

Senator backs go-slow approach to RCEP, says Philippines not ready

By Alyssa Nicole O. Tan

IT IS NOT an urgent matter to quickly approve the Regional Comprehensive Economic Partnership (RCEP) treaty, Senator Ana Theresia N. Hontiveros-Baraquel said, noting that parts of the economy that could potentially lose out need more time to prepare.

"Even if we don't ratify RCEP immediately, we would actually still continue to trade as we are trading today; maybe RCEP will not really change anything," Ms. Hontiveros-Baraquel said in plenary session late on Wednesday. "We can already export to all other RCEP countries under the WTO (World Trade Organization) rules and also our existing free trade agreements (FTAs) that we already have with all other RCEP countries."

She declared her support for an approach that gives more time to prepare and equip the "losers from our sectors to withstand that impact and eventually to get more out of something like RCEP."

The RCEP has been ratified by 11 countries — Brunei, Cambodia, Laos, Singapore, Thailand, Vietnam, Australia, China, Japan, South Korea, and New Zealand — and started going into effect since the beginning of January.

Ms. Hontiveros-Baraquel questioned whether a cost-benefit analysis on the treaty has revealed all the possible downsides, to which Senator Aquilino Martin L. Pimentel III, who chairs the Foreign Affairs committee, replied: "The terms of the RCEP have been negotiated for more than eight years, so that's how long it's been discussed and studied."

One of the many advantages of the RCEP, he said, is the rules of origin, in which the 15 member states comprising the ASEAN-led free trade agreement are treated as one economic region. This will result in liberalized tariff rates for eligible products. He cited the potential benefits of a simplified trade process as all members are covered by a single set of rules.

"Even though we have existing FTAs, RCEP is an improvement," he added.

Ms. Hontiveros-Baraquel said a number of agricultural groups have said government agencies have not been "fully forthright" about the treaty's potential threats to the fishing and farming industries.

She quoted Federation of Free Farmers (FFF) President Leonardo Q.

Montemayor, who said the RCEP approval effort "highlight(s) its benefits in terms of market access opportunities (but) conveniently downplays, if not deliberately conceals (a) crucial caveat that any tariff concession from our trading partners under RCEP will not be exclusive to the Philippines, and will in fact be available to all other RCEP member countries. This means that there is no guarantee that we will be able to avail of and benefit from such opportunities especially if competing countries who are also part of RCEP are more competitive, dependable, and efficient than us."

Citing peer-reviewed research from the Global Economic Governance Initiative, Ms. Hontiveros-Baraquel said the imports will grow at a faster rate than exports if the Senate ratifies the RCEP in its current form. "We would permanently lose \$58 million per year in tariff revenue."

She estimated that the balance of trade in goods will worsen by about \$264 million, citing calculations performed using the World Bank Methodology and evaluating the actual liberalization required by RCEP.

In response, Mr. Pimentel said the Trade department has presented its own studies indicating favorable outcomes.

"The spirit of a free trade agreement is a give and take, open your market, and I will also open my market," he said, "so the lessening of tariff collections would be a necessary consequence, but then that should be made up for by the overall benefits of the agreement."

RCEP concurrence, he added, would drive gross domestic product growth above 6%, foreign direct investment growth of 49%, and export growth of up to 15%, citing the results of the Department of Trade and Industry (DTI) studies.

It is difficult to tell which of the studies will be proven correct in the future, Mr. Pimentel said, but added that the Philippines should learn to "compete with fair rules, equally applicable to all similarly situated."

Ms. Hontiveros-Baraquel cited the job losses that resulted from accession to the World Trade Organization, which she blamed on lack of readiness for the resulting disruption.

"It is true that not everyone is 100% against the RCEP, but at the very least, they are asking for additional time to prepare," she added. The member countries of the treaty are "part of

the most protectionist economists in the world when it comes to their own agriculture, that's why it's not unreasonable for the agricultural and rural sectors to ask for additional time, protection, and support to prepare for real competition, dependability and efficiency."

"We have highlighted in all the hearings this Philippine exclusion list, this is the list of agricultural products as well as industrial goods where we made no tariff commitment, meaning no change when compared to what we have right now," Mr. Pimentel said.

The Department of Agriculture (DA) and various other agencies, he added, had worked to protect the interests of the sector, so "that the possible negative effects of the agreement would be minimized if not eliminated."

In a statement on Thursday, the FFF cited the "inconsistencies" of the government's tariff policy for agricultural products covered by the RCEP trade agreement.

The DA and DTI have noted that sensitive agricultural products have been excluded from any tariff reduction under the Philippines' RCEP commitments, such as rice, pork, poultry, sugar, corn, and vegetables.

Outside the context of the looming agreement, however, the government has been unilaterally cutting tariffs on some of these sensitive products.

