so far, of the team's request for interview.

[22]The research team failed to secure an interview with FDA to validate this allegation and other issues against FDA despite repeated requests for an audience with FDA. The research team's requests were ignored by FDA.

The travail of the tuna industry exporters and fish processing plant operators does not end with the inefficient online system. They will have to wait for the visit of FDA inspectors who will scrutinize the processing facilities and equipment. This is the stage where sheer lack of staff and bureaucratic inefficiency could lead to inefficiencies and delays in the issuance of licenses. Inspection is scheduled but the actual inspection may be delayed and may take more time than what the FDA claims according to industry sources. This affects not only the fishing (tuna) industry but also those other food and beverage manufacturing establishments in the country that require FDA inspection and license to operate.

Figure 12. Map of FDA Offices and Food and Beverage Manufacturing Firms, 2012



Source: raw data from 2012 Census on Philippine Business and Industry, Philippine Statistics Authority and Food and Drug Authority

Note: lightest shade to darkest shade indicates lowest number to highest number of manufacturing/processing firms

Figure 12 shows where the food manufacturing/processing firms are located based on the 2012 Census on Philippine Business and Industry (CPBI). The darkest shaded region, Metro Manila, had the most number of food manufacturing/processing firms with 2,168 or about 18 percent of the total number. This is followed by CALABARZON (1,596), Central Visayas (1,563), Central Luzon (1,331), Western Visayas (869), Northern Mindanao (702), Davao (677), Ilocos (666), Eastern Visayas (494), Bicol (428), SOCCSKSARGEN (409), Zamboanga Peninsula (392), Caraga (267), Cagayan Valley (238), MIMAROPA (236), and CAR (104). The lightest shaded region, which is ARMM, had the least number of food manufacturing/processing

establishments with only 50. According to the FDA website, there are only four FDA offices in the country: the FDA Central Office found in Muntinlupa City, Metro Manila; FDA Satellite Laboratory in Mandaue City, Cebu in the Visayas; FDA Satellite Laboratory in Tagum City, Davao del Norte in Mindanao; and Department of Health (DOH) Region XI: Food and Drug Section in Davao City in Mindanao. There are only four offices and apparently an insufficient number of food inspectors to service thousands of establishments in the country. FDA claims that it is establishing additional offices in other parts of the country.

There appears to be some overlap between BFAR and FDA inspections. Both the LTO and the HACCP certification require the inspection of processing plants and facilities and to some extent, there is a duplication of efforts to inspect and assess. Both BFAR and FDA inspectors visit the fish processing plants and facilities at different times for different purposes but in those visits, the same activities are undertaken (Table 7). According to industry sources, BFAR conducts a more comprehensive inspection than the FDA because the requirements for a HACCP certification are detailed and rigorous. The HACCP certification is a basic requirement by the EU and the U.S. for imported food commodities.

Industry sources likewise reported that LGU sanitary inspectors do not actually conduct an inspection. They are, however, made to pay the required sanitary inspection fees. Sanitary inspection and approval are required for the issuance of a business or Mayor's Permit.

Agreements:

- **FDA to improve the current online system for LTO applications by making it a user friendly and a more efficient instrument.**
- **FDA to negotiate with DBM to have sufficient resources to establish the right number of satellite offices manned by trained inspectors.**
- **FDA to deputize BFAR to conduct on-site inspections for purposes of the license to operate and HACCP accreditation/certification in view of BFAR's more extensive field presence and capacity.**

Table 7. Facility and Document Inspection Checklist of BFAR and FDA

Inspection List	
BFAR	**FDA**
I. GMP a. Plant premises b. Equipment c. Personnel training d. Sanitation and pest control e. Cleaning procedures f. Product recall system g. Records II. SSOP a. Safety of water and ice b. Condition of cleanliness of food contact surfaces c. Prevention of cross contamination d. Maintenance of hand-washing and toilet facilities e. Protection of food and food contact surfaces from adulteration f. Proper labelling, storage, and use of toxic substances g. Adverse employee health conditions h. Exclusion of pests and animals from the plant III. HACCP Program a. Endorsement letter signed and dated by company officials b. LTO c. Plant lay-out d. Company profile e. Organizational structure/composition/qualifications/ experience/training of HACCP team f. Product description g. Process flow diagram h. Narrative of the process flow i. Hazard analysis worksheet j. HACCP plan k. Date of submission and signature in the HACCP plan	1. Organizational Chart Indicating qualification of key personnel in production and quality control 2. List of Products and brands to be manufactured/repacked 3. List of production equipment with specification 4. List of quality control facilities and equipment (if any) 5. Flowchart of manufacturing process with emphasis on identification of critical control points 6. Detailed description of manufacturing process 7. Quality control procedures / sanitation standard operating procedures enforced in the plant: a. Working Area b. Equipment c. Personnel d. Pest Control Program 8. Certification with current laboratory analysis (from FDA recognized laboratories) a. Source Water For plant within Metro Manila: photocopy of recent MWSS / Maynilad water bill and/or satisfactory results of potability test performed by either: DOH Laboratory or Laboratories of Water Supplier or Laboratories Accredited by DOH as per A.O. 26-A s. 1994 b. Finished Product's compliance with standard c. Packaging certification of suitability for food use 9. Name and address of suppliers of raw materials and packaging materials 10. HACCP Program

Source: Bureau of Fisheries and Aquatic Resources and Food and Drug Authority

5. Certificate of Product Registration (CPR)

Another requirement for food processors is the Certificate of Product Registration (CPR). The CPR is an authorization issued by the FDA for specific food products (i.e. low, medium, and high risk food products) after the evaluation and approval of submitted registration requirements. The validity of the CPR is two years minimum to five years maximum for initial registration and five years for renewal, provided that upon renewal, its holder conforms to the pertinent standards and requirements including labelling regulations. Similar issues (i.e. laborious and costly process mainly owing to the lack of staff / manpower) were raised with FDA since the CPR is issued and released by the same agency.

