House bill seeks to confer 'national significance' status to gas projects

A BILL filed in the House of Representatives proposes to classify natural gas projects as strategic, entitling them to expedited permit processes.

House Bill 4097 seeks to grant the sector's projects the status of "Energy Projects of National Significance" (EPNS). It was filed by Davao Rep. Paolo Z. Duterte, Benguet Rep. Eric G. Yap, and ACT-CIS Party-list Representatives Edvic G. Yap and Jeffrey P. Soriano.

"Despite the establishment of the Philippine Energy Plan... threats of blackouts remain as drilling activities in pursuit of exploring natural gas were halted," the legislators said in the bill's explanatory note.

EPNS status is being proposed for liquefied natural gas terminals and gas distribution systems as the Philippines transitions to an importer of natural gas with the depletion of its largest domestic gas source, the Malampaya field.

The bill also lays out an incentive scheme for investors, including income tax holidays, enhanced deductions, and an exemption from value-added tax.

The bill also tasks the Department of Energy with preparing a Natural Gas Industry Plan, and the Energy Regulatory Commission with regulating rates and terms and conditions for gas services.

The Departments of Natural Resources, Health and Trade and Industry have been roped in to help draft safety standards for the industry.

The Malampaya Deepwater gas-to-power project was the first gas platform designed and constructed in the Philippines. It provides up to 20% of the Philippines' energy needs via a gas pipeline between northern Palawan and Batangas, site of most of the country's gas-fired power plants.

"Congress needs to act fast in passing HB 4097... in order to anticipate the elevated demand for electricity resulting from the country's rapid post-pandemic growth," Mr. Duterte said, noting that Malampaya is expected to be commercially depleted in the next few years. — **Matthew Carl L. Montecillo**

NTC orders telcos to deactivate, block links in scam text messages

THE National Telecommunications Commission (NTC) has directed telecommunication companies to block or deactivate domains and uniform resource locators (URLs) contained in scam text messages.

In a letter to Smart Communications, Inc., Globe Telecom, Inc., and DITO Telecommunity Corp. dated Sept. 12, NTC Commissioner Gamaliel A. Cordoba said that URLs, TinyURLS, SmartLinks and QR codes from malicious sites identified by a government database must be blocked or deactivated.

"The NTC is conducting investigation; we are (focusing) on prevention," Edgardo V. Cabarios, an NTC deputy commissioner, told reporters on Tuesday during the inauguration of PLDT and Smart's integrated operations center.

Mr. Cabarios also appealed to telco consumers to avoid clicking on malicious links they receive in text messages, saying, "If nobody is baited to click the links, there will be no victims of scams."

Mr. Cabarios said the NTC is also ordering blocks on subscriber identity module (SIM) cards found to have been sending spam messages.

Smart Vice-President and Head of Regulatory Affairs Roy D. Ibay said in a statement that the NTC organized a meeting with telcos to collaborate and draft a memorandum aimed at deactivating links to malicious sites.

"Smart has been conducting such efforts in the past which has led to 342 million 'smishing' messages blocked from June to August alone," Mr. Ibay said.

"We support the initiative of the NTC to protect the public from phishing, smishing, quishing, and other forms of illegal activities. We will comply with the NTC's directive," DITO Telecom Chief Administrative Officer Adel A. Tamano said in a statement issued via Viber.

In a statement, messaging platform Viber said that the company has also conducted an internal investigation regarding unsolicited "personalized" text scams.

"Viber always prioritizes the safety and security of our users, and the Philippines is one of our top priority countries — we will continue to invest any resources needed to support our users. We are extending our willingness to cooperate with authorities to ensure the urgent resolution of this issue," Viber said.

In a statement issued last week, Anton Reynaldo M. Bonifacio, chief information security officer of Globe, said that the company was able to block 784 million scam and spam messages between January and July. — **Ashley Erika O. Jose**

Lawyers say constitution should not set specific restrictions on foreign ownership

LAWYERS appearing on Tuesday before the Senate Constitutional Amendments and Revision of Codes Committee recommended a review and possible amendment of provisions in the 1987 Constitution limiting foreign ownership in many industries at 40%.

Ateneo de Manila law and economics professor Antony A. Abad, Jr., said at the hearing that the goal is to expose companies to real competition and make the economy less vulnerable to cartelization.

"You have to achieve that through economic equilibrium... that's why competition is needed because we don't want monopolies and cartels who determine the price, quantity and availability of a product; there will be a problem in consumer welfare," he said, calling the economy "unbalanced."

