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PHILIPPINES TO BE MORE CAREFUL IN PREPARING BID DOCUMENTS

By: Siti Hawa Othman

SINGAPORE, Feb 14 (Bernama) -- The Philippines has assured Malaysian investors that they are welcome to invest in the country and that its government will be more selective and careful in preparing the bid documents to avoid repeating the "Manila Hotel" incident.

Philippines Foreign Minister, Domingo L Siazon Jr. told Malaysian reporters here today that its investment policy still stands despite the incident involving a court ruling overturning Renong Bhd's winning bid for a stake in the hotel and awarding it to a Filipino group under the "First Filipino" policy.

"Our country encourages foreign investment and will continue to provide a level playing field in that respect," said Siazon, who earlier had talks with Foreign Minister, Datuk Abdullah Ahmad Badawi on investment guarantee and double taxation agreements. Both are attending the 12th Asean-European Union (EU) Ministerial Meeting here.

"We will not limit the sale of our state assets which are open to foreign investment following the incident but we will be more careful in preparing the bid document so that it is clear from the beginning," he said.

Admitting that there was a slight defect in the bid, he said: "We should be prepared if there is an issue...there must be signals in the beginning. From this experience we must be careful on our side in preparing this document."

Following the incident which he classified as a "special case", Siazon said investors should be more careful when buying an asset with historical significance.

Renong went into the Philippines to buy the hotel following the government's move to sell its state-controlled assets to shore up its fiscal position and scrap costly subsidies.

But its winning bid was struck off when the Supreme Court declared void the sale of a 51-percent stake in Manila Hotel to Renong Overseas Corp. Sdn Bhd, a company which comes under the Renong group.

The Supreme Court ruled by a 11-4 split decision that Manila Hotel be treated as part of national patrimony and therefore could not be sold.

However, the position of the Philippine government is that the asset is open for sale even to non-Philippines.

"But we lost that case and President Fidel Ramos instructed to appeal the case," Siazon said, adding that there is a strong public opinion criticizing the ruling.

He said the Philippines has a system whereby there is a separation of power between the judiciary and legislative body. "Hence we cannot impose upon the court the administration of the President," he added.

Following this, he said there is a possibility that there will be changes made in the constitution so that the role of the judiciary in terms of its influence on economic activities, may be clearly defined.

"...so, in the future we do not repeat this example," Siazon said.

He said several quarters in the legislative (Congress) are trying to introduce this new legislation.

"There is now a big debate linked to the extension of the Presidential mandate," he added.

Siazon said it is understandable that Prime Minister Datuk Seri Dr Mahathir Mohammad should express his feelings over the whole incident as

many Malaysian investors have invested in the Philippines and some of the plans are on the drawing board.

Despite the incident, he said the Philippines will still go on with the sale of its state-run assets including the National Power Corp. which has attracted a lot of interest from foreign investors. -- BERNAMA

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