Industry sources also mentioned about the lack of proper enforcement of the CPR. All types of food products of a company are required to have a CPR number. It appears that some companies register only those that are most dominantly produced. Because of the cost involved in getting CPR, those companies do not register their other products. Furthermore, there is not much incentive to comply since the concerned regulators do not conduct regular inspection on food products in the market. This is a question of effective registration, inspection and monitoring. The CPR is an important instrument on safety and traceability of food products.

Agreements:

- **FDA to improve registration procedure for Certificate of Product Registration (CPR) through online systems.**
- **FDA to enforce more effectively the requirement for CPR.**
- **FDA to negotiate with DBM to have sufficient resources to establish the right number of satellite offices manned by trained inspectors.**

6. Qualified Person in Industry Regulatory Affairs (QPIRA)

Memorandum Circular No. 5 series of 1991 issued by the Bureau of Food and Drug, the forerunner of FDA, sought to encourage the companies to designate a liaison officer to register for official transactions with the Bureau. In 2013, the FDA issued Memorandum Circular No. 2013-003 to inform the industry about its training and accreditation seminars of liaison officers and regulatory affairs officers to be Qualified Persons in Industry Regulatory Affairs (QPIRA). Only those who completed the training and accreditation have the authority to transact business with FDA. The objective of the training and accreditation of liaison officers and regulatory affairs officers is to develop the competence of QPIRAs in preparing and submitting the correct and complete applications and related documents. The submission of correct and complete documents will ensure quick evaluation and approval without undue delay.

It seems that the FDA released Memorandum Circular No. 5 without adequate consultation with the private sector. Because of the lack of consultation and information, there

are current complaints about the cost and venue of the training. The participants in the FGD raised the cost issue with QPIRA because small firms, especially those based in the provinces, may not be able to afford the cost of the training. According to the FDA website as well as the participants, the training fee is Php 6,000 (US$278.80) per person. This covers the training materials, meals and snacks during the training, ID card, certificate of completion, posting of QPIRA in the website, and use of the training room, equipment, and facilities. This does not include airfare or transportation costs to the venue and the accommodations of the participants.

Agreement:

FDA to conduct training and accreditation seminars to be conducted in accessible locations where there is a large concentration of food establishments, and not just in Metro Manila, Cebu, or Davao.

7. HACCP certification/accreditation, BFAR signatories

The certificates and licenses, e.g. the Hazard Analysis Critical Control Points (HACCP) Certification, issued by the BFAR are important especially for exporters because without these, the importing country will reject the tuna export products. The business will not only suffer monetary losses and they can also be blacklisted by the importing countries. In some cases, the absence of official signatories in the BFAR offices contributes to the delay in issuance of licenses. An industry source from Zamboanga claims that the BFAR office only have two signatories for the required certificates and in some instances these signatories are absent because they are required by the central office to attend training or are out of the regional office for some urgent official business. Delays in issuance of certificates could be costly to tuna processors. Another concern is the issuance of an export commodity clearance (ECC) to fresh/frozen tuna exporters. Prior to actual exportation of the tuna products, exporters either have to go to the BFAR central or regional office for the ECC signatures and for some, getting those signatures prove to be difficult because signatories cannot always be found in their offices. A solution proposed by the BFAR is to maintain offices at airports and seaports to make signatories more accessible but this does not seem feasible because of budgetary constraint.

It is generally easy to request the BFAR regional office for an appointment for inspection. However, the Certification for HACCP Recognition Accreditation requires a joint inspection by representatives from both the regional and central office (based in Metro Manila). Joint inspection is neither an efficient nor a practical approach to facilitating the issuance of the HACCP certification/accreditation. There could be delays because of scheduling and availability of the central office inspector. Meanwhile, during the IRC, one of the officials from the central office noted that delays could also be the result of the businesses' failure to request for schedule of inspection ahead of time given that they are being notified a month before the expiration of their certification. The problem is very obvious in the case of General Santos City which is 1,617 kilometers away from the central office. Although BFAR is willing to allow its regional offices to undertake the inspection process on their own, they have to be ISO-certified

first and accredited based on agreements with regional fishing organizations. Thus, there is a need for joint inspection by the BFAR central office and regional office inspectors until the BFAR regional offices become ISO-certified and accredited.

Accredited inspection bodies from the private sector (e.g. SGS Philippines) are also allowed to conduct inspection of fishery establishments for purposes of HACCP certification. - However, the EU only recognizes inspections conducted by the BFAR. Only those fishery establishments that pass the inspection conducted by the BFAR-Fish Inspection Unit (FIU) are provided with the required HACCP certification and are allowed to export to EU. This is because BFAR is the sole competent authority recognized by the EU by virtue of EC 95/190. The EC- Food and Veterinary Office (FVO) mission conducts an audit of BFAR food safety control system every two years. Through the hard work and commitment of its fish inspectors, BFAR has compiled the food safety requirements/regulations. The BFAR as the competent authority submits the official list of HACCP-certified establishments to the EU. Inspectors from the BFAR Central Office were trained under the EU-Trade Related Technical Assistance for many years based on EU guidelines. The BFAR Central Office Fish Inspection Unit complies with the ISO standards (i.e. ISO 17020:2012). To date, the BFAR Fish Inspection Unit of the Central Office is the first and only inspection body that has been accredited to ISO 17020.

Should a tuna company, which intends to export to the EU market, wish to have its facilities inspected by a private firm (e.g. Societe Generale Surveillance Laboratory, Philippines), it still needs to undergo inspection by the BFAR since this agency is the competent authority for HACCP certification.

BFAR has been offering the inspection service for free. However, a recent amendment to the Philippine Fisheries Code (Republic Act No. 10654, Section 65 (r)) vests the BFAR with the power to “collect reasonable fees and charges for laboratory services, inspection, deployment of fisheries observers, and catch documentation and validation, taking into account the balance required between recovering the costs of services rendered and the socioeconomic impact of their imposition, upon prior consultation with stakeholders.”

Agreement:

BFAR Central Office to facilitate the ISO-certification and accreditation of BFAR regional offices to make them qualified certifiers for the purpose of HACCP certification and accreditation.

