

## Kenyon Road rehab deal seen signed next year; future toll road to be operated by private partner

THE Department of Public Works and Highways (DPWH) said it expects to sign a contract with a private partner for the P11.5-billion Kenyon Road rehabilitation project in April, which will result in its modernization and reconfigure it as a commercially operated toll road.

The feasibility study was still being finalized as of July, the DPWH said on its website.

A tender for the public-private partnership (PPP) project was expected to take place between July this year and March 2023.

Kenyon Road links the Luzon lowlands to Benguet Province.

"The project involves the rehabilitation, reconstruction, and improvement of Kenyon Road to prevent road slope disasters such as soil collapse, rock fall, road slip, landslide, and river erosion that frequently occur along this road," the DPWH said.

Kenyon Road offers the shortest route from Rosario, La Union to Baguio City, with a total length of 33.7 kilometers.

The DPWH expects civil works to cost P11 billion, and the acquisition of right of way P550 million.

"At the end of the rehabilitation or reconstruction, the project is expected to reduce travel time from Rosario to Baguio City from one hour to only 30 minutes," the DPWH said.

It is also expected to reduce travel time from Manila to Baguio City from four hours to three hours and 30 minutes via North Luzon Expressway, Subic-Clark-Tarlac Expressway, Tarlac-Pangasinan-La Union Expressway and Kenyon Road.

At the same time, the project is expected to "contribute

to the growth of the region's tourism industry and related business activities, including their expansion to remote communities near the project area."

The current administration has identified the Kenyon Road rehabilitation as among its priority PPP projects.

Public Works Secretary Manuel M. Bonoan has said that the Marcos administration will work to attract more investors to its infrastructure program through PPPs. — **Arjay L. Balinbin**

# Procurement agency promises reforms amid call for abolition

THE Procurement Service of the Department of Budget and Management (DBM) said it will overhaul its processes amid calls to abolish the office following the alleged overpricing of laptop computers acquired for the Department of Education (DepEd).

"Procurement transformation... need not be too technical and convoluted. We will go back to the basics and execute them well to strengthen our foundation, and implement the doable," Procurement Service Executive Director Dennis S. Santiago said in a statement on Tuesday.

Mr. Santiago said the reforms being contemplated include a focus on common-use supplies and equipment, rather than materials needed specifically by individual agencies; more realistic price canvassing; and improved supply chain management.

He also proposed greater use of electronic procurement platforms, capacity building, compliance with "green" principles in

public procurement, and supplier partnerships.

"I fully understand the sentiment of some groups and even by our own esteemed and honorable legislators. We know where they are coming from as we share their clamor for zero tolerance against irregularities in government," Mr. Santiago said.

"But, with all due respect, I think we need to strike a careful balance. I believe the calls must be tempered with the understanding that (the Procurement Service), along with its many dedicated and well-meaning employees, has ably served government for many decades," he added.

The Procurement Service, whose primary task is to centralize procurement of common office supplies and equipment for government agencies, was flayed by the Commission on Audit (CoA) found irregularities in the purchase of laptops for public school teachers and medical supplies for the pandemic response.

The CoA report questioned the agency's purchase of P2.4 billion worth of outdated laptops for the DepEd. Another audit report flagged P1.39 billion worth of personal protective equipment procured by the service for the Department of Health.

On Aug. 16, the Procurement Service suspended the procurement of non-common use supplies and equipment (NCSE) until further notice, and is currently focusing on common-use supplies and equipment (CSE).

"During the suspension, the Procurement Service shall not accept new requests for non-CSE procurement until further notice," Mr. Santiago said.

Mr. Santiago said he plans to return to the Treasury over P3 billion worth of high-yield investments held with government banks, which was flagged by CoA as unauthorized.

"The amount of P3 billion is intact, and I am for the return of the money to the national trea-

sury soon as we have properly clarified the nature of the funds with CoA," he said.

In a management letter, CoA ordered the agency to "immediately remit the balance of the savings" to the Treasury.

