



REUTERS

AN EMPLOYEE works at a Renault car sales and showroom in Moscow.

Renault to sell Korea unit stake to Geely in turnaround push

RENAULT said it would sell just over a third of its Korea unit to China's Geely Automobile Holdings for roughly \$200 million, freeing up funds for the French automaker to invest in its lagging core markets and electric business.

Renault, whose sales fell for the third straight year in 2021, is in the middle of turnaround plan aimed at boosting profit margins and splitting its electric vehicle (EV) and combustion engine businesses as it looks to catch up with rivals such as Tesla and Volkswagen in the race to cleaner driving.

The move to sell a 34.02% stake in Renault Korea Motors for 264 billion won (\$207 million) comes weeks after media reports that Renault, the top shareholder in Nissan Motor, may lower its stake in the Japanese company.

For Geely, which has typically grown its business through global partnerships, it buys a foothold in the South Korean auto market, which is dominated by local champions Hyundai Motor and Kia Corp. Korea has been difficult to crack for other automakers, including General Motors and SsangYong Motor, now owned by India's Mahindra and Mahindra.

It also gets Geely closer to three important EV battery makers in South Korea: LG Energy Solution (LGES), SK Innovation unit SK On and Samsung SDI.

"It's a partnership, and Geely might be knocking on the door of the South Korean EV market," said Kim Jin-woo, an analyst at Korea Investment & Securities.

"For Chinese firms, building a successful track record in South Korea can help sell EVs in other emerging markets, as well as Europe and US, which the firms continue to knock the door of, but they are difficult markets," Kim added.

Geely — which owns Volvo Cars and a 9.7% stake in Daimler AG — and Renault announced a partnership in January to develop hybrid vehicles for the South Korean market and abroad, produced at Renault's factory in Busan.

Renault Korea Motors will issue 45.4 million shares at 5,818 won per share to Geely's unit, Centurion Industries Ltd, the two companies said in a statement on Tuesday.

Renault owned 80% of the unit at the end of last year. The rest was owned by credit card company Samsung Card., which said in December that it intended to sell its stake in the unit but that no details had been decided. — **Reuters**

Japan to launch US Indo-Pacific economic plan during Biden visit

WASHINGTON/TOKYO — President Joseph R. Biden's visit to Japan this month is expected to coincide with the formal launch of a new US economic strategy for the Indo-Pacific, even as China seeks "very aggressively" to fill a void since Washington quit a regional trade pact, Tokyo's ambassador to the United States said on Monday.

Ambassador Koji Tomita told an event hosted by Washington's Center for Strategic and International Studies that Japan and the United States had been working on the details of the Indo-Pacific Economic Framework (IPEF), which, he said, needed to strike a balance between inclusivity and high standards.

Asian countries are keen to boost ties with the United States, but have been frustrated by its delay in detailing plans for economic engagement with the region since former President Donald Trump quit a regional trade pact in 2017. Mr.

Biden, who is to visit South Korea and Japan from May 20 to May 24, announced the plan for IPEF last year. In announcing its strategy for the Indo-Pacific region in February, the administration said the plan was to launch IPEF in early 2022.

Mr. Tomita said Mr. Biden's visit would send a powerful signal that Washington remains focused on the Indo-Pacific in spite of the war in Ukraine.

"But this is not just a message. I think the visit will establish in very strong terms that Japan and the United States jointly are ready to play a leadership role in the economic and social development of the broader Indo-Pacific region," he said.

Mr. Tomita noted that Mr. Biden's visit would include a summit meeting of the Quad grouping of the US, Japan, Australia and India, an important vehicle for that purpose.

Biden is due to host Southeast Asian leaders at a special summit in Washington on Thursday and Friday, but an Asian diplomat said IPEF was not on the formal agenda as most Association of Southeast Asian Nations (ASEAN) economies would not be among the initial signatories. The diplomat said at least six countries were likely to sign up initially with the United States to negotiate agreements on a range of common standards. These were Australia, Japan, New Zealand, South Korea and ASEAN members the Philippines and Singapore.

Analysts say Washington was particularly keen to get Vietnam and Indonesia aboard too, but they have had issues about agreeing to US standards on cross-border data flows.

Mr. Tomita said the US withdrawal from what is now known

as the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) was a setback and China was "very aggressively seeking to fill this void."

"Whenever you do any form of regional economic forum there is a trade-off between inclusiveness and high standards," he said, referring to IPEF. "Of course, we need both, but we have to strike the right balance between these two requirements."