VIII. Conclusions and Way Forward

This study illustrates how inefficient and ineffective regulations affect businesses involved in the value chain of the tuna industry. Based on the results of the study, it is apparent that the challenges mainly lie on the type and structure of the domestic regulations and on how those regulations are enforced. There is need to enforce more effectively the right regulations because based on the findings of this study, certain regulations and regulatory processes are too burdensome to the tuna industry players. Enforcement of regulations is relatively inefficient because of the following reasons: (i) inadequate staffing on the side of the regulator; (ii) lack of proper and effective communication and consultation mechanism between regulators and regulated entities, e.g., creating new regulations; (iii) inadequate understanding and appreciation of regulatory intent; and (iv) inconsistent application of regulations.

Existing or current regulations need to be reviewed and assessed whether they are necessary or burdensome. In the latter case, there is ground for revoking them. For example, the requirement to secure barangay clearances, and at the extreme case, "purok" clearances, does not seem to make sense especially in relation to the government's main thrust to cut down the cost of doing business. In addition, there is also a great need to streamline the regulatory processes and procedures among all local government units. A recent policy issuance by the national government, i.e. JMC No. 001-2016, tries to address this issue. However, its adoption by LGUs does not seem to be assured given the wide latitude the LGUs have under the principle of local autonomy.

The regulatory agencies which play major role in the industry are as follows: Bureau of Fisheries and Aquatic Resources (BFAR), Food and Drug Administration (FDA), Department of Interior and Local Government (DILG), local government units (i.e. Business Processing and Licensing Division), Maritime Industry Authority (MARINA), Department of Agriculture (DA), and Bureau of Customs (BOC).

Results of the study suggest that major regulatory agencies in the tuna industry must level up their performance by addressing the challenges that hinder them from efficiently and effectively enforcing regulations. These agencies include the FDA, the DILG, and the BPLOs in every local government unit. The DILG has to be more effective in local policy coordination and in ensuring that LGUs really work on reducing the burden of local regulations. There is also a need for more effective coordination among national government agencies such as the DILG, the Departments of Trade and Industry, and Information and Communication Technology in the implementation of the joint circular which revises the standards in processing business permits and licenses in all cities and municipalities. Concerned LGUs must be strongly enjoined to follow the uniform guidelines prescribed in this circular. A positive incentive may be to devise some sort of reward based on LGU compliance and implementation of simplified regulatory procedures and processes at the local level, and the response by local business firms.

Overall, the study showed the important steps in assessing existing or current regulations with an industry's value chain providing a practical framework for the exercise. The

strong participation of the business firms during the informed regulatory conversation (IRC) signals the interest in having a more formal but practical mechanism to enable them to engage with the regulators and resolve regulatory issues and challenges affecting the industry.

Agencies Involved in the Tuna Industry

National Government Agencies

Bureau of Fisheries and Aquatic Resources. Accessed from www.bfar.da.gov.ph.
Department of Agriculture. Accessed from www.da.gov.ph.
Department of Trade and Industry. Accessed from www.dti.gov.ph.
Food and Drug Administration. Accessed from www.fda.gov.ph.
Maritime Industry Authority. Accessed from www.marina.gov.ph
Philippine Statistics Authority. Accessed from www.psa.gov.ph.

Regional Fisheries Management Organizations

Commission for the Conservation of Southern Bluefin Tuna. Accessed from www.ccsbt.org.
International Commission for the Conservation of Atlantic Tunas. Accessed from www.iccat.es.
Indian Ocean Tuna Commission. Accessed from www.iotc.org.
Western and Central Pacific Fisheries Commission. Accessed from www.wcpfc.int.

Key Regulations

Department of Agriculture Administrative Order 3. Implementing Rules and Regulations Pursuant to RA 8550: "An Act Providing for the Development, Management and Conservation of the Fisheries and Aquatic Resources, Integrating all Laws Pertinent thereto, and for other Purposes", 21 May 1998.

Department of Agriculture. Administrative Order 21. Mandatory Accreditation of Cold Storage Warehouse (CSW) for Agricultural and Fisheries Products, 15 September 2011.

Department of Agriculture. Administrative Order 23. Amendments to AO No. 21, series of 2011, Mandatory Accreditation of Cold Storage Warehouse (CSW) for Agricultural and Fisheries Products Particularly in Sec. 1, Definition of Commercial Purposes; Committee on Cold Storage Warehouse Accreditation; Sanitary/Phytosanitary Clearance and Stationary Refrigerated Container Van in Sec. 3, 4.1, 5.1.1, 6.1, 7.1, 8.1, 9.1, 9.2, 10.1, 10.2, 13, 08 July 2013.

Department of Agriculture. Fisheries Administrative Order 195. Rules and Regulations Governing Importation of Fresh/Chilled/Frozen and fishery Aquatic Products, 20 September 1999.

Department of Agriculture. Fisheries Administrative Order 195-1. Amendment of Section 9, FAO No. 195, 06 March 2003.

Department of Agriculture. Fisheries Administrative Order 198. Rules and Regulations on Commercial Fishing, 23 February 2000.

Department of Agriculture. Fisheries Administrative Order 210. Rules and Regulations on the Exportation of Fresh, Chilled, and Frozen Fish and Fishery/Aquatic Products, 17 May 2001.

Department of Agriculture. Fisheries Administrative Order 213. Establishment and Maintenance of BFAR's Quality Control Laboratories and Collection of Fees and Charges for Examination Services, 17 May 2001.

Department of Agriculture. Fisheries Administrative Order 223. Moratorium on the Issuance of New Commercial and Fishing Vessel and Gear License, 29 December 2003.

Department of Agriculture. Fisheries Administrative Order 223-1, Extension of Moratorium on the Issuance of New Commercial and Fishing Vessel and Gear License, 27 July 2004.

Department of Agriculture. Fisheries Administrative Order 228. Rules Governing the Organization and Implementation of Official Controls on Fishery and Aquatic Products Intended for Export to the EU Market for Human Consumption, 20 November 2008.

Department of Agriculture. Fisheries Administrative Order 236. Rules and Regulations on the Operations of Purse Seine and Ring Net Vessels Using Fish Aggregating Devices (FADs) locally known as Payaos during the FAD Closure Period as Compatible Measures to WCFPC CMM 2008-01, 2010.

