EU lawmakers pass landmark tech rules, but enforcement a worry

BRUSSELS — EU lawmakers gave the thumbs up on Tuesday to landmark rules to rein in tech giants such as Alphabet unit Google, Amazon, Apple, Facebook and Microsoft, but enforcement could be hampered by regulators' limited resources.

In addition to the rules known as the Digital Markets Act (DMA), lawmakers also approved the Digital Services Act (DSA), which requires online platforms to do more to police the internet for illegal content.

Companies face fines of up to 10% of annual global turnover for DMA violations and 6% for DSA breaches. Lawmakers and EU states had reached a political deal on both rule books earlier this year, leaving some details to be ironed out.

The European Commission has set up a task force, with about 80 officials expected to join up, which critics say is inadequate. Last month it put out a 12 million euro ($12.3 million) tender for experts to help in investigations and compliance enforcement over a four-year period.

EU industry chief Thierry Breton sought to address enforcement concerns, saying various teams would focus on different issues such as risk assessments, interoperability of messenger services and data access during implementation of the rules.

Regulators will also set up a European Centre for Algorithmic Transparency to attract data science and algorithm scientists to help with enforcement.

"We have started to gear the internal organization to this new role, including by shifting existing resources, and we also expect to ramp up recruitment next year and in 2024 to staff the dedicated DG CONNECT team with over 100 full-time staff," Breton said in a blogpost.

DEEP POCKETS

Lawmaker Andreas Schwab, who steered the issue through the European Parliament, has called for a bigger task force to counter Big Tech's deep pockets and array of lawyers.

European Consumer Organisation (BEUC) echoed the same worries.

"We raised the alarm last week with other civil society groups that if the Commission does not hire the experts it needs to monitor Big Tech's practices in the market, the legislation could be hamstrung by ineffective enforcement," BEUC Deputy Director General Ursula Pachl said in a statement.

The DMA is set to force changes in companies' businesses, requiring them to make their messaging services interoperable and provide business users access to their data.

Business users would be able to promote competing products and services on a platform and reach deals with customers off the platforms.

Companies will not be allow to favor their own services over rivals' or prevent users from removing pre-installed software or apps, two rules that will hit Google and Apple hard.

The DSA bans targeted advertising aimed at children or based on sensitive data such as religion, gender, race and political opinions. Dark patterns, which are tactics that mislead people into giving personal data to companies online, will also be prohibited. — ***Reuters***

Philippines must work with neighbors to build cyber-resiliency — Kaspersky

By Arjay L. Balinbin
Senior Reporter

INTERNET SECURITY company Kaspersky said the Philippines needs to boost collaboration with its neighbors in the region as well as partner with more private companies to build cyber-resiliency in the country.

To improve the country's cybersecurity, there must be "public-private partnerships (as well as) regional and international cooperation," said Genie Gan, head of Kaspersky's public affairs and government relations for Asia Pacific and Middle East, Turkey and Africa, during a briefing on Wednesday.

"We encourage the government regulators to begin boosting its cyber capacity-building and cooperation efforts. These two are basically the building blocks of cybersecurity," she added.

The company noted that web threat attempts against Filipino users increased 432.75% to 50,544,908 in 2021 from 9,487,775 in 2017.

The Philippines also climbed to fourth place from the 30th spot in Kaspersky's global ranking of most attacked countries.

Kaspersky saw mobile malware attacks in the Philippines from 2019 to 2021 decrease by 69%.

"But there are indications that Trojans are injected into third-party ad modules and new Trojans are being discovered —proof that cybercriminals have become creative and sophisticated in their approach."

Ms. Gan described the Philippines' cybersecurity readiness as "intermediate."

"Intermediate-level countries are those that have identified cyberattacks as areas they need to look into and have attempted to make some inroads. The goal is to have the country move to the Advanced stage where we hope to see it doing more in terms of development," she said.

The country's cybersecurity landscape is interconnected with its regional neighbors, she stressed.

The government and the private sector, Ms. Gan said, should continuously promote security awareness and digital education for more than 76 million internet users.

The Philippines should also grow its pool of cybersecurity talents.

"Cyber threats are here to stay as it is parallel with the digitalization drive in the Philippines. A latest study even projected a 50-trillion-peso digital economy in 2030, a huge opportunity that will be realized best if digitalization efforts are built upon trusted and transparent cybersecurity foundations," said Yeo Siang Tiong, general manager for Southeast Asia at Kaspersky.

"Organizations, industries, and governments will always be lucrative targets for cybercriminals but through collaborative multi-stakeholder efforts, we can explore strategies and expand our cybersecurity implementation as we enhance our confidence and trust in technology. When a country achieves cyber-resiliency, the digital future no longer becomes a scary unknown realm but a place with endless opportunities for growth," he added.

