

**Press Release  
Department of Labor and Employment  
Bureau of Working Conditions  
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## **UPDATES AND THE WAY FORWARD FOR CAMPAIGN AGAINST ENDO**

On 23 July 2018, President Rodrigo Roa Duterte delivered his 3<sup>rd</sup> State of the Nation Address (SONA) at the Session Hall of the House of Representatives, Batasang Pambansa Complex, Quezon City. Employer and labor groups were all ears on updates of the President on his campaign promise to end contractualization about two years ago.

The President mentioned in his SONA the important point regarding government's campaign against endo, to wit: "Our campaign against Endo has resulted in the regularization of more than 300,000 workers as of early this month. On May 1 of this year, I signed Executive Order 51 (EO 51), which sought to protect the workers' right to security of tenure."

It can be recalled that during the Labor Day celebration, 01 May this year, President Duterte signed EO 51 which prohibits illegal contracting and subcontracting. It does not totally abolish the practice of contractualization but it clarified the distinction between job contracting and labor-only contracting to prevent future abuses by companies.

The number of regularized workers as of early this month clearly shows that the administration has reached above and beyond the targeted 300,000 workers to be regularized by employers for this year. Regularization, be it voluntarily or through inspection, has truly granted workers their long overdue request for job security.

Based on Article 106 of the Labor Code of the Philippines, "there is labor-only contracting where the person supplying workers to an employer does not have substantial capital or investment in the form of tools, equipment, machinery, work premises, among others, and the workers recruited and placed by such person are performing activities which are directly related to the principal business of such employer". Hence, arrangements other than the aforementioned are deemed permissible contracting and subcontracting.

The 41-year old Labor Code of the Philippines allows the contractualization scheme thus President Duterte admitted that ending all forms of contracting and subcontracting is not within his power.

"Much as I would like to do the impossible, that power is not vested upon me by the Constitution. And neither will I make both ends meet even if I violate the laws to achieve that purpose. Simply, it is not part of my territory," said the President. He then renewed his call for Congress "to pass legislation ending the practice of contractualization once and for all".

With this said, it is within the purview of Congress after all to pass a law that will prohibit all forms of contractualization. Congress needs to make sure that this legislation will assure and maintain harmonious and equitable employment relations between workers and employers, recognizing the right of labor to its just share in the fruits of production and the right of enterprises to reasonable returns to investments, and to expansion and growth.

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