Department of Agriculture. Fisheries Administrative Order 244. National Tuna Fish Aggregating Device Management Policy, 25 June 2012.

Department of Agriculture. Fisheries Administrative Order 233-1. Amending Fisheries Administrative Order No 233 series of 2010, 23 August 2011.

Department of Agriculture. Fisheries General Memorandum Order FRQD-2. Guidelines for the Accreditation of Importers of Fresh, Chilled, and Frozen Fish and Fishery/Aquatic Products, 30 January 2008.

Department of Health. Administrative Order 2014-0029. Rules and Regulations on the Licensing of Food Establishments and Registration of Processed Food, and Other Food Products, and For Other Purposes, 08 September 2014.

Department of Interior and Local Government, Department of Trade and Industry, Department of Information and Communications Technology. Joint Memorandum Circular No. ___. Revised Standards in Processing Business Permits and Licenses in All Cities and Municipalities in the Philippines.

Maritime Industry Authority. MARINA Circular No. 2013-02. Revised Rules for the Registration, Documentation, and Deletion of Ships Operating in Philippine Waters, 18 January 2013.

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Annex

Annex A. Certificates and Licenses Issued by Regulators by Establishment

Certificate	# of Days	# of Steps	Processing Fee		Regulator
Fishing Vessels, Freezer/Carrier Vessels, and Fishing Boats					
1. Certificate of Philippine Registry	2 days		3 GT and below 3.1 GT-14.99 GT 15 GT-34.99 GT 35 GT-99.99 GT 100 GT-224.99 GT 250 GT-499.99 GT 500 GT and above	PHP300 PHP600.00 + PHP3.00/GT PHP900.00 + PHP3.00/GT PHP1,200.00 + PHP3.00/GT PHP1,500.00 + PHP3.00/GT PHP1,800.00 + PHP3.00/GT PHP2,100.00 + PHP3.00/GT	MARINA
2. Certificate of Ownership	2 days		3 GT and below 3.1 GT-14.99 GT 15 GT-34.99 GT 35 GT-99.99 GT 100 GT-224.99 GT 250 GT-499.99 GT 500 GT and above	PHP300 PHP600.00 + PHP3.00/GT PHP900.00 + PHP3.00/GT PHP1,200.00 + PHP3.00/GT PHP1,500.00 + PHP3.00/GT PHP1,800.00 + PHP3.00/GT PHP2,100.00 + PHP3.00/GT	MARINA

3.	Commercial Fishing Vessel/Gear License	4-5 working days	7	3.1 GT-20.0 GT 20.1 GT-50.0 GT 50.1 GT-100.0 GT 100.1 GT-125.0 GT 125.1 GT-150.0 GT 150.1 GT-250.0 GT 250.1 GT and above	PHP200.00 + PHP2.00/GT PHP250.00 + PHP2.00/GT PHP300.00 + PHP2.00/GT PHP500.00 + PHP3.00/GT PHP1,000.00 + PHP3.00/GT PHP1,500.00 + PHP3.00/GT PHP2,500.00 + PHP4.00/GT	BFAR
4.	Fishing Gear Registration	4-5 working days	7	Small-scale vessels Medium-scale vessels Large-scale vessels Gear Registration Fee	PHP200.00 per year PHP400.00 per year PHP600.00 per year PHP200.00 per year	BFAR
5.	International Fishing Permit	4-5 working days	6	Application fee Permit fee	PHP1,000.00 PHP1,500.00	BFAR
6.	Fishworker's License	4-5 working days	6	Fishworker's License fee Fishworker's License application fee	PHP20.00 PHP20.00	BFAR
7.	Certificate of Eligibility	4-5 working days	7	Application fee	PHP1,600.00	BFAR
8.	Clearance to Import Fishing Vessels	4-5 working days	5	No fees		BFAR

9.	Certificate of Hazard Analysis of Critical Control Points (HACCP) Recognition/Accreditation	21 working days	16	No fees	BFAR
10.	Certificate of HACCP Approval, Certificate of Recognition for HACCP Implementation and Certificate of Inspection	1-2 working days	6	No fees	BFAR
Buying Stations/Auction Markets and Ice Plant and Cold Storage					
1.	Certificate of Hazard Analysis of Critical Control Points (HACCP) Recognition/Accreditation	21 working days	16	No fees	BFAR
2.	Certificate of HACCP Approval, Certificate of Recognition for HACCP Implementation and Certificate of Inspection	1-2 working days	6	No fees	BFAR
Fish Processing Plants and Importer of Fresh/Chilled Fishery Products					
1.	License to Operate	Minimum of 30 working days	7	As per A. O. No. 50 series of 2001	FDA
2.	Certificate of Product Registration (Medium and High Risk Food)	114 days		As per A. O. No. 50 series of 2001	FDA

3.	Certificate of Hazard Analysis of Critical Control Points (HACCP) Recognition/Accreditation	21 working days	16		No fees	BFAR
4.	Certificate of HACCP Approval, Certificate of Recognition for HACCP Implementation and Certificate of Inspection	1-2 working days	6		No fees	BFAR
5.	SPS Clearance to Import Fresh/Frozen/Chilled Fishery Products (Old Clients)	1 working day	8	Application fee Importation fee	PHP150 PHP1,500	BFAR
6.	SPS Clearance to Import Fresh/Frozen/Chilled Fishery Products (New Applicants)	2-3 working days (Metro Manila) 3-4 working days (Provinces)	10	Application fee Importation fee	PHP150 PHP1,500	BFAR
7.	Inspection and Clearance of Imported/Incoming Fish and Fishery Products via the MDA/NAIA	1 hour	3		No fees	BFAR
8.	Chemical and Microbiological Testing	Microbiological: 7 working days Chemical: 10 working days	5	Schedule of fees as per FAO 213, series of 2001		BFAR
Exporters of Fish and Fishery Products						