Using cloud intelligence for retail growth opportunities

By Allen Guo

FOR MANY bricks-and-mortar retail brands, the global pandemic was the catalyst that accelerated their plans to establish an online presence. In order to survive during — and after — the pandemic, many brands have realized that they need to swiftly adapt their business strategy in a significant way, while revamping their entire IT infrastructure. Such measures are necessary if they want to respond effectively to the changes in consumer behavior, and to seize retail opportunities as they evolve in the post-pandemic digital economy.

It is my belief that the retail sector will be receptive to new digitalized businesses models, and willing to explore emerging technologies as well as cloud-based solutions. From an operational perspective, there are many benefits for them to enjoy; cloud-based solutions reduce retailers' overheads with respect to managing a complicated IT infrastructure. They also provide useful resources to stimulate innovation, which is just what is needed as today's consumers are eager to explore unique and ultimate shopping experience.

Retailers in the Philippines are also being supported and encouraged by the government to look to the opportunities posed by digitalization and e-commerce. This year, the Philippine Department of Trade and Industry (DTI) launched the e-Commerce Philippines 2022 Roadmap. In it, the department outlines the strategies, agenda, and road map for a thriving Filipino e-commerce industry. The document also speaks of the huge potential for growth in the sector, which can be stimulated through the digital transformation of Philippine businesses and investment in technological tools.

Therefore, to remain competitive, it is essential that bricks-and-mortar retailers look to adopt cloud-based intelligent solutions to underpin their digital transformation process. Retailers can leverage intelligent solutions to build a cloud-first and secure infrastructure, to expand their omni-channel operational footprint, enhance the customer engagement experience and utilize smart supply chains to optimize brands' digital business models. In short, all of the measures needed to streamline their business while presenting retailers with innovative offering for their customers.

CLOUD-FIRST INFRASTRUCTURE AND OMNI-CHANNEL SALES

During the pandemic, many retailers discovered to their advantage how analytics-driven, cloud-based technologies, were able to support the huge increase in the number of online shoppers. Underpinning their ability to deliver their online offering reliably and consistently during that time of crisis, was a cloud-first and secure infrastructure. This enabled retailers to adopt cloud-native technologies that can easily scale up or down the infrastructure based on their real-time business needs. Features like a globally accelerated network, cloud-native container management, and unified backup and recovery services, gave retailers peace of mind that their platform is robust, irrespective of the extreme demand it was subject to.

Adding further reassurance, are the host of essential security solutions that the cloud offers which provides comprehensive compliance and protection against a range of ever-present and increasingly sophisticated security threats. For example, retailers can build anti-fraud risk engines based on Apache Flink — an open-source stream processing framework — to defend against the ever-evolving tactics of fraudsters.

In a bricks-and-mortar business model, there are other operational essentials a retailer has to deal with daily. These range from processing orders, to dealing with payments, product assortments, inventory information, supply chain processes and so on. All of those can be digitalized and reviewed visually to help management make informed business decisions. Perhaps most importantly, when they are optimized, it is easier for digital channels to reach end customers directly while facilitating a seamless online and offline shopping experience for shoppers.

FULL STORY

Read the full story by scanning the QR code with your smartphone or by typing the link **<bit.ly/Cloud070722>**

ALLEN GUO is the Alibaba Cloud Intelligence country manager for the Philippines.

Bad loan,
from S1/1

The government placed Metro Manila and some provinces under the most lenient alert level starting March as the number of coronavirus disease 2019 (COVID-19) infections plunged.

"As the economy continues its recovery, the outlook for the banking sector also improves. Not just in terms of nonperforming loans but also its ability to lend to businesses," China Banking Corp. Chief Economist Domini S. Velasquez said in a Viber message.

As bad loans declined, the lenders' gross loan portfolio expanded by 7.3% to P11.44 trillion in May from P10.66 trillion a year ago. It also edged up by 0.4% from the P11.39 trillion in April.

Meanwhile, past due loans dropped by 14.2% to P508.508 billion in May from P593.346 billion a year ago. This brought the ratio to 4.44% from 5.56% a year ago.

Restructured loans climbed by 27.78% to P336.723 billion from P263.514 billion a year ago. These borrowings accounted for 2.94% of banks' loan portfolio as of May.

In May, banks continued to boost their loan loss reserves to P406.61 billion from P383.39 billion a year ago. This brought the ratio to 3.55%, slightly lower than 3.59% a year ago.

The industry's NPL coverage ratio, which gauges the allowance for potential losses due to bad loans, improved to 94.76% from 79.96% a year ago.

"The government's push to support the MSME (micro, small, and medium enterprises) sector and programs and policies to make sure businesses — domestic or foreign — thrive in the country, will contribute to improvements in the banking sector and the economy," Ms. Velasquez said.

Mr. Mapa said he expects conditions to improve if economic activity remains robust.

The BSP earlier said the NPL ratio of Philippine banks might peak at 8.2% this year. The ratio stood at 3.99% as of end-December 2021, as the economy started to reopen.