"There is also a need for political equilibrium, by making sure that there is no concentration of political power," he added.

Mr. Abad said Congress called for a charter that contains only "immutable and the general, aspirational provisions."

"The constitution's purpose is the organization of government and governance, and then the aspirations of the people," he added, noting that specific and restrictive provisions should be avoided.

He recommended that legislation fill the gaps where the Constitution cannot be specific.

Mr. Abad added that if eliminating poverty and protecting domestic industry is the government's goal, then "the 60-40 (provision) is not the way to do it."

"If the purpose of the 60-40 is the protection of the Philippine economy, that will not happen because the 60-40 is first arbitrary. Why 60-40?" he said, noting that such rules can be circumvented via the use of dummy corporations.

"If industry needs to be protected, then regulations should be provided in the registration process," he added.

In the previous Congress, a resolution sought to insert the phrase "unless otherwise provided by law" to the constitutional provision capping foreign ownership, and to the Filipino ownership-only rule in force for land and certain industries deemed strategic.

Estelito P. Mendoza, a former solicitor-general, called this suggestion useless, saying that there "might as well have no provision at all."

"On the economic provisions, we must deal with them on their own merits. You cannot solve them by just saying 'unless otherwise provided by law,'" he said.

"I think we have to determine what the economic provisions are and that will require some study from the economic point of view," he added.

Discussions on the revision of the constitution were renewed after Senator Robinhood Ferdinand C. Padilla, who chairs the committee, expressed support for eliminating the 60-40 rule, saying such a move will attract more foreign investment, including in joint oil and gas exploration with China in the South China Sea.

Foreign Affairs Secretary Enrique A. Manalo has said that China is seeking a 50-50% or 51-49% division rather than 60-40% in favor of the Philippines. It also wanted agreements to be governed by Chinese law, which was unacceptable to the Philippines.

Mr. Mendoza cited the need to "recognize the difference between exploration and exploitation."

"Exploration is just identifying if there is oil present, and there's no problem with joint exploration," he said, "but the constitutional issue is on joint exploitation which has not been decided by the Supreme Court."

Mr. Mendoza also called for the return of a provision allowing the declaration of martial law in case of imminent danger, since its removal may mean that "you cannot declare martial law or suspend the writ of habeas corpus until war (has broken out) which is not a practical solution."

The constitution, he added, should also be amended in such a way that presidential appointments of judiciary officials are only final after confirmation by the Committee of Appointments.

Currently, members of the Supreme Court and judges of the lower courts are appointed by the President from a list prepared by the judicial and bar council without a need for confirmation.

Mr. Abad said the constitution is currently lacking inclusivity, accountability and transparency. "The system needs to be changed." — **Alyssa Nicole O. Tan**

PHL needs to make economy part of global supply chains — Habito

THE Philippines needs to embed its economy solidly in global supply chains if it is to accelerate the recovery from the pandemic, a former Socioeconomic Planning Secretary said.

Cielito F. Habito, who currently chairs Brain Trust, Inc., said: "Integration is key. Our value chains, supply chains have gaps. It will take some innovative thinking and creative minds to bridge that gap," Mr. Habito said during the 20th Management Association of the Philippines (MAP) International CEO Conference 2022 on Tuesday in Taguig City.

"The reason we cannot build an integrated economy is because there is too much inward looking among our production sectors, including in our government itself. We carried nationalism to (such an) extreme that we all thought nationalism is keeping out everything foreign," he added.

Meanwhile, Jesus Carlos P. Villaseñor, Procurement and Supply Institute of Asia chairman and CEO, told the gathering that the Philippines can better integrate with the global economy via expanded use of data analytics.

"We need to have a clear definition of what is the demand and supply positions by industry to manage capacity constraints and supply opportunities," Mr. Villaseñor said.

"The supply chain is a national security issue... Now, the supply chain is characterized by many pressures such as unpredictable demand and supply, longer lead times, out of stock scenarios, high costs, cybersecurity... This is aggravated by corruption in the national level," he added.

Mr. Habito said that companies should practice "scenario planning" in dealing with the unpredictability of global supply chains.

"Because it has become an increasing VUCA (volatility, uncertainty, complexity, and ambiguity) world, the nature of planning itself has to change. Unidirectional planning is no longer the way to go. Instead we should be doing scenario planning. That entails building several alternative scenarios on future possible directions that the organization or the economy may be taking," Mr. Habito said.

"Having a plan and a strategy to pursue that plan is critical to success or even survival in the kind of crisis that we've just been through," he added.