The Biden administration has ignored calls for a return to CPTPP because of concerns about the effect this could have on US jobs and has frustrated smaller Asian countries by its unwillingness to offer greater market access they seek via IPEF.

The US ambassador to Japan, Rahm Emanuel, told the same forum IPEF needed to be inclusive. — **Reuters**

Tesla halts most production at Shanghai factory

SHANGHAI — Tesla, Inc. has halted most of its production at its Shanghai plant due to problems securing parts for its electric vehicles, according to an internal memo seen by Reuters, the latest in a series of difficulties for the factory.

The plant plans to manufacture less than 200 vehicles on Tuesday, according

to the memo, far less than the roughly 1,200 units it has been building each day since shortly after it reopened on April 19 following a 22-day closure.

Two sources familiar with the matter had earlier said supply issues had forced the factory to halt production on Monday.

Shanghai is in its sixth week of an intensifying COVID-19 lockdown that has tested the ability of manufacturers to operate amid hard restrictions on the movement of people and materials.

Tesla had planned as late as last week to increase output to pre-lockdown levels by next week.

It was not immediately clear when the current supply issues can be resolved, said the people, who asked not to be identified because the production plans are private.

China Passenger Car Association is scheduled to release April sales for Tesla, China's second-largest EV maker behind BYD, on Tuesday. — **Reuters**

Cabinet, from S1/1

The government is targeting 7-9% gross domestic product (GDP) growth this year, although the ongoing pandemic, Russia-Ukraine war and high inflation has clouded the outlook.

'POWERFUL POSITION'

In a note on Tuesday, Capital Economics Emerging Asia economist Alex Holmes said Mr. Marcos's landslide win put him in a "powerful position."

"Given his family background and his checkered political career to date, there are concerns among investors that his election will fuel corruption, nepotism and poor governance," Mr. Holmes said.

"Similar worries also greeted Duterte's election victory in 2016 and corruption does appear to have worsened — the Philippines has fallen 16 places in the Transparency International Corruption Perceptions Index since the last election. Despite this, there was no major drop in the performance of the economy."

He noted Mr. Marcos gave few policy details on the campaign trail, but is widely expected to follow outgoing President Rodrigo R. Duterte's lead, particularly the "Build, Build, Build" infrastructure program and closer ties with China.

"Extra spending on infrastructure would probably increase government debt... A bigger concern is the impact of the policy on the current account and the peso," Mr. Holmes said.

Mr. Holmes noted that closer ties with China may involve a

trade-off in the Philippines' relationship with its traditional ally, the United States.

"There seems little economic rationale for turning away from a country that accounts for a greater share of export demand than China, has invested heavily in the large business process outsourcing sector and is a huge source of remittances," he said.

Victor A. Abola, an economist at the University of Asia and the Pacific (UA&P), said some degree of economic continuity is likely under the Marcos administration.

"I think there is going to be very little change in the policies... For one, infrastructure spending will continue. Because that's a really urgent need, but that's the one that has created jobs," he said in an ANC interview.

However, Mr. Abola said Mr. Marcos will not inherit an economy with a healthy fiscal position this time, unlike the Duterte administration in 2016.

"Then you have high inflation and then you have debt, fiscal space is getting a bit narrower, but I don't think that these are big enough to undo the gains that we have achieved in the past decade... As long as interest rates are relatively low, we should be okay. There is still a lot of room, because the budget is quite huge," he added.

Headline inflation soared to 4.9% in April, the highest in over three years, fueled by the spike in oil and commodity prices due to the Russia-Ukraine war.

Priorities, from S1/1

"(This is) best achieved by continuing the governance and policies of the current and previous administrations," the JFC said in a statement that was approved by the ECCP, American Chamber of Commerce of the Philippines, Australian-New Zealand Commerce of the Philippines, Canadian Chamber of Commerce of the Philippines, Japanese Chamber of Commerce and Industry of the Philippines, Korean Chamber of Commerce of the Philippines, and Philippine Association of Multinational Companies Regional Headquarters, Inc.

Sergio R. Ortiz-Luis, Jr., Employers Confederation of the Philippines (ECoP) president, said in a mobile phone interview that the Marcos administration should continue the infrastructure push started by outgoing President Rodrigo R. Duterte.

"The Marcos administration should continue the projects under the 'Build, Build, Build' program. I hope that the next government can come up with a good economic team," Mr. Ortiz-Luis said. "The next administration can also look at a policy for our SMEs. They should pass the Magna Carta for SMEs."

Meanwhile, Alliance of Call Center Workers Co-Convenor Emman D. David said that the next administration should prioritize legislation measures to allow Philippine Economic Zone Authority (PEZA)-registered companies to implement work-from-home arrangements without losing tax incentives.

