

Meralco says to comply with ERC's refund order

MANILA Electric Co. (Meralco) has confirmed receipt of an order from the Energy Regulatory Commission (ERC) directing the country's largest power distribution utility to refund distribution-related charges amounting to P21.8 billion or 87 centavos per kilowatt-hour (kWh) for residential customers.

"We will comply with the ERC's directive. We are currently studying the order so we can start reflecting this in the power bills this month," said Joe R. Zalardriaga, Meralco vice-president and head of corporate communications.

"While we have yet to receive suppliers' billings, there is a possibility that the refund can offset the expected increase in generation charge and lead to a reduction in the overall power rates for July," he added.

His comments come after the ERC came out with an order on Wednesday calling for the refund. The regulator placed an average refund rate of 48 centavos per kWh.

Meralco used the residential rate for the amount it plans to refund, while the ERC used the average refund rate.

In its order, the regulator said the amount covers the period from July 2015 to June 2022, and that it will be implemented in the next billing cycle from Meralco's receipt of the order.

"The Commission has carefully evaluated the case at hand of [Meralco] and considered the views and concerns of the various stakeholders. We are confident that our decision exercised fairness, and promoted the interests of the consuming public who bears the brunt of all these electricity charges," ERC Chairperson and Chief Executive Officer Agnes VST Devanadera said.

The latest derivative, which was dated on June 16, will be the fourth since January 2021: the first at P13.9 billion was on Jan. 21, 2021; followed by P4.8 billion on Feb. 23, 2022; and P7.7 billion on March 8, 2022.

The ERC further directed Meralco to execute the refund in approximately 12 months or until the amount is fully refunded to its customers.

It also directed the company to include the refund rate as a separate line item in the bills of Meralco's customers during the refund period.

Adding the latest amount of P21.8 billion, residential consumers now have a P1.80 per kWh of refund.

Meralco is the Philippines' largest electric power distribution company, with a franchise area covering 9,685 square kilometers.

It provides power to almost 7.3 million customer accounts in 36 cities and 75 municipalities, which include Metro Manila, all of the provinces of Rizal, Cavite, and Bulacan, and parts of the provinces of Pampanga, Batangas, Laguna, and Quezon.

In its first-quarter financial report, Meralco recorded an increase in net profit of 29.9% to P5.66 billion from P4.36 billion in the same period last year.

At the stock exchange, Meralco shares ended lower by P1.00 or 0.28% to P358 apiece on Wednesday.

Meralco's controlling stakeholder, Beacon Electric Asset Holdings, Inc., is partly owned by PLDT, Inc. Hastings Holdings, Inc., a unit of PLDT Beneficial Trust Fund subsidiary MediaQuest Holdings, Inc., has interest in *BusinessWorld* through the Philippine Star Group, which it controls. — **Justine Irish DP. Tabile**

PCC targets to finish six cartel cases by end-2022

By Revin Mikhael D. Ochave *Reporter*

THE Philippine Competition Commission (PCC) is aiming to finish by the end of 2022 the investigation of six cases related to cartels or abuse of dominant position.

According to the PCC, it is targeting within the year to rule on all competition cases submitted for decision, including the six cartel cases, apart from investigations that have been pending for at least two years.

"[We are targeting] for six statements of objections or show-cause orders or some form of remedy or conclusion to any investigation that is ongoing, whether two years old or more, or less than two years, to be concluded. Six cases [are] to be concluded before the end of the year," PCC Officer-in-Charge (OIC) Chairperson Johannes Benjamin R. Bernabe told reporters during a virtual press conference on Wednesday.

Mr. Bernabe disclosed that the PCC has a two-year limit that is internally imposed when it comes to the investigation of cases. However, he said that there are exceptions to the limit due to difficulties experienced during the investigation such as challenges in finding evidence.

"[We want] to make sure that whatever cases that are still pending before the enforcement office, particularly those which have been ongoing for more than two years in terms of investigation will be concluded by our enforcement office either by termination or archiving, by filing statements of objections when warranted, or pursuing some form of non-adversarial remedies to put a stop to any anti-competitive practice," Mr. Bernabe said.

Mr. Bernabe became the PCC's top official after former PCC chairperson Arsenio M. Balisacan was tapped by President Ferdinand R. Marcos, Jr. as the new Socioeconomic Planning secretary.