CoA said the agency's failure to return the money to the general fund of the Bureau of Treasury is in violation of Executive Order No. 431.

Mr. Santiago also said he supports Budget Secretary Ameh F. Pangandaman's earlier call to give the Procurement Service a chance, adding that officials should allow the new administration to reform the agency.

"We already have programs on how to fix (the Procurement Service) if you (would only) give us a chance," Ms. Pangandaman said during the Development Budget Coordination Committee's briefing for the House Committee on Appropriations on Friday. — **Keisha B. Ta-asan**

## CAMPI lobbies to retain excise tax exemption on pickup truck category

THE Chamber of Automotive Manufacturers of the Philippines, Inc. (CAMPI) said it will ask legislators not to remove the excise tax exemption for pickup trucks, expressing fears that the resulting price hikes on a significant vehicle segment will blunt the industry's recovery.

"We will seek opportunities to present and discuss our position with concerned legislators and appropriate government agencies," CAMPI President Rommel R. Gutierrez said in a mobile phone message when asked to comment on the proposed removal of the exemption.

Separately, Mr. Gutierrez said on the sidelines of a news conference in Parañaque City on Tuesday that pickup trucks account for 17% of the industry's vehicle sales.

"That is how big it is. Many are using pickups, since these are for business," Mr. Gutierrez said, referring to the vehicle's role as a farm, construction, or delivery vehicle. Many pickups, however, are employed as personal transport.

"We are concerned about the addition of the taxes. As we know, the demand for vehicles is price-sensitive. This will definitely impact prices," Mr. Gutierrez said.

"We are still recovering. We have not yet recovered fully to pre-pandemic levels. We express concern," he added.

Mr. Gutierrez urged the government to consider the auto industry's condition in tax policy, saying that the two sides are partners in the economy.

"It's really a collaboration between the government and private sector. We want to strike a balance (between) the government's intention (to tax) and the situation of the auto industry. We will definitely discuss, at least ask for discussions... in resolving this issue," Mr. Gutierrez said.

"We will follow the process in Congress. They have public consultations or committee hearings on the issue. We will go there

upon invitation. We will submit, as needed, the collective position of all the members," he added.

The House Ways and Means Committee approved last week the fourth package of the Comprehensive Tax Reform Program which included the elimination of the excise tax exemption on pickup trucks.

The fourth package was previously called the Passive Income and Financial Intermediary Taxation.

The removal of the excise tax exemption is expected to generate P52.6 billion worth of additional revenues from 2022 to 2026, according to the Finance department.

Pickup trucks are exempted from excise tax under Republic Act No. 10963 or the Tax Reform for Acceleration and Inclusion. The exemptions are targeted at small business owners and professionals who use the trucks for work.

CAMPI and the Truck Manufacturers Association, Inc. estimate that vehicle sales increased 18.4% to 182,687 units in the seven months to July.

Commercial vehicles, including pickup trucks, accounted for 75.18% of the total, or 137,338 units.

CAMPI has set a sales target of 336,000 units this year, up 17%.

Separately, CAMPI announced that it will stage the 8<sup>th</sup> Philippine International Motor Show (PIMS) between Sept. 15 and 18 at the World Trade Center in Pasay City.

PIMS returns after a four-year hiatus, with exhibitors including BMW, Chery, Foton, Geely, Honda, Hyundai, Isuzu, Kia, Mazda, Mitsubishi, Nissan, Suzuki, and Toyota.

At the motor show, "We will... come together to showcase the positive impact of sustainable and future-ready innovations on our day-to-day lives," Mr. Gutierrez said. — **Revin Mikhael D. Ochoa**

## Colliers sees gap in market for Region III industrial space

COLLIERS Philippines said the market for industrial space in Central Luzon (Region III) remains underserved relative to the region's economic potential.

In a statement on Tuesday, Colliers, a property consultancy, said that Central Luzon has the potential to attract job-generating manufacturing investment.

