BPOs given Dec. 31 deadline to switch registration to BoI

THE Philippine Economic Zone Authority (PEZA) said business process outsourcing (BPO) companies intending to switch their registration to the Board of Investments (BoI) have until Dec. 31 to do so. PEZA described this process as a "paper transfer."

In a statement on Thursday, the PEZA said it issued Memorandum Circular (MC) No. 2022-067 on Oct. 21, which fixed the deadline for the end of the year.

BoI-registered BPOs, which are also known as Information Technology-Business Process Management (IT-BPM) companies, will be allowed to offer their employees unrestricted work-from-home (WFH) arrangements without losing their access to incentives.

While they were regulated by PEZA, BPOs were required to operate mostly within economic zones if they were to retain their incentives.

Regulation by the BoI was the compromise arrived at to keep BPO companies in possession of their incentives. The BoI does not enforce the economic zone requirement on the companies it oversees.

According to PEZA, MC No. 2022-067 supplements MC No. 22-19 issued by the Department of Trade and Industry on Oct. 18, which outlined the procedures for transferring registration from PEZA to the BoI.

"Under this arrangement, (the) BoI will issue a certificate of registration to transferee registered business enterprises (RBEs) for their conduct of 100% WFH and where PEZA will continue to administer to them the fiscal and non-fiscal incentives for the sunset period," PEZA said.

PEZA added that the RBEs covered are not deemed to be cancelling their PEZA registrations, allowing PEZA to continue earning revenue from them.

"PEZA shall continue to administer the fiscal incentives of the RBEs such as validation of the income tax holiday incentive and issuance of Certificate of Entitlement to Tax Incentives (CETI), value-added tax certifications, and other applicable certificates," according to the MC.

"Non-fiscal incentives such as the PEZA Visa, automated importation, issuance of building permits, and others shall still be provided by PEZA to the RBEs registering with the BoI," it added.

However, PEZA said it has issued specific guidelines in the MC directing registered IT-BPM companies to maintain offices within PEZA-registered IT centers or buildings.

According to the MC, failure to comply will result in the cancellation of the PEZA and BoI registrations.

"This is necessary in order for PEZA to retain its authority/jurisdiction over the transferee RBEs, which are required under the rules to operate inside the economic zone." PEZA Officer-in-Charge and Deputy Director General for Policy and Planning Tereso O. Panga said.

Mr. Panga said the so-called "paper transfer" is "an interim measure to preserve their export enterprise status as they avail of 100% WFH arrangement with full incentives" when they move to the BoI, Mr. Panga said.

Mr. Panga said PEZA is hoping for a new law or policy formally allowing unrestricted hybrid work arrangements for IT locators in economic zones. Current tax law requires economic zone locators to work mostly onsite to continue enjoying incentives.

"We expect that PEZA will retain its mandate to promote and facilitate investments and keep the separate customs territory status vested in the ecozones to ensure the competitiveness of our IT sector," Mr. Panga said.

The Fiscal Incentives Review Board has ruled that registered IT-BPM companies in economic zones can implement 100% WFH arrangements and still avail of incentives by transferring their registration from PEZA to BoI.

Republic Act No. 11534, or the Corporate Recovery and Tax Incentives for Enterprises imposes the onsite work requirement on economic zone locators. — **Revin Mikhael D. Ochave**

Meat processors lobby for continued low tariffs on deboned meat imports

MEAT processors said the retention of the 5% most-favored nation tariff on mechanically deboned meat (MDM), which it relies on as a key raw material, will help keep food inflation in check.

Jerome D. Ong, vice-president of the Philippine Association of Meat Processors, Inc. (PAMPI), said at a virtual hearing of the Tariff Commission (TC) that the group proposes to keep tariffs at 5% for chicken and turkey MDM between 2023 and 2025.

MDM is used to make hotdogs, dim sum products like siomai, and meat loaf.

"PAMPI's petition is intended primarily to support the administration's determined efforts to keep the national economy stable and help control inflation, especially food inflation. The stable economy ensures that processed meat manufacturers under PAMPI as well as those outside of PAMPI would be able to continue producing food for our people at affordable prices," Mr. Ong said.

The 5% tariff rate currently enjoyed by chicken and turkey MDM imports is authorized by Executive Order No. 123 signed by former President Rodrigo R. Duterte in January 2021. It is set to expire by the end of the year.

If not extended, tariffs on chicken and turkey MDM will return to 40% by Jan. 1.

"The 5% tariff on MDM helps keep prices of processed meat products reasonable," Mr. Ong said.