As a result, Mr. Bernabe will serve the remaining term of Mr. Balisacan in the PCC, which is until the first week of January next year.

According to Mr. Bernabe, the PCC's enforcement office has four cases currently under investigation.

"Right now, there are four statements of objections arising from investigation by

our enforcement office before the commission for our final ruling. These involve various sectors ranging from tourism, medical services, trade associations, and property development arrangements with internet service providers (ISPs)," he said.

"We would like to see that all these cases being investigated by the enforcement office are concluded one way or another," he added.

Aside from the conclusion of cases, the PCC is also eyeing to initiate two *motu proprio* un-notified or anti-competitive merger cases, codify all PCC rules and procedures, and roll out the national competition policy in the public sector.

Meanwhile, Mr. Bernabe said that there will be a revision in the thresholds for the compulsory notification of mergers and acquisition (M&A) deals to go under the PCC's review.

Currently, there is an increased threshold of less than P50 billion as provided under Republic Act No. 11494 or the Bayanihan to Recover as One Act (Bayanihan II). The law is set to expire in September this year.

Once the law expires, firms whose parent company assets exceed P6 billion and whose M&A transactions exceed P2.4 billion will once again be required to notify the PCC.

"Given the adjustment in the inflation rates and the adjustment of other economic indicators, you may see that these thresholds that we applied prior to Bayanihan II will be revised as well," Mr. Bernabe said.

However, Mr. Bernabe said that the PCC has yet to determine the final adjusted thresholds, adding that the commission will "come up with the appropriate computation closer to September."

"We normally make these adjustments in March of the calendar year. In March of this year, we didn't really make an estimation because we thought that it would be more appropriate to compute that threshold come September," Mr. Bernabe said.

"We will have to reckon in a couple of months what these new thresholds will be. There are adjustments on the nominal gross domestic product (GDP) growth from the previous year. As you know, because of various geopolitical factors, because of the pandemic, this has fluctuated with some degree of unpredictability," he added.

PHL AirAsia: Sabah wants more Filipino visitors

PHILIPPINES AirAsia, Inc. said it is working with Malaysia's Sabah Tourism Board (STB) to fly more Filipino tourists to Kota Kinabalu, the capital of Sabah.

This partnership is part of the low-cost airline's efforts to "restart" its operations in Southeast Asia and the "eventual expansion" of its international route network, Philippines AirAsia said in an e-mailed statement on Wednesday.

The STB promotes Kota Kinabalu, which is home to cultural sites and white-sand beaches, as a "preferred tourist destination among Filipinos," according to the airline.

Under this collaboration, (Philippines AirAsia) actively promotes eco-tourism

adventures through flights and hotel partnerships, airline representatives said.

The airline resumed its flights to Kota Kinabalu in June.

The resumption "has reopened this important border not only for Filipino traders and travelers, but also for Malaysians here in Sabah who would like to visit their friends and relatives in Manila," Philippines AirAsia Chief Executive Officer Ricardo P. Isla said.

"This also opens the opportunity for tourism for the two sides to prosper, as both destinations have an array of exciting offerings for first-time and seasoned travelers," he added.

For his part, Datuk Jafry Ariffin, the minister of Tourism Culture and Environment, said: "With... AirAsia, we can re-establish collaborations on new access into Sabah."

"I am looking forward to more connections AirAsia may bring from the island nation of the Philippines," he added.

The budget carrier flies to Kota Kinabalu weekly every Tuesday and Saturday.

"Guests visiting Kota Kinabalu are required to download the MySejahtera app and fill out the pre-departure form and verify their digital COVID-19 (coronavirus disease 2019) vaccine certificate via the 'Travel' icon," the airline said. — **Arjay L. Balinbin**

Vietnam, S. Korea aim to boost trade to \$100 billion next year

HANOI — Vietnam and South Korea aim to raise the value of bilateral trade between the countries to \$100 billion next year and to \$150 billion by 2030, up from \$78 billion last year, the Vietnamese government said.

The trade targets were agreed during a telephone call between South Korean Prime Minister Han Duck-soo and his Vietnamese counterpart Pham Minh Chinh late on Tuesday, a government statement said.