1.	SPS/HC for Accredited Exporters to International Markets	2-3 working days	6	No fees	BFAR
2.	Export Permit for Fresh/Frozen/Chilled Fishery Products (New Applicants)	1 hour	6	No fees	BFAR
3.	Export Permit for Fresh/Frozen/Chilled Fishery Products (Old Clients)	1 hour	4	No fees	BFAR
4.	Export Commodity Clearance	1 hour	6	No fees	BFAR
5.	Clearance for Outgoing Fish and Fishery Products Via the MDA/NAIA	1 hour	4	No fees	BFAR

Source: various government websites

Annex B. Documentary Requirements of Regulatory Instruments

Regulatory Instrument	Requirements
Fishing Vessels, Freezer/Carrier Vessels, and Fishing Boats	
1. Certificate of Philippine Registry (CPR) and Certificate of Ownership (CO)	1. Letter of Application/Request 2. Proof of identity of the shipping company, shipowner/operator/charterer a. Copy of DTI Certificate of Registration if Single Proprietorship b. Copy of SEC Certificate of Registration with Articles of Incorporation/Partnership if Corporation/Partnership c. Copy of CDA Certificate of Accreditation if Cooperative d. Copy of Certificate of Accreditation if MARINA-accredited entity 3. Copy of the MARINA letter-authority to acquire ship through importation 4. Clearance for Registration 5. Copy of MARINA-issued Tonnage Measurement Certificate 6. Authorization issued to Classification Society (for newly-built) 7. Copy of Vessel Name Clearance 8. IMO Number (if applicable) 9. Notarized Board Resolution/Secretary's Certificate for the designation of authorized signatory(ies) and representative(s) for Corporation/Partnership/Cooperative or Notarized Special Power of Attorney for Single Proprietorship 10. Proof of payment of processing fee
2. Commercial Fishing Vessel/Gear License	1. Duly accomplished and notarized BFAR application form for CFVGL 2. Two (2) 8"X 10" unedited recent vessel pictures (port and starboard) 3. Grid map indicating the proposed fishing grounds 4. Authenticated copies of Certificate of Vessel Registry (CVR), Certificate of Ownership (CO) and Fishing Vessel Safety Certificate (FVSC) 5. Articles of Incorporation from Securities and Exchange Commission (SEC) or DTI Registration 6. Fishing Logbook for catcher vessel (for renewal only) 7. Duly accomplished and notarized certification that the vessel is not involved in any administrative and judicial case (pro forma available at BFAR) 8. Duly accomplished and notarized affidavit of undertaking (pro forma available at BFAR) 9. Tax identification number (TIN)
3. Fishing Gear Registration	1. Duly accomplished and notarized BFAR application form for fishing gear registration (2 copies) 2. Illustration of fishing gear design and specifications showing the mouth, body and bunt of the fishing gear 3. Official receipt of gear registration fee 4. Tax identification Number (TIN)
4. International Fishing Permit	1.Letter of intent to fish in international water 2. Duly accomplished and notarized BFAR IFP application form 3. Original or authenticated copy of CFVGL 4. Payment of application and license fee 5. Tax identification number (TIN)

5. Fishworker's License	1. Community Tax Certificate 2. 2 copies (1"X1") recent picture 3. Barangay clearance 4. Copy of birth certificate (for 18 years old only)
6. Certificate of Eligibility	1.Letter of Intent 2. Duly accomplished form 3. Certified copy of registration issued by SEC, DTI or CDA 4. Duly audited assets of the previous year or the latest available declaration of assets 5. Notarized statement indicating that the company has no pending application from other issuing agencies and that the company has not availed of similar incentives 6. Indicative list of regularly used inputs, equipment, and machinery 7. Authorization in the case of a representative issued by Board Resolution, Special Power of Attorney, etc. 8. Original of latest CE issued (if renewal)
7. Clearance to Import Fishing Vessels	1.Letter of Intent 2. Latest Business Registration issued by SEC, DTI or LGU 3. Articles of incorporation and By-Laws (for corporations) 4. Valid Certificate of Vessels Registry from the country of origin 5. General arrangement plan of the vessel 6. Latest survey from the country of origin 7. Sworn statement that the vessel to be imported is for company's exclusive use only 8. Deletion certificate from the country of origin (for Taiwanese vessels) 9. Valid Memorandum of Agreement, pro-forma in voice or deed of absolute sale
8. Certificate of Hazard Analysis of Critical Control Points (HACCP) Recognition/Accreditation	1. HACCP Plan 2. Commercial Fishing Vessels License (CFVL) 3. Certificate Registration Number from MARINA 4. GMP and SSOP Plan
9. Certificate of HACCP Approval, Certificate of Recognition for HACCP Implementation and Certificate of Inspection	
Buying Stations/Auction Markets and Ice Plant and Cold Storage	
1. Certificate of Hazard Analysis of Critical Control Points (HACCP) Recognition/Accreditation	1. Sanitary Permit 2. GMP & SSOP Plan
2. Certificate of HACCP Approval, Certificate of Recognition for HACCP Implementation and Certificate of Inspection	