"(They should) pass a Magna Carta of business process outsourcing (BPO) workers that guarantees the labor rights of employees in the BPO industry," he added.

Republic of the Philippines
ENERGY REGULATORY COMMISSION
Pasig City

IN THE MATTER OF THE APPLICATION FOR APPROVAL OF FORCE MAJEURE CAPITAL EXPENDITURE PROJECT (REPAIR AND/OR REPLACEMENT OF FACILITIES AND EQUIPMENT DAMAGED BY TYPHOON ODETTE), WITH APPLICATION FOR AUTHORITY TO SECURE A LOAN FROM THE NATIONAL ELECTRIFICATION ADMINISTRATION (NEA)

ERC CASE NO. 2022-025 RC

NEGROS ORIENTAL I ELECTRIC COOPERATIVE, INC. (NORECO I), Applicant. **Promulgated: May 02, 2022**

NOTICE OF VIRTUAL HEARING

TO ALL INTERESTED PARTIES:

Notice is hereby given that on 06 April 2022, Negros Oriental I Electric Cooperative, Inc. (NORECO I) filed an *Application* seeking the Commission's approval of its Force Majeure Capital Expenditure Project, namely: repair and/or replacement of facilities and equipment damaged by typhoon Odette, with application for authority to secure a loan from the National Electrification Administration (NEA).

The pertinent provisions of the said *Application* are hereunder quoted as follows:

- Applicant NORECO I is an electric cooperative duly organized and existing under the laws of the Republic of the Philippines with office address at Tinaanog, Bindoy, Negros Oriental.
- NORECO I was granted a franchise to operate an electric light and power distribution service in the municipalities of Mabina, Manjuyod, Bindoy, Ayungon, Tayasan, Jimalalud, La Libertad, and Valhermoso, and the cities of Guinhulan, Bais, and Canelan, all in the province of Negros Oriental.

COMPLIANCE WITH REGULATORY REQUIREMENTS

- The instant filing is made pursuant to the Revised Rules of Practice and Procedure as well as the Amended Rules for Approval of Regulated Entities' Capital Expenditure Projects (Resolution No. 26, Series of 2009) issued by the Honorable Commission.
- In compliance with the foregoing, the following documents are attached and made an integral part of this Application.
- Annex "A" is the Board Resolution issued by NORECO I, this establishes that the filing of this Application was duly authorized by it and the Verification herein was executed by the proper person.
- Annexes "B" and "B-1" is the Notice that was properly filed within three (3) months from the occurrence of the force majeure event, in compliance with Article 3.3 of the said Resolution No. 26, as well as the letter of acknowledgment from the Commission.
- In compliance with Rule 6 of the ERC Revised Rules of Practice and Procedure, NORECO I furnished copies of the Application with all its annexes and accompanying documents. Copies of the proofs of service to the Office of the Municipal Mayor and the Sangguniang Bayan of Bindoy, Negros Oriental and the Office of the Provincial Governor and the Sangguniang Panlalawigan of Negros Oriental are attached as Annexes "C" and its sub-markings.
- Annex "D" and its sub-markings are the proofs that the Application *sans* Annexes was published in its entirety in a newspaper of general circulation within the franchise area, in compliance with the same Rule 6 of the ERC Revised Rules of Practice and Procedure

EXECUTIVE SUMMARY

- A "Project Application" was prepared, which is attached and made an integral part hereof as Annex "E".
- The salient provisions are summarized in the following paragraphs.
- Force Majeure Event: Typhoon Odette (international name "Rai") made landfall at around midnight of 17 December 2021 in La Libertad, Negros Oriental, within the franchise area of

NORECO I, carrying with it maximum sustained winds of 175 km/h near the center, gustiness of up to 240km/hr and a central pressure of 935 hPa. This resulted not only in a widespread blackout throughout the region; water supply and communication services were also adversely affected. The province of Negros Oriental immediately declared a state of calamity.