South Korea is an important economic partner for Vietnam and the largest source of foreign direct investment. Samsung Electronics is the biggest

single foreign investor in the Southeast Asian country.

Han and Chinh also agreed to seek ways to narrow the gap in bilateral trade, the statement said.

Vietnam incurred a trade deficit of \$34 billion with South Korea last year, according to Vietnamese customs data. Vietnam's main imports from South Korea include electronics, machinery, metals, plastics, fabrics and fuels.

During the call, Mr. Han and Mr. Chinh also shared views on the importance of maintaining peace and stability and maritime safety and freedom in the South China Sea, the statement said. — **Reuters**

Biden still weighing options on Chinese tariffs

WASHINGTON — US President Joseph R. Biden's team is still looking at options on whether to cut tariffs on Chinese imports to ease inflation, the White House said on Tuesday as industry requests to maintain the duties mounted.

More than 400 requests to keep tariffs in place on Chinese goods had been submitted to the US Trade Representative's (USTR) office as of late Tuesday, complicating Mr. Biden's decision-making.

Among these are a committee of 24 labor unions from the AFL-CIO to the Air Line Pilots Association, which has requested that all of the "Section 301" tariffs imposed by former President Donald Trump continue, covering some \$370 billion in Chinese imports.

If he substantially removes the tariffs, Mr. Biden would have to turn his back on a key constituency. He has described himself as the most pro-labor president ever, heavily relying on unions to power his Democratic Party primary and general election wins in 2020.

After weeks of deliberations within the administration over cutting tariffs as a way to ease high inflation, White House Press Secretary Karine Jean-Pierre said Mr. Biden's team was still weighing various strategies.

"There are a lot of different elements to this, especially since the previous administration imposed these tariffs in such a haphazard way, in a non-strategic way," Ms. Jean-Pierre said. "So we want to

make sure that we have the right approach. And again, his team is talking, is figuring it out, and they're talking through this."

Ms. Jean-Pierre declined to provide a timeline for Mr. Biden's decision when asked whether it would wait until he speaks with Chinese President Xi Jinping — a planned call that is yet to be scheduled.

People familiar with the tariff deliberations have told Reuters that Biden also is weighing whether to pair a removal of some tariffs with a new Section 301 investigation into China's industrial subsidies and efforts to dominate key sectors, such as semiconductors.

A probe would take up to a year to conduct and could lead to a new round of tariffs, but the sources

said that Mr. Biden can claim that any such duties would be more strategically focused than many of the current tariffs on consumer goods such as cotton sweaters and home internet routers.

The deliberations come as USTR is conducting a four-year statutory review of the tariffs, with one deadline for submitting requests to keep tariffs in place expiring late on Tuesday and another lasting until Aug. 22.

The tariff issue was raised during a call between US Treasury Secretary Janet Yellen and Vice Premier Liu He on Monday night, but a Treasury statement did not mention the duties and focused on broader economic challenges and Russian sanctions. — **Reuters**

Russian businessman Potanin weighs \$60-B merger of Nornickel and Rusal

RUSSIAN businessman Vladimir Potanin has said he is ready to discuss a possible merger between his mining group Nornickel and aluminum producer Rusal, a move that could strengthen their defenses against any possible Western sanctions against them.

Mr. Potanin told RBC TV he had sent a letter on Monday confirming his agreement to start merger discussions, citing the desirability of creating a "national champion" and building up "extra stability against sanctions".

The initial proposal, which would create a company with a combined value of about \$60 billion — similar to Glencore, came from Rusal management, he added.

Rusal, the world's largest aluminum producer outside China, did not reply to a Reuters request for comment. The Kremlin, which closely monitors tie-ups between strategic Russian companies, said it was unaware of merger plans.

Hong-Kong listed shares at Rusal rose by 11.35%, while Nornickel, the world's largest producer of palladium and refined nickel, was down 3.8% in Moscow.

Neither company has been directly targeted by Western sanctions imposed on Russia over the war in Ukraine,

though Mr. Potanin himself was hit by British sanctions last week.

A tie-up would create a global base metals giant with combined revenue of \$30 billion. Nornickel's palladium and nickel account for 40% and 7% of global mine production of these metals, respectively. Rusal produced 6% of global aluminum output in 2021.

Analysts said their combined clout could deter the West from imposing sanctions for fear of sending prices soaring for metals that are critical to its own industries.