Electricity,
from S1/1

"This is a good platform to start taking actions to carve out recovery in new and better than light manufacturing industries for foreign and local investments," PCCI Director for Energy and Power Franklin A. Carbon said.

The PCCI also urged the Marcos administration to consider renewable energy sources that have "higher proven and acknowledged availability, known technology, no subsidy requirement from either government or consumer to meet reasonable cost to consumers, and can deliver quality, reliable supply to industries."

The business group also recommended the conservation, rehabilitation, and upgrade of hydropower, geothermal power, and LNG, and to accelerate the approval for new plants that can power industries at affordable costs.

"Addressing the country's power woes is a big challenge that needs a concrete agenda, commitment and the concerted effort and support of all stakeholders," the PCCI said.

Mr. Marcos has yet to announce his pick for Energy secretary. — **RMDO**

Mandanas,
from S1/1

the IRA is now known as the National Tax Allotment (NTA).

Mr. Diokno added that the policy of importing food to address domestic shortages would continue even after the president said the government would exert greater effort in boosting rice and corn production.

"We will continue to import if demand exceeds supply… for our food requirements and that's to keep the prices reasonable and affordable for ordinary people."

"Simultaneously, we plan to increase production, to increase efficiency and planting more — that's why (President Ferdinand R. Marcos, Jr.) accepted the Agriculture post; he wants to focus on production and he will do that through more sustained productive activity and increasing productivity in the sector."

Inflation accelerated to 6.1% year on year in June, exceeding the Bangko Sentral ng Pilipinas' (BSP) 2-4% target for a third straight month. In May, inflation was 5.4%. The year-earlier level was 3.7%.

Food accounts for about 39% of the CPI basket, giving food prices an outsized impact on the movement of the indicator. Food tends to command a bigger share of household budgets in poor countries.

Mr. Diokno described Philippine agriculture as a laggard.

"Industry has been growing, services have been growing but the agriculture sector has been in and out of recession," he said.

Even if "there's a budget for the Department of Agriculture, that should not be equated to how much the economy will need to increase agricultural production," he said.

"As you know, the government is not doing agriculture; it's the private sector."

Mr. Diokno also said Mr. Marcos would look into each of the individual subsectors in agriculture — crops, rice, corn, high-value crops and fish.

In June, Mr. Marcos appointed himself Agriculture secretary to address the severe problems facing the farm sector. — **Diego Gabriel C. Robles**

Target,
from S1/1

The Finance chief said the debt-to-GDP ratio would be lowered to 60% by 2025. At the end of the first quarter of 2022, the ratio stood at 63.5%, exceeding the 60% threshold that multilateral lenders consider suitable for developing economies.

"We want to show the world that we're conscious of having sound fiscal management," Mr. Diokno said.

He added that the government also seeks to lower the deficit-to-GDP ratio to 3% starting 2026.

"We still have a lot of fiscal space, we are confident revenues will pick up," he added.

Mr. Marcos, 64, is expected to continue his predecessor's infrastructure program.

"We are committed to spend 5-6% of GDP for infrastructure annually from 2023 to 2028," Mr. Diokno said, adding that the government would pursue public-private partnerships.

The Philippines is still aiming achieve to upper middle-income status, although Mr. Diokno said this would likely be achieved by the end of Mr. Marcos' term.

The Philippines had originally targeted to graduate to the upper middle-income status by 2022, but this was derailed by the coronavirus pandemic.

As of last year, the World Bank set the income range for the upper middle-income bracket to a gross national income (GNI) capital of $4,096-$12,695.

TAXES

Mr. Diokno said the Marcos government would push for the completion of the Duterte administration's Comprehensive Tax Reform Program (CTRP).

"There are two packages left that are revenue-neutral. These will simplify the tax system a lot so we'll push for that," he said. "We expect them to be approved before yearend."

The previous Congress had failed to approve the remaining CTRP packages, which seek to standardize the real property valuation and assessment, and simplify taxes on passive income.

Mr. Diokno, a former central bank governor, also backed taxes on digital services, saying this is "only fair."

In a separate interview with the ABS-CBN News Channel, Mr. Diokno also mentioned the possibility of imposing a tax on single-use plastics.

"I think we on our part, on the tax side, should think of some measures that we can do to reduce pollution. For example, tax on single-use plastic is worth considering," he said.

"The Philippines is probably one of the most vulnerable with respect to climate change, and so it is in our own interest that the movement towards climate change should be supported."

Former Finance Secretary Carlos G. Dominguez III earlier proposed a fiscal consolidation plan that included measures that would generate fresh revenues to pay for the country's P12.5-trillion debt.

A P20 excise tax per kilogram of single-use plastics is part of package 1 of the fiscal consolidation plan. — **Kyle Aristophere T. Atienza** *with* **Diego Gabriel C. Robles**