In April and May 2021, Executive Orders were issued reducing tariffs on pork to contain inflation because of a supply crunch caused by the African Swine Fever outbreak. The executive branch also drastically expanded the minimum access volume for pork imports.

"Since we are voluntarily lowering our tariffs outside the negotiations, we get nothing in return. Our trading partners must be jumping with joy at our generosity, if not, our stupidity," said the FFF National Manager Raul Q. Montemayor in the organization's statement.

In interpellation, Ms. Hontiveros-Baraquel and Senator Francis N. Tolentino also cited the potential impact on Philippine laws resulting from accession to the trade deal.

Mr. Pimentel said only Republic Act 8293 needs to be amended after RCEP accession. "This treaty mentions sound marks, and I do not think we have accommodated that in our Intellectual Property Code."

The only other action required from the Philippines is an executive order to implement the Philippines' tariff commitments, he said. This would trigger the issuance of circulars by the Bureau of Customs to adjust trade practices according to RCEP requirements.

Mr. Pimentel added that the Safeguard Measures Law or Republic Act 8800 contains the necessary remedies for laws that may be affected by the treaty.

The Philippines may be disadvantaged by being party to the treaty, Mr. Tolentino said, because the Philippines is not party to other treaties like the Hague Service Convention, the United Nations Convention on Contracts for the International Sale of Goods, the Convention on the Use of Electronic Communications in International Contracts.

"I am now zeroing in on the preparedness of the Philippines to ratify this, and even (of) this Chamber, to concur with this treaty," he said. "There are structural agreements that would have to be in place to really (put) the Philippines on equal standing with the other members."

In response, Mr. Pimentel said that under the treaty, these conventions will only be "taken into account," but added that it is not necessary to be a party to them.

Meanwhile, the aerospace industry said the Philippines needs to participate in the RCEP trade deal to benefit from the lower cost of inputs.

Aerospace Industries Association of the Philippines Chairman John T. Lee said participation in RCEP will allow aerospace parts manufacturers and suppliers to take advantage of the trade deal's benefits.

"The aerospace industry fully supports the RCEP because there are key benefits that cannot be ignored such as lower cost of inputs, convenience in trading with key partners in the region and best of all, the huge market potential in other member countries," he said in a statement on Thursday.

"The industry is one of the high-value and fast-growing industries in the Philippines with 10% growth in exports of aerospace parts and components in 2015-2019," he added.

The RCEP trade deal was signed by President Rodrigo R. Duterte on Sept. 2. Senate deliberations on the treaty will resume on Monday.

Gov't advised to prepare pandemic exit plan, including travel opening

THE Inter-Agency Task Force for the Management of Emerging Infectious Diseases (IATF-EID) needs to begin planning for the end of the pandemic, according to a Palace adviser and an OCTA Research/biologist.

In a statement on Thursday, Presidential Adviser for Entrepreneurship Jose Ma. A. Concepcion III and OCTA Research Fellow and Molecular Biologist Nicanor R. Austrico, Jr. said they sent a letter to the IATF on Jan. 26, urging it to reinstate international travel rules implemented prior to Dec. 3.

"It is time for the National Government to transition our people from a pandemic to an endemic mindset," they said.

Mr. Concepcion and Mr. Austrico proposed the return of travel protocols such as pre-departure testing within 24 hours of departure either with a reverse transcription polymerase chain reaction (RT-PCR) test or rapid antigen test, with additional PCR-based test upon arrival; three days of quarantine; and arrival testing on the third day, with exit granted upon a negative test result.

They said such travel protocols had been implemented but postponed following the surge of COVID-19 cases in the Philippines due to the Omicron variant.

Currently, the government implements various protocols for international arrivals depending on the country of origin and vaccination status, with countries given a color-coded classification according to their perceived COVID-19 infection risk level.

However, one common requirement for all passengers regardless of risk classification is the RT-PCR test within 48 hours of departure from the point of origin.

"At this time, the Omicron surge has peaked in the National Capital Region (NCR) and is expected to peak in the different regions of the country in the next two weeks. In its wake, this surge will confer significant population protection throughout the archipelago," they said.

Mr. Concepcion and Mr. Austrico said a significant number of Filipinos have acquired immunity against the COVID-19, either by being infected or via vaccination.

They said the economy's health is a "serious, time-sensitive issue."

They added that the easing of travel restrictions will benefit for the economy, especially micro, small, and medium enterprises.

"Among the Asian countries, only the Philippines, Myanmar and Japan have the strictest travel restrictions. The rest have either lifted curfews and stay-at-home orders, opened their borders to non-citizens and non-residents, and have allowed all or most commercial flights to the country," Mr. Concepcion said.