The combined company would be "practically invulnerable to sanctions, as global markets are critically dependent on their products. Especially with the green agenda in mind," said Evgeny Kogan, professor at the Higher School of Economics in Russia.

Rusal was subject to US sanctions between April 2018 and early 2019 that caused a jump in global aluminum prices. Washington removed Rusal from the sanctions list when its founder Oleg Deripaska agreed to relinquish control of it.

Mr. Deripaska, still on the US sanctions list, remains a powerful tycoon in Russia. His relations with Mr. Potanin are chilly. Mr. Potanin and Rusal own 36% and 26% respectively of Nornickel, which had

a market value of \$49 billion at Monday's closing prices, according to Refinitiv Eikon data, compared with Rusal's market capitalization of \$15 billion.

Mr. Potanin has swooped aggressively to grab new opportunities since Russia sent troops into Ukraine and the ensuing sanctions transformed the business environment.

His Interros group snapped up Rosbank from Societe Generale when the French lender exited the Russian market, before buying a 35% in TCS finance group at what its founder, Oleg Tinkov, said was a knockdown price.

The tycoon's public statement was unusual because he typically maintains silence until his deals are clinched.

His comments came less than a week after Britain slapped sanctions on Potanin Read and six months before the expiry of Nornickel's 10-year shareholder agreement that made him president of the miner — signals that the move was driven by multiple factors.

Interros Holding, which manages Mr. Potanin's assets, did not reply to a Reuters' request for additional comment.

The potential deal is a risk for Nornickel's future dividend payments and would provide limited financial synergies, analysts at BCS said in a note. — **Reuters**

West told to do more to unblock Ukraine's ports

LUGANO, Switzerland — Western partners should do more to help unblock Ukraine's Black Sea ports to release exports of grain, metals and mining products, a Ukrainian official told Reuters on Tuesday, warning the country's finances were increasingly precarious.

Logistics problems linked to the war with Russia, notably at seaport Odesa, hit exports, causing currency inflows to Ukraine to drop to around \$2.5 billion per month from around \$7 billion before the war, Rostyslav Shurma, deputy head of President Volodymyr Zelensky's office, said on the sidelines of the Ukraine Recovery Conference.

"We are in the process with the United Nations trying to unblock this process, but I think we need much more decisive steps from our Western partners to unblock the Black Sea," he said, seeking strong security guarantees for seaports.

He said the Ukrainian economy had shrunk by 30-40% already since Russia attacked the country on Feb. 24 and it was essential for Ukraine to have access to funding.

"It's really critical to get \$5 billion per month because otherwise, within a month or two, it will be really difficult to keep the whole system in balance," Mr. Shurma said.

"The cost of money to Ukraine will be enormously high and no project will pay back the cost of funds for Ukraine," he said

British Foreign Secretary Liz Truss told Reuters on Monday Britain was doing what it could to restart the Ukrainian economy and get grain exports out of Odesa. After the war ends, Ukraine's economy could reinvent itself as an important supplier of green energy — with a potential of up to 50 gigawatts — and food to Europe, and could become an alternative to China as a production hub, Mr. Shurma said. — **Reuters**

Crypto lender Voyager Digital files for bankruptcy

VOYAGER Digital has filed for bankruptcy, the crypto lender said in a statement on Wednesday, a week after suspending withdrawals, trading and deposits to its platform as it sought additional time to explore strategic alternatives.

In its Chapter 11 bankruptcy filing on Tuesday, Toronto-listed Voyager estimated that it had more than 100,000 creditors and somewhere between \$1 billion

and \$10 billion in crypto assets. The company also recorded the same range for its liabilities.

Chapter 11 bankruptcy procedures put a hold on all civil litigation matters and allow companies to prepare turnaround plans while remaining operational.

"The prolonged volatility and contagion in the crypto markets over the past few months, and the default of Three Arrows Capital on

a loan from the company's subsidiary, Voyager Digital, LLC, require us to take deliberate and decisive action now," Voyager Chief Executive Officer Stephen Ehrlich said.

Many of the crypto industry's recent problems can be traced back to the spectacular collapse of so-called stablecoin TerraUSD in May, which saw the stablecoin lose almost all its value, along with its paired token. — **Reuters**