Aurelio R. Montinola III, former MAP president and Far Eastern University chairman, said he expects work-from-home arrangements to continue even with the return of onsite work.

"I think in the end, people can see that there is a low chance that you will go back to pre-pandemic face-to-face (office schemes) primarily because there have been a lot of productivity improvements using online. That will continue," Mr. Montinola said.

Milbank LLP Partner James F. Grandolfo, Jr. noted that the Philippine Stock Exchange (PSE) is lags most markets in Asia.

"Despite the Philippines having one of the oldest stock exchanges in Asia, it actually has the lowest number of listed companies. At the end of 2019, the PSE had 267 listed companies. I think there are only 280 listed companies listed today. This has hardly changed from the 261 companies that were listed at the end of 2014."

"The market also suffers from low average daily turnover due to the small number of companies and the small number of investors who are buying and selling stock," he added.

Mr. Grandolfo said that increasing investor participation will help boost the PSE, adding that there is "still significant demand for capital."

"Pulling in more investors will require a combination of further marketing and education efforts amongst the population both domestically and abroad. I think that the Philippines is making efforts towards this but this needs to be accelerated," Mr. Grandolfo said.

Former consultant to the United Nations T Y Sim said that taxes will inevitably go up and warned of a scenario where tax authorities gain an information advantage on companies.

"There is a digital divide of the future could be between tax authorities and the taxpayers. It used to be the taxpayers knew a lot more than tax authorities. You would only disclose what is needed. However, with the mining of big data and the capability to invest, tax authorities will have a lot more resources than the average taxpayer. This might allow tax authorities to know more about the company because they have the data," Mr. Sim said. — **Revin Mikhael D. Ochave**

Funding for onion farmers at P100 million

THE Department of Agriculture (DA) said it has earmarked more than P100 million to help onion farmers acquire inputs and production facilities.

Funding levels for the industry in 2022 so far include P47.48 million for seed, seedlings and fertilizer, P35.67 million for production and post-harvest facilities, irrigation network services, and farm production machinery and equipment, P1.4 million for technology training and P10.05 million for research.

The target for achieving self-sufficiency is domestic production of 279,270 metric tons (MT) from the current 229,539 MT within five years, by increasing the land area planted to onions while simultaneously boosting productivity, according to the Philippine onion industry roadmap.

In 2021, the DA distributed delivery trucks and other vehicles worth P6.1 million to farmer cooperatives and associations (FCAs) involved in onion production and marketing. This gave FCAs with membership of at least 6,000 farmers access to 60 new markets.

The major onion-producing regions are Central Luzon, Ilocos, Mimaropa (Mindoro, Marinduque, Romblon and Palawan), and the Cagayan Valley.

The DA said it is also hoping to assist farmers in the Visayas and Mindanao in expanding production and expanding market linkages.

"Based on the roadmap.... the proposed key interventions along the value chain are production clustering, seed support system, infrastructure support, input subsidies, postharvest support facilities, and systemic interventions like consolidation centers, auction markets, and regulatory services," the DA said.

"The roadmap also envisions a modern, competitive, and profitable onion industry providing high quality, safe, affordable, and sustainable supply of onion to meet increasing domestic and export demand," it added. — **Luisa Maria Jacinta C. Jocson**

SME trade services startup 1Export opens Indonesia office

STARTUP 1Export, a provider of compliance and logistics solutions for small and medium enterprises (SMEs) engaged in trade, said it recently opened an office in Indonesia.

1Export said in a statement on Tuesday that the new office is tasked with helping SMEs achieve compliance with Indonesian trade rules, find distributors, and ship products at a "competitive rate."

Philippine companies "can now bring their products to Indonesia without having to worry about the bureaucracy of processing the necessary (approvals)," the company said.

It said that "compliance seminars for the US and Saudi Arabia are being conducted on a regular basis in order for SMEs to understand the importance of shipping properly," it added.

According to 1Export, it raised $860,000 from a seed capital round in August last year enabling its Indonesia expansion. Participants in the seed round were Foxmont Capital Partners, Manila Angels Investor Network, and Iterative VC.

The startup, established in 2016, has also partnered with digital logistics platform Envio in supporting deliveries and warehousing in Indonesia.

"There were already customers availing of our services as soon as we launched. The Philippines was a relatively challenging market to operate in. For us, if we solve the problems of the Philippines, we can also address the difficulties in more challenging markets," 1Export Chief Executive Officer Mel Nava said.

1Export's other initiatives include partnering with Muslim organizations in Indonesia to lower the cost of halal products in the Philippines. — **Revin Mikhael D. Ochave**