"Central Luzon is becoming a preferred hub for industrial park development," it said.

Colliers Associate Director of Research Joey Roi Bondoc called Central Luzon a viable consumer base for manufactured goods, noting its high growth levels.

He added that developers with a significant industrial footprint in Central Luzon include Filinvest Land, Inc. and Ayala Land, Inc.

"Colliers believes that property firms should continue developing industrial parks and modernizing warehouses in Central Luzon to capture the region's economic expansion and continued industrial space take up from manufacturing locators," Mr. Bondoc said.

"We see more national and local developers following suit in Central Luzon," he added.

"From 2022 to 2024, we see the completion of about 307 hectares of new industrial space particularly in Pampanga, Tarlac, and Zambales," it said.

"The Department of Trade and Industry (DTI) is currently pitching Central Luzon as a manufacturing and logistics hub... Singapore firms are also keen on investing in the Filinvest Innovation Park in New Clark City. The first phase of the industrial hub is now accepting locators, particularly companies involved in logistics, e-commerce, light manufacturing, and data center operations," it added.

Colliers added that the infrastructure in Central Luzon will help attract more manufacturing and logistics investment.

"The modernization of Clark International Airport should raise the attractiveness of Central Luzon for more manufacturing and logistics investment. The development of passenger railways such as the Manila-Clark Railway, as well as cargo railway systems should also support the expansion of industrial activity in the region," it said.

"Other big-ticket infrastructure projects that will likely spur growth in Central Luzon include Skyway 3 and Central Luzon Link Expressway (CLLEX)," it added. — **Revin Mikhael D. Ochoa**

## House bill proposes P15-B annual allocation for RCEF

A BILL filed in the House of Representatives proposes to raise the annual allocation for the Rice Competitiveness Enhancement Fund's (RCEF) to P15 billion from the current P10 billion.

House Bill No. 212, which was filed by Nueva Ecija Rep. Mikaela B. Suansing and Sultan Kudarat Rep. Horacio P. Suansing, Jr., seeks to raise the program's allocation to "maximize its efficacy in improving the productivity and incomes of Filipino rice farmers."

The RCEF is a component of the Rice Tariffication Law. RCEF receives P10 billion from rice import tariffs a year for six years to support farm mechanization, seed development, training, and credit assistance.

"The RCEF was designed to reduce palay production costs by 30%, to increase yields by 50% and to double farmer incomes in six years to boost Filipino farmers' competitiveness (following) the liberalization of the

Philippine rice trade in 2019," according to the bill.

"However, there have been reports that, despite RCEF's implementation, farm yields have not improved, production costs have not declined, while farmgate prices of domestically produced palay have remained low," it added.

Apart from the increase in budget, the bill proposed to make RCEF funding perpetual.

"That is, RCEF will not only be a six-year program... The government should continually provide support to our farmers to ensure the sustainability and competitiveness of the Philippine rice sector, as well as ensure food security," according to the bill.

"While the amount appropriated to the rice fund and/or the amounts allocated to each individual RCEF component program can be changed, the rice fund itself should be (made permanent) and its receipt of annual

appropriations should be guaranteed to perpetuity," it added.

According to the bill, P5 billion from the fund will be allocated towards subsidies for essential farm inputs, such as fertilizer and chemicals, amid rising input costs.

The price of granular urea increased to P3,002.17 per bag from P1,115.52 before the recent global shortages, while complete fertilizer prices rose to P2,212.15 per bag from P1,094.48, according to the Fertilizer and Pesticide Authority.

"Based on a survey of rice farmers (with irrigated farms) in Nueva Ecija, expenditure on fertilizer comprises 39% of their total expense throughout the cropping season, while expenditure on other chemicals comprises 8%. This shows that subsidies for these other essential farm inputs are much needed, as low usage of fertilizer has reduced the palay yield in the first semester of 2022 by about 6.8%," it said.