3. Cold Storage Warehouse Accreditation	
Fish Processing Plants and Importer of Fresh/Chilled Fishery Products	
1. License to Operate	1. Notarized Accomplished Application for Authorization Form 2. Proof of registration a. If Single Proprietorship, valid Certificate of Business Name Registration with the Department of Trade and Industry b. If Corporation or Partnership, valid Registration with Securities and Exchange Commission (SEC) and Articles of Incorporation or Partnership c. If Cooperative, valid Certificate from Cooperative Development Authorities and by laws 3. Proof of Occupancy – Office a. Valid notarized Contract of Lease / Sub-Lease/ Certificate of Occupancy b. Transfer Certificate of Title (TCT) if owned and notarized Certificate of Occupancy (if owned by one of the incorporators) c. Clearance from the Condominium/ Building Administration allowing the use of the unit for business purposes – as necessary 4. Proof of Occupancy – Warehouse or Stock Room a. Valid notarized Contract of Lease / Sub-Lease/ Certificate of Occupancy b. Transfer Certificate of Title (TCT) if owned and notarized Certificate of Occupancy (if owned by one of the incorporators) c. Valid notarized Warehousing Agreement (Third Party Logistics) 5. Proof of Occupancy – Manufacturer Photocopy of Notarized valid Contract of Lease of the space/building occupied (if the space/bldg. is not owned) 6. Photocopy of Notarized Fixed Asset & Operating Capital or Financial Statement, if applicable. 7. Location Plan/Site (Indicate size, location, immediate environment, type of building) 8. Floor Plan/ Lay out with dimension (office and/or warehouse; manufacturing plant) 9. Tentative list of food products to be manufactured or distributed identified based on its classification (local or imported) and category (Annex L) (Low/medium/high risk). 10. Facsimile of Proposed Label (for local manufacturer) / sample label of product to be imported or a digital image of the document in an FDA-approved file type.
11. Certificate of Product Registration (Medium and High Risk Food)	
12. Inspection and Clearance of Imported/Incoming Fish and Fishery Products via the MDA/NAIA	1. Import Permit/s 2. Aquatic Animal Health Certificates or Aquatic Product Sanitary Certificates and other requirements stated in the import permit 3. Bureau of Customs (BOC) Entry and Gatepasses 4. Invoice/s 5. Airwaybill
13. SPS Clearance to Import Fresh/Frozen/Chilled Fishery	1. SEC/DTI Registration 2. BIR Registration 3. Customs Accreditation

Products (New Applicants)	4. Mayor's Permit 5. Application 6. Photocopy of ID 7. Proforma Invoice 8. BFAD License to Operate (LTO) 9. List of names and address of hotels and restaurants 10. Affidavit of Undertaking 11. Toll Packing Contract (Cannery) 12. Laboratory Analysis (Shrimps) 13. EU Catch Certificate (Re-Export) SPA for authorized representative from Importer 13. Contract of Lease for Cold Storage 14. Report of Inspector for Cold Storage 15. Supply Agreement (Processing / Smoke Fish Processors) 17. LTO/Sanitary Certificate (Smoke Fish Processors)
14. SPS Clearance to Import Fresh/Frozen/Chilled Fishery Products (Old Applicants)	1. Application 2. Proforma Invoice 3. Laboratory Analysis for Shrimps 4. Distribution Report (IB) 5. Production Report for Processing and Canning 6. EU Catch Certificate (Re-export) 7. Delivery Receipt (IB)
15. Chemical and Microbiological Testing	1. Duly accomplished Sample Collection Form (HFIU Form No. 201) 2. Samples a. Should weigh at least 500 grams to 1,000 grams b. Must be packed in suitable packaging material and maintained in appropriate state/condition (e.g., fresh-chilled and frozen products should be properly iced and kept in clean insulated containers) 3. Other Requirements: a. For certification and industry own-monitoring purposes: i. Official Receipt (OR) of required laboratory fees b. For verification / BFAR-monitoring purposes: i. The packaging material should be sealed and signed across by the BFAR inspector who collected the sample c. For technical assistance: i. Request letter addressed to the Office of the Director.
16. Certificate of Hazard Analysis of Critical Control Points (HACCP) Recognition/Accreditation	a. License to Operate (LTO) issued by BFAD b. Good Manufacturing Practices (GMP) & Sanitation Standard Operating Procedure (SSOP)/HACCP Plan
17. Certificate of HACCP Approval, Certificate of Recognition for HACCP Implementation and Certificate of Inspection	

Exporters of Fish and Fishery Products	
1. SPS/HC for Accredited Exporters to International Markets	1. Letter of Application for Sanitary Health Certificate (addressed to the Director And stamped-received by the Director's Office) 2. Pre-shipment inspection report (issued by concerned BFAR Regional Office) 3. Packing List 4. Product test report (issued by BFAR and BFAR-recognized laboratories)
2. Export Permit for Fresh/Frozen/Chilled Fishery Products (New Applicants)	1. SEC Article of Incorporation (For Corporation) 2. DTI Certification (For Single Proprietorship) 3. BIR Registration 4. Mayor's Permit 5. Special Power of Attorney (SPA) of representative from exporter and photo copy of I.D. 6. Application 7. Proforma Invoice 8. Export Declaration 9. EU Health Certificate (For EU countries) 10.Certificate (Quarantine Clearance for outgoing products) (For Non-EU countries)
3. Export Permit for Fresh/Frozen/Chilled Fishery Products (Old Clients)	1. Application 2. Proforma Invoice 3. Export Declaration 4. Authorization letter of representative from exporter with photocopy I.D 5. EU Health Certificate or Non-EU countries (Quarantine Clearance foroutgoing products)
4. Export Commodity Clearance	1. Partially completed ECC Application Form 1, copy of Export Declaration (ED), invoice/ packing list, and product/commodity sample in lieu of on-site inspection of commodity for export. 2. Other relevant documents as may be required by the importing country, buyer & OSEDC Unit, such as but not limited to: a. Copy of BFAR Registration Certificate issued by BFAR-Fish Health Management & Quality Assurance Section (FHMQAS) to exporters of live ornamental fish, live food fish and crustaceans (Note: one time submission only); b. Copy of Health Certificate & other certification issued by FHMQAS as applicable c. Updated inspection report of FHMQAS on the holding & packing facilities for live ornamental fish, live food fish & crustacean d. LGU/BFAR-issued Certification for aquacultured or farmed (ie. Propagated or hatchery bred) live food fish and crustaceans e. DOH-Quarantine Certificate on the laboratory analysis (ie., Vibrio cholerae) of fish & fishery products for human consumption bound for Japan f. Results of Laboratory Analysis for fish & fishery products for human consumption as applicable
5. Clearance for Outgoing Fish and Fishery Products Via the MDA/NAIA	1. Export Permit/s 2. Commodity Clearance/s 3. Export Declaration/s and Invoice/s 4. Airwaybill 5. Other requirements of importing countries