- Project Description. The project consists of the repair and/or replacement of damaged network assets, wireless communication assets, building structures and other equipment including the following:
 - A total of 5,288 poles were brought down by Typhoon Odette, of which 2,700 poles were heavily damaged and needed replacement. Several units of transformers, kWh meters and conductors also needed replacement.
 - Seven (7) wireless and radio communication towers were built to interlink the substation and linemen. These towers were brought down by Typhoon Odette, also damaging the installed equipment.
 - The Cooperative Administration Building was hit by a large tree. The premises were also flooded because the building was constructed on a river bank. This resulted not only to damaged building structures, but also the destruction of necessary equipment such as the computers and printers required for billing and collection.
- Justification and/or Benefits of the Project. The repair and restoration of the facilities of NORECO I is necessary to enable it to service its franchise area. The project includes both first priority activities for immediate power restoration and second priority activities to restore non-network facilities necessary to adequately service its consumers and ensure the safety and security of employees.
- Estimated Project Cost. The estimated total cost of implementation is P172,428,866.93.
- Project Financing Plan. The proposed force majeure capital expenditure project will be partially financed by a loan of P100,000,000.00 from the National Electrification Administration (NEA) for a term of ten (10) years with 3.25% interest per annum exclusive of Documentary Stamp Tax and a one (1) year grace period. The balance will be sourced from collections through the Reinvestment Fund for Sustainable CAPEX (RFS-C).
- Project Schedule. Immediately after lifting of storm warnings, restoration activities commenced together with the assessment and inventory of damages sustained. In view of the upcoming National Elections, NORECO I targets the restoration of power to all household connections by 30 April 2022, prioritizing schools and barangay halls; a delay in the full restoration of power to residential dwellings is anticipated for external reasons such as the need to relocate houses in locations now considered hazardous.
- Rate Impact. The indicative rate of the CAPEX - Force Majeure Event due to Typhoon Odette was based on the computed annual cash flow cost. An average shortfall of 0.4430 was computed for the 2021 to 2022 period indicating the need for additional inflows into the RFS-C.

RFSC Item	2021	2022	TOTAL
Actual Energy Sales, kWh	83,408,512	82,203,895	165,612,406
Current RFSC Rate	0.3439	0.3439	0.3439
RFSC balance beginning per AFS, PHP	8,881,724	9,525,875	8,881,724
FUND INFLOWS			
RFSC Collections, PHP	1,813,518	28,269,919	30,083,438
Loan proceeds from financial institutions, PHP		100,000,000	100,000,000
Total Fund Inflows, PHP	1,813,518	128,269,919	130,083,438
Available cash for disbursement	10,695,242	137,795,794	138,965,161
FUND OUTFLOWS			
CAPEX - Force Majeure, PHP		172,428,867	172,428,867
CAPEX cost (2015-2020), PHP	729,145	28,269,919	28,999,064
Payment for amortization/s for previous loan (PHP)	440,222	9,169,054	9,609,276
Permit Fee, PHP		1,293,217	1,293,217
Total Fund Outflows, PHP	1,169,367	211,161,056	212,330,424
Fund balance ending, PHP, excess/(shortfall)	9,525,875	(73,365,262)	(73,365,262)
Excess/(shortfall) on RFSC, PHP/kWh	0.1142	(0.8925)	(0.4430)

PRAYER

WHEREFORE, premises considered, it is most respectfully prayed to this Honorable Commission that a DECISION be rendered APPROVING the instant Application and GRANTING AUTHORITY TO SECURE LOANS to NORECO I to finance the repair and/or replacement of damaged network assets, wireless communication assets, building structures and other equipment arising from Typhoon Odette.

Other just and equitable reliefs are likewise prayed for.

The Commission hereby sets the instant *Application* for determination of compliance with the jurisdictional requirements, expository presentation, Pre-trial Conference and presentation of evidence on the following dates and online platform for the conduct thereof, pursuant to Resolution 09, Series of 2020 dated 24 September 2020,¹ and Resolution No. 01, Series of 2021 dated 17 December 2020 (ERC Revised Rules of Practice and Procedure):²

Date	Platform	Activity
08 June 2022 (Wednesday) at nine o'clock in the morning (9:00 A.M.)	Microsoft Teams	Determination of compliance with the jurisdictional requirements and expository presentation
15 June 2022 (Wednesday) at nine o'clock in the morning (9:00 A.M.)	Microsoft Teams	Pre-trial Conference and presentation of evidence

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WITNESS, the Honorable Commissioners ALEXIS M. LUMBATAN, CATHERINE P. MACEDA, FLORESINDA G. BALDO-DIGAL, and MARKO ROMEO L. FUENTES, Energy Regulatory Commission, this 19th day of April 2022 in Pasig City.

AGNES VST DEVANADERA
Chairperson and CEO

ERC
Office of the Chairperson
#AVSD2022-04-19-02P

¹ A Resolution Adopting the Guidelines Governing Electronic Applications, Filings and Virtual Hearings Before the Energy Regulatory Commission.

² A Resolution Adopting the Revised Rules of Practice and Procedure of the Energy Regulatory Commission.