"If we make it three years, I hope domestic sources of MDM will become available by then and we will not have to depend on imported MDM. As much as possible, we would like to buy all of our materials locally and support domestic producers," he added.

Meanwhile, Samahang Industriya ng Agrikultura Executive Director Jayson H. Cainglet said the government loses at least P6 billion in revenue each year with tariff rates at 5%.

"For MDM alone, we computed foregone government revenue of at least P6 billion annually. Because of the post-pandemic situation, the overarching economic blueprint of most governments is to raise government revenue to support economic recovery. Depriving the government of the much-needed revenue is self-serving," Mr. Cainglet said.

"It is time to help the agriculture industry. It is clear in the marching orders of the new government (is to) support local production," he added.

Mr. Cainglet said that the reduced tariff did not result in lower prices for canned and processed meat.

"The very basis of the proposal is to reduce the retail price. We looked at the data, the price never went down when the tariff was reduced," Mr. Cainglet said.

The latest suggested retail price list of the Trade department issued on Aug. 12 indicates that the price of processed canned meat rose 6%.

According to TC data presented during the hearing, chicken MDM imports in the first half of 2022 increased 21% to 109,000 metric tons (MT), while turkey MDM imports fell 60% to 171 MT.

The TC also found that between 2019 and June 2022, the main source countries were Brazil with 34% of chicken MDM, the Netherlands 25%, Belgium 12%, the US 10%, and Canada 7%.

Some 97% of turkey MDM imports were from Canada. Brazil accounted for 2%, while the Netherlands and Turkey both supplied less than 1%. — **Revin Mikhael D. Ochave**


PHILIPPINE STAR/MICHAEL VARCAS

Inventory of refined sugar imports up 20% year on year at mid-October

THE inventory of imported refined sugar at mid-October is about 20% higher than their year-earlier levels, a sugar planter's representative on the Sugar Regulatory Administration (SRA) said.

Pablo Luis S. Azcona, a member of the SRA board, said the estimate for inventory levels is as of Oct. 16. He did not give specific volume estimates.

"The bottlers already have their sugar," he said in a Viber message. "If we are 20% better than last year, and we had no complaints from bottlers in 2021, then I guess the 'so-called' shortage has been addressed and fixed."

He said imports include the 150,000 metric tons of refined sugar shipped in under Sugar Order No. 2.

The order requires the imports to be divided equally between industrial users and consumers.

Albay Rep. Jose Ma. Clemente S. Salceda has that the government could lose about P2.5 billion a month in taxes on sweetened beverages if beverage companies are unable to obtain refined sugar.

Mr. Salceda said jobs, taxes and industry growth are on the line if industrial users are unable to secure their supply. — **Kyanna Angela Bulan**

Land acquisition, right of way seen as key hurdles for PPP projects

REFORMS to streamline the process for land acquisition and obtaining right of way will remove the biggest hurdles to projects pursued under public-private partnership (PPP) arrangements, infrastructure stakeholders said.

"The challenge is acquiring the right of way and the get the balance of risk allocation right between the private and public sector," Asian Development Bank Office of Public-Private Partnerships Director Siddhartha Bhaskar Shah said at a briefing on Thursday during the Philippine Infrastructure Summit.

Public Works Undersecretary Maria Catalina E. Cabral said that process for right-of-way acquisition is dictated by law and is "tedious."

The law on right of way "is very tedious. It's a long process (that affects) funding," she said, "adding that project officers must contend with coordinating with local government units, the courts in charge of expropriation, among others."

"The objective is to ease the environment and enable more private sector (investment) to come in. There are still many challenges, and we are revisiting the current law to propose new amendments to ease acquiring land," she added.

Earlier this month, the revised implementing rules and regulations (IRR) for the Build-Operate-Transfer Law took effect.

The amendments addressed financial viability concerns as well as bottlenecks that caused delays. The IRR arose from concerns that the private sector was bearing the risk for delays in deliverables the government is responsible for.

Ferdinand A. Pecson, former executive director of the Public-Private Partnership Center of the Philippines, called for encouraging competition amongst investors.

"We need to address the current heavy concentration of investments amongst few players in the industry and that is because the way to maximize value is to have more competition, more players. That would help to reduce the cost of user fees or government payments," he said.

"We also cannot sustain a situation where we rely mostly on commercial banks to provide the debt financing for PPPs. We do have potential sources of financing (from) pension funds or insurance companies. These remain untapped sources of financing," he added.

Ms. Cabral said that local government units should be capacitated to implement their own projects.