ANNEX C. Steps in business registration (new), Philippines

No.	Procedure	Time to Complete	Associated Costs
1	**Verify and reserve the company name with the Securities and Exchange Commission (SEC)** *Agency:* Securities and Exchange Commission The name search can be done electronically via the SEC's online verification system, but applicants must pay for the reservation fee on site at the SEC. Once the reserved name was approved by the SEC, it costs PHP 40 for the first 30 days. The company name can be reserved for a maximum of 90 days for a fee of PHP 120, which is renewable upon expiration of the period. The reservation certificate is obtained in-person at SEC.	1 day	PHP 40
2	**Deposit the paid-in minimum capital at the bank** *Agency:* Bank According to Section 13 of the Corporation Code, the paid-in minimum capital is 5,000 pesos. Even though a certificate of deposit is not a requirement by the Securities and Exchange Commission (SEC) for company registration, this procedure must be completed in order to abide by the applicable law. The required minimum paid-in capital is reflected in the Articles of Incorporation and supported by the Treasurer's Affidavit as provided under Section 14 of the Corporation Code. SEC requires a Treasurer's Affidavit stating that the deposit has been made in the corporation's treasurer-in-trust account.	1 day	No charge
3	**Notarize articles of incorporation and treasurer's affidavit at the notary** *Agency:* Notary According to Section 14 and 15 of the Corporation Code, articles of incorporation should be notarized before filing with the SEC. Under Section 15 of the Corporation Code, the Treasurer's Affidavit should also be notarized. The 2004 Rules on Notarial Practice require the presence of the person(s) who executed the document (Articles of Incorporation and Treasurer's Affidavit) before the notary public.	1 day	PHP 500
4	**Register the company with the SEC and pre-registration for Taxpayer Identification Number (TIN), Security**	2 days on	see procedure

No.	Procedure	Time to Complete	Associated Costs
	System (SSS), Philippine Health Insurance Company (PhilHealth), and Home Development Mutual Fund (Pag-ibig Fund). *Agency:* Securities and Exchange Commission The company can register online through SEC i-Register, but entrepreneurs must pay at the SEC. The following documents are required for SEC registration: a. Company name verification slip; b. Articles of incorporation (notarized) and by-laws; c. Treasurer's affidavit (notarized); d. Statement of assets and liabilities; e. Registration data sheet with particulars on directors, officers, stockholders, and so forth; f. Written undertaking to comply with SEC reporting requirements (notarized); g. Written undertaking to change corporate name (notarized). On August 15, 2011, SEC launched the Green Lane Unit (GLU) that provides 1 day registration of applications for stock corporations and partnership. In practice, it takes 1-3 business days to process incorporation papers and obtain SEC approval. The pre-registered Taxpayer Identification Number (TIN) is automatically obtained from the SEC Head Office upon registration. However, the company must still register with the Bureau of Internal Revenue (BIR) in order to identify applicable tax types, pay an annual registration fee, obtain and stamp sales invoices, receipts and the books of accounts. Cost: 1/5 of 1% of the authorized capital stock or the subscription price of the subscribed capital stock (whichever is higher but not less than PHP 1,000) + legal research fee (LRF) equivalent to 1% of filing fee but not less than PHP 10 + PHP 500 By-laws + PHP 150 for registration of stock and transfer book (STB) required for new corporations + PHP 320 STB + PHP 10 legal research fee for the By-laws.	average	details
5	**Obtain barangay clearance** *Agency:* Barangay To get the barangay clearance, the following documentary requirements should be submitted to the Barangay: Application form, SEC Certificate of Incorporation and approved articles of incorporation and bylaws, location plan/site map and the contract of lease over the corporation's office.	1 day	PHP 500

No.	Procedure	Time to Complete	Associated Costs
	This clearance is obtained from the Barangay where the business is located. Barangay fees vary in each Barangay since they have the discretion to impose their own fees and charges as long as these fees are reasonable and within the limits set by the Local Government Code and city ordinances. In Quezon City, the fees range from PHP 300 to PHP 1000. The clearance is obtained in one day, provided that the barangay captain is in the office as the captain is the only official authorized to sign.		
6	**Pay the annual community tax and obtain the community tax certificate (CTC) from the City Treasurer's Office (CTO)** *Agency:* City Treasurer's Office The company is assessed a basic and an additional community tax. The basic community tax rate depends on whether the company legal form is a corporation, partnership, or association (PHP 500 or lower). The additional community tax (not to exceed PHP 10,000.00) depends on the assessed value of real property the company owns in the Philippines at the rate of PHP 2.00 for every PHP 5,000.00 and on its gross receipts, including dividends or earnings, derived from business activities in the Philippines during the preceding year, at the rate of PHP 2.00 for every PHP 5,000.00.	1 day	PHP 500
7	**Obtain the business permit to operate from the BPLO** *Agency:* Business Permits and Licensing Office The fees vary depending on the LGU issuing the permit. The rate of license fee imposed in Quezon City is 25% of 1% of the authorized capital stock. Other permits, such as location clearance, fire safety and inspection certificate, sanitary permit, certificate of electrical inspection, mechanical permit, and other clearances or certificates required depending on the nature of business, are also imposable. The rate of these fees depends on the nature of business and land area occupied by the proposed corporation. The barangay clearance is a prerequisite for the issuance of business permit to operate. Executive Order No. 17, series of 2011 created the Business-One-Stop-Shop to obtain a business permit. The entire procedure including getting approval for the business permit takes around one to two weeks. Cost: (PHP 2,408.05 business tax (25% of 1% of paid-up capital) + PHP 200 mayor's permit + PHP 150 sanitary inspection fee + PHP 50 signboard fee + PHP 300 business plate + PHP 100 QCBRB + PHP 545 zoning clearance + PHP 1,300 garbage fee+ PHP 300 FSIC (10% of all regulatory fees))	6 days	See procedure details
8	**Buy special books of account at bookstore**	1 day	PHP 400