Mr. Concepcion said the next few months will be critical in how the Philippines moves on from the pandemic. — **Revin Mikhael D. Ochoa**

Pag-IBIG Fund finances 22,028 socialized homes in 2021, up 30%

Pag-IBIG Fund financed more homes for low-income earners in 2021 even during the pandemic, top executives said on Monday (January 24).

In 2021, the number of socialized homes financed by Pag-IBIG Fund increased 30% to 22,028 compared to the 16,975 socialized units funded in 2020. The amount of socialized housing loans, meanwhile, surged 37% to P9.71 billion compared to the P7.10 billion released in 2020.

"As the pandemic subsists, Pag-IBIG Fund's Affordable Housing Program continues to help more low-income workers secure homes of their own. For 2021, we have released more funds so that more of our low-wage members have a safe place of their own. Providing service to the underserved is our contribution to the recovery of our country," said Secretary Eduardo D. del Rosario, Chairman of the Department of Human Settlements and Urban Development (DHSUD) and the 10-member Pag-IBIG Fund Board of Trustees.

Pag-IBIG Fund's Affordable Housing Program (AHP) is a special home financing program that caters to the needs of minimum-wage and low-income members who earn up to P15,000 a month in the National Capital Region (NCR) and members who earn up to P12,000 per month outside the NCR. Under the AHP, home loans worth up to P580,000

come with a subsidized rate of 3% per annum, which is still the most affordable rate in the market today.

Pag-IBIG Fund Chief Executive Officer Acmad Rizaldy P. Moti added that socialized units make up 23% of the 94,533 total homes funded by the agency in 2021. Meanwhile, socialized home loans comprise 10% of the P97.28 billion in home loans released last year.

"For years, we have been striving to break the glass ceiling of releasing home loans worth P100 billion in a year. In 2021, I'm glad to say that we have achieved this seemingly impossible goal! And we did that by steadily growing our home releases year in and year out. Best of all, we achieved our goal by also growing the number of socialized homes and the number of members helped by the AHP. As I always say, our approach to housing has always been comprehensive. Even amid the pandemic, the AHP still offers the lowest rate in the market, which in turn keeps monthly amortization lower than the cost of rent. And, since qualified borrowers do not need to put out cash for equity under the program, payments are always within budget of low-income members. *Walang iwanan lalo na sa panahong pandemya.* That is the mark of our *Lingkod Pag-IBIG* brand of service," said Moti.

BoC 'internal' collection target set at nearly P700B



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THE Bureau of Customs (BoC) has set itself an internal target to collect nearly P700 billion this year, after being assigned to collect P679 billion by its supervising agencies.

"Yung target natin for 2022 (The 2022 target) that was given to us is P679 billion pesos," Commissioner Rey Leonardo B. Guerrero said in an online briefing on Thursday.

"With the additional requirements for us to collect additional revenue (for the VAT (value-added tax) refund, we have raised the target internally within the Bureau of Customs to P699 billion."

The BoC collected P645.77 billion in 2021, exceeding the P630.31 billion generated in 2019 as international trade rebounded after the economic downturn.

Collections last year were about 20% higher than the P537 billion logged in 2020 and 4.7% above the bureau's target.

The bureau attributed this increase to improved valuations, tougher enforcement measures taken against illegal imports, and improved compliance by traders with customs laws.

The bureau in its annual report also said that it collected generated P555 million from public auctions in 2021.— **Jenina P. Ibañez**

FULL STORY

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ERC to hear microgrid application for San Vicente, Palawan in Feb.

THE Energy Regulatory Commission (ERC) said it is due to hear next month an application by PowerSource Philippines, Inc. to establish a microgrid for Port Barton, San Vicente, an emerging beach destination on the west coast of Palawan.

After ruling PowerSource's application to be sufficient, the ERC set Feb. 23 for a hearing on compliance with jurisdictional requirements and expository presentation. A pre-trial and presentation of evidence was also set for March 2.

The company is seeking to be the authorized power distributor for Port Barton because the location is "remote and unviable" for other types of grid systems.

On Nov. 24, PowerSource applied for authority to provide electricity services with a request for the issuance of the corresponding authority to operate as a

qualified third-party (QTP) in Port Barton, the ERC said in a document posted on its website on Jan. 24.

The company also asked for the approval of its QTP service and subsidy contract (QSSC) with the National Power Corp., under which PowerSource will be the electricity provider for the area for 15 years.

A QTP is an alternative power service provider approved by the ERC to serve in unviable areas, while a QSSC details the provisions of a service contract and the agreed subsidy and method of disbursing payments.— **Marielle C. Lucenio**

FULL STORY

Read the full story by scanning the QR code with your smartphone or by typing the link bit.ly/SanVicente012822