"Infrastructure should not just be on a national planning scale, it should be synchronized with local planning," she said.

"We know the National Government is in charge of financing transportation infrastructure, but in many large cities abroad, it is municipal transit authority that undertakes the development of the transit system," Management Association of the Philippines Infrastructure Committee Chair Eduardo H. Yap said.

Mr. Yap noted that the Mandanas-Garcia ruling will help local governments finance more projects.

"It's a question of whether they have the managerial expertise to undertake and utilize the financial resources," he added. — **Luisa Maria Jacinta C. Jocson**

Puerto Princesa City sees fish port project, carbon-neutral policies driving growth

THE Puerto Princesa government said its investment promotion plan will center on the area's fisheries and tourism potential, young workforce and favorable business environment.

"The city is poised to become the region's economic growth hub," it said, citing the city's environment-friendly approach to economic development.

It said Puerto Princesa, the capital of Palawan province, is "one of the cleanest and greenest cities and the first carbon-neutral city in the Philippines," Mayor Lucilo R. Bayron said in a speech delivered at the Puerto Princesa investment briefing on Thursday.

Puerto Princesa's territory is 219,339.40 hectares across 66 barangays. According to the 2020 census, it is home to 307,079 people.

Mr. Bayron said Palawan waters are considered "the richest fishing grounds in the country." He added that catch from the area supplies markets as distant as Metro Manila.

He said the city is developing the Puerto Princesa Integrated Fish Port, which will involve upgrades to fish ports in Barangay Bancao-Bancao, which is on the Sulu Sea, and Buenavista, in Ulugan Bay on the west coast of Palawan island.

Mr. Bayron said Puerto Princesa is working on Cuyito Bayfront, a 9.9-hectare site that will serve as a commercial and recreational space for locals and tourists. — **Matthew Carl L. Montecillo**

Death toll from 'biological disasters' up 328.7% in 2021

DEATHS due to biological disasters totaled 57,544 in 2021, up 328.7%, with the pandemic accounting for the vast majority of the deaths, the Philippine Statistics Authority said.

The Compendium of Philippine Environment Statistics (CPES) Component 4 also lists as biological disasters those arising from bird strikes, fish kills, and pest infestation.

Coronavirus disease 2019 (COVID-19) deaths accounted for 57,517 of the total, up 328.6% from a year earlier.

A separate category tallying deaths "due to natural extreme events and disasters" registered 58,082 such demises in 2021, up 328.3%.

Damage to infrastructure caused by natural extreme events and disasters amounted to P35.45 billion. This was followed by damage to agriculture, valued at P25.22 billion, and damage to private or communication. In total, damage due to natural and extreme events and disasters amounted to P60.68 billion.

Meteorological events like typhoons and tropical cyclones accounted for 68 incidents leading to loss of life or property damage, or 32.5% of the total. Hydrological disasters like flash floods and storm surges tallied 57, geophysical disasters like coastal erosion, earthquakes, and volcanic activity numbered 44, the "other" category accounted for 29 incidents, while biological disasters numbered 11.

Damaged homes numbered 2.079 million in 2021 of which 438,590 were destroyed.

Some 3.563 million families were affected by natural extreme events and disasters in 2021.

The CPES, an offshoot of the United Nations Framework for the Development of Environment Statistics, seeks to measure the impact of extreme events on human well-being and infrastructure. — **Mariedel Irish U. Catilogo**

Filipino-Hawaiian business delegation tours Clark

THE Bases Conversion and Development Authority (BCDA) is exploring possible investments in New Clark City and the Clark Freeport Zone by members of a business delegation sent by the Filipino Chamber of Commerce of Hawaii (FCCH).

BCDA President Aileen R. Zosa said during a tour organized as part of the FCCH's 30th Goodwill and Trade Mission to the Philippines on Oct. 25 that New Clark City was highlighted as a potential investment and growth hub for Central Luzon.

The site visit was organized by the BCDA, Clark Development Corp., and Subic-Clark Alliance Development Council.

"We encourage you to take a look at New Clark City, which is envisioned to be the country's next smart, sustainable and green metropolis. Partner with us and be a part of this city's growth story," Ms. Zosa said.

Rynah F. Ventura, CDC vice-president for business development and business enhancement, said the trade mission "will allow industry leaders to explore the various investment opportunities in Clark and the Philippines. We hope this will also stimulate more interest, meaningful collaboration, and stronger ties," Ms. Ventura said.

The FCCH delegation consisted of about 40 members. It has been sending trade missions to the Philippines since 1963. — **Revin Mikhael D. Ochave**