"While the Department of Agriculture has provided fertilizer subsidies in the past, it has been on an ad hoc basis. That is, subsidies have been provided during some cropping seasons but not others, and amounts allocated towards subsidies have varied greatly depending on fund availability," it added.

The bill also proposed to increase the annual allocation for rice farm machinery and equipment to P5.5 billion from the current P5 billion and decrease the annual allocation for expanded rice credit assistance from the current P1 billion to P500 million.

It also seeks to enhance the reporting, monitoring and coordination mechanisms between the Congressional Oversight Committee on Agricultural and Fisheries Modernization and RCEF-implementing agencies. — **Luisa Maria Jacinta C. Jocsan**

## DA seeks to stimulate demand for alternatives to bangus, tilapia

THE Department of Agriculture (DA) said it will seek to promote to consumers fish alternatives that are readily available domestically to address supply concerns.

"Aside from improving the yield of agricultural inputs to help farmers (achieve) a better yield, we are also looking at alternative commodities like fish (beyond consumer favorites like) *galunggong* (round scad), *bangus* (milkfish) and *tilapia*," Agriculture Undersecretary Kristine Y. Evangelista told a hearing on Tuesday at the House committee on agriculture and food.

The goal is to "strengthen our other produce and influence consumer preferences to shift to certain commodities that we have in abundance."

"For us to be able to increase the yield of farmers, we need to engage them in our programs...it's a whole ecosystem. Increase in production is one, shift of consumer preference is also a direction we are taking, and the last resort is augmentation with imports," she added.

Last week, the DA said it is pursuing initiatives to improve domestic salt production with the aim of making the Philippines more self-sufficient. The department estimates

that the Philippines is 93% dependent on imported salt.

"We have not produced enough... as far as the DA is concerned, we are focused on (expanding) local production... to meet demand requirements. Aside from identifying areas of production, there is a need as far as technology is concerned, not only for our marginal fisherfolk, but also (at) industry level to meet demand," Ms. Evangelista said.

"This will help our fisherfolk (as) this is (will become another) revenue stream for them," she added.

In onion production, Ms. Evangelista said that the DA has not yet prepared an import plan to address the white onion shortage.

"We have not issued import permits. One of the reasons (is) we want to make sure no imports happen during the harvest season. We have to make sure we are not flooded with imported onions while harvesting," she said.

"As far as smuggling is concerned, our field inspector team is working with the Bureau of Customs and there have been smuggled onions seized," she added. — **Luisa Maria Jacinta C. Jocsan**

## ACEN's Arayat-Mexico solar farm enters full operations

ACEN Corp. said on Tuesday that its joint venture project with Citicore Power, Inc., a 72-megawatt (MW) solar farm in Arayat and Mexico, Pampanga has entered full operations.

"We are extremely pleased to showcase another successful venture that moves us closer to our shared goals of sustainable development for our country," Jose Maria Eduardo P. Zabaleta, chief development officer of ACEN, said in a statement.

ACEN, the Ayala group's listed energy platform, said the solar farm produces sufficient energy to supplying electricity to about 45,000 households, which the company described as a "critical addition" to the grid.

ACEN said the project will do away with 72,000 metric tons of carbon dioxide emissions annually had conventional methods been used to generate the power. It also created more than 1,500 job opportunities in the host communities.

Oliver Y. Tan, president and chief executive officer of Citicore Renewable Energy Corp., said that the company will pursue more collaboration with ACEN.

"Citicore's engineering excellence and end-to-end project development capabilities, from construction to commissioning, enabled a fast turnaround time for the completion of this maiden joint venture project with ACEN," he added.

The P2.9-billion joint venture was completed less than a year after ground breaking in June 2021. In a disclosure in March 2022, ACEN said that the solar farm started to export power to the grid on March 23.

ACEN and Citicore are now developing the project's 44 MW second phase, which is expected to be commissioned by the second quarter of 2023. Once fully operational, the project's full capacity will be 116 MW. — **Ashley Erika O. Jose**