No.	Procedure	Time to Complete	Associated Costs
	Agency: Bookstore Special books of accounts are required for registering with the BIR. The books of accounts are sold at bookstores nationwide. One set of journals consisting of four books (cash receipts account, disbursements account, ledger, general journal) costs about PHP 400. If the company has a computerized accounting system (CAS), it may opt to register its CAS under the procedures laid out in BIR Revenue Memorandum Order Nos. 21-2000 and 29-2002. The BIR Computerized System Evaluation Team is required to inspect and evaluate the company's CAS within 30 days from receipt of the application form (BIR Form No. 1900) and complete documentary requirements.		
9	**Apply for Certificate of Registration (COR) and TIN at the Bureau of Internal Revenue (BIR)** *Agency:* Bureau of Internal Revenue After the taxpayer obtains the TIN, the company must pay the annual registration fee of PHP 500 at any duly accredited bank, using payment form BIR Form 0605). All newly formed corporations subject to SEC registration are issued pre-generated TIN by SEC-Head Office, which is indicated on their SEC Certificate of Registration. The corporation only has to register its pre-generated TIN with the BIR and report all internal revenue taxes that it expects to be liable for. The requirements for application for COR with the BIR are: a. Duly accomplished and filled-out BIR Form No. 1903 (Application for Registration for Corporations); b. Payment Form (BIR Form No. 0605); c. SEC Certification of Incorporation; d. Articles of Incorporation and By-laws; e. Contract of Lease (with BIR Form No. 2000 and supporting BIR Payment Form as proof of payment of documentary stamp tax on the lease agreement); f. Documentary Stamp Tax Return (BIR Form No. 2000) on the original issuance of shares and Payment Form (for the DST payment); and g. Mayor's Permit/Business Permit Application (duly stamped received by the Business Licensing Division of the local government of Quezon City).	1 day	PHP 100 (certification fee) and PHP 15 (documentary stamp tax, in loose form to be attached to Form 2303)
10	**Pay the registration fee and documentary stamp taxes (DST) at the AAB** *Agency:* Bureau of Internal Revenue	1 day	See procedure details

No.	Procedure	Time to Complete	Associated Costs
	The rate of documentary stamp tax on original issuance of shares of stock shall be PHP 1.00 for every PHP 200.00 or fractional part thereof, of the par value, of such shares of stock. The documentary stamp tax return shall be filed and the tax paid on or before the fifth (5th) day after the close of the month of approval of SEC registration. Cost: (PHP 500 registration fee + PHP 5,165.345 DST on original issuance of shares of stock. DST on the lease contract is not included in the computation of the cost)		
11	**Obtain the authority to print receipts and invoices from the BIR** *Agency:* Bureau of Internal Revenue The authority to print receipts and invoices must be secured before printing the sales receipts and invoices. The BIR issued Revenue Regulations No. 18-2012 and it became effective on January 18, 2013. It adopted the online system for authority to print official receipts, sales invoices and other commercial invoices. In this regard, all unused or unissued receipts and invoices which were printed prior to January 18, 2013 will be deemed valid only until June 30, 2013. To obtain the authority to print receipts and invoices from the BIR, the company must submit the following documents to the Revenue District Office (RDO): a. Duly completed application for authority to print receipts and invoices (BIR Form No. 1906); b. Job order; c. Final and clear sample of receipts and invoices (machine-printed); d. Application for registration (BIR Form No. 1903); and e. Proof of payment of annual registration fee (BIR Form No. 0605).	1 day	No charge
12	**Print receipts and invoices at the print shop** *Agency:* Bureau of Internal Revenue The cost is based on the following specifications of the official receipt: 1/2 bond paper (8 ½ x 5 ½ cm) in duplicate, black print, carbonless. The minimum print volume is 25 booklets.	7 days	PHP 3,500
13	**Have books of accounts and Printer's Certificate of Delivery (PCD) stamped by the BIR** *Agency:* Bureau of Internal Revenue After the printing of receipts and invoices, the printer issues a Printer's Certificate of Delivery of Receipts and	1 day	No charge

No.	Procedure	Time to Complete	Associated Costs
	Invoices (PCD) to the company, which must submit this to the appropriate BIR RDO (i.e., the RDO which has jurisdiction over the company's principal place of business) for registration and stamping within thirty (30) days from issuance. The company must also submit the following documents: a. All required books of accounts; b. VAT registration certificate; c. SEC registration; d. BIR Form W-5; e. Certified photocopy of the ATP; and f. Notarized taxpayer-user's sworn statement enumerating the responsibilities and commitments of the taxpayer-user. The company must also submit a copy of the PCD to the BIR RDO having jurisdiction over the printer's principal place of business.		
*14	**Final Registration with the Social Security System (SSS)** *Agency:* Social Security System To register with the SSS, the company must submit the following documents: a. Employer registration form (Form R-1); b. Employment report (Form R-1A); c. List of employees, specifying their birth dates, positions, monthly salary and date of employment; and d. Articles of incorporation, by-laws and SEC registration. Upon submission of the required documents, the SSS employer and employee numbers will be released. The employees may attend an SSS training seminar after registration. SSS prefers that all members go through such training so that each member is aware of their rights and obligations.	1 day	No charge
*15	**Final registration with the Philippine Health Insurance Company (PhilHealth)** *Agency:* Philippine Health Insurance Corporation To register with PhilHealth, the company must submit the following documents: a. Employer data record (Form ER1); b. Report of employee-members (Form ER2); c. SEC registration; d. BIR registration; and e. Copy of business permit.	1 day	No charge

No.	Procedure	Time to Complete	Associated Costs
	Upon submission of the required documents, the company shall get the receiving copy of all the forms as proof of membership until PhilHealth releases the employer and employee numbers within three months.		
*16	**Final registration with Home Development Mutual Fund (Pag-ibig)** *Agency:* Home Development Mutual Fund To register with the HDMF, the corporation must submit the following documents: a. Employer's Data Form (EDF [FPF040]); b. Specimen Signature Form (SSF[FPF170]); c. Copy of SEC Certificate of Incorporation; d. Copy of Approved Articles of Incorporation and By-laws; and e. Board Resolution or Secretary's Certificate indicating the duly designated Authorized Representative. Upon submission of the complete documents and payment of the first contribution to the fund, the Pag-IBIG will issue the HDMF number and the HDMF Certificate of Registration.	1 day (simultaneous with previous procedure)	No charge

Note: *Takes place simultaneously with previous procedure

Source: The World Bank (2016). "Doing business: measuring business regulations," available from http://www.doingbusiness.org/data/exploreeconomies/philippines. Accessed 23 November 2016.