Marcos plans Maharlika fund ‘soft launch’ at Davos meeting

PRESIDENT Ferdinand R. Marcos, Jr. will invite potential investors to provide capital to his proposed sovereign wealth fund at the World Economic Forum meeting next week, according to the Department of Foreign Affairs.

The forum, gathering world leaders at the Swiss resort of Davos, is a “great venue” to introduce the administration’s sovereign wealth fund proposal, Foreign Affairs Undersecretary Carlos D. Sorreta said at a briefing on Thursday, following a meeting with Mr. Marcos earlier in the day.

“The World Economic Forum is a great venue to do a sort of soft launch for our sovereign wealth fund, given the prominence of the forum itself, which global and business leaders (will attend),” he said.

Mr. Sorreta said the President intends to highlight the country’s economic fundamentals and the rationale behind the decision to establish the fund.

“It’s really more of a soft launch to introduce it,” he said.

The House of Representatives has approved the bill creating the wealth fund. The Senate, which has yet to discuss the measure, has included the bill to its list of legislative priorities for 2023.

The sovereign wealth fund, if approved, is expected to finance big government projects such as power grids and dams. Its main funders are currently government banks, after a backlash against an earlier proposal to tap pension funds.

The Maharlika Investment Corp., the government company that will manage the fund, will be chaired by the Secretary of Finance.

“I understand it is evolving, we have the fullest respect for the Congressional process, and the open hearings that they’re having, and how to work out the details but the broad strokes (indicate that) the President has a very, very good grasp of what he wants to achieve, whatever form the sovereign wealth fund finally takes,” Mr. Sorreta said.

“What’s very important is it’s an investment in the future, and there’s great confidence the President has in the ability of Filipino entrepreneurs and local investors,” he added.

Mr. Marcos will be in Davos between Jan. 16 and 20. He will be joined by a delegation of economic managers and business leaders.

At Davos, Mr. Marcos is scheduled to meet with leaders from South Africa, Belgium, and the European Commission, Mr. Sorreta said.

Mr. Marcos will highlight priority areas like food, nutrition, and energy security, Mr. Sorreto added.

The Philippines has lowered its economic growth target for 2023 to 6.0%-7.0% from 6.5%-7.5%. Inflation came in at 8.1% in December, the highest level since November 2008. — **Kyle Aristophere T. Atienza**

DHIYAA NARAAYAN-UNSPLASH

Onion sales suspended at DA’s Kadiwa outlets

THE Department of Agriculture (DA) said it will stop selling low-cost onions at its Kadiwa stores starting today, Friday, following the expiry of its deal with suppliers.

The DA said the supply deal ended on Dec. 31.

“We are working on a supplemental (memorandum of agreement). We also took into consideration the current low prices of onions,” Kristine Y. Evangelista, DA spokesperson, told reporters on Thursday.

Ms. Evangelista said that starting Jan. 13, Kadiwa onion sales will be suspended pending the signing of a new supply deal for low-cost onions.

Onions currently sell for P170 per kilogram at government-run Kadiwa stores, well below their commercial price of P340-P550, according to the DA’s price watch data from Jan. 12.

Ms. Evangelista added that the DA is working with Food Terminal, Inc. (FTI), a government-owned corporation tasked with stabilizing food prices, on the supply of onions.

“We are now in talks with FTI to start the cycle, because they are the ones that procure the supply. This second cycle is something that we have to study; we have to consider the price because the cost structure will definitely be different this time,” she added.

Ms. Evangelista also added that the FTI “has a free hand to buy onions.” She noted that the ongoing harvest ensures the availability of domestic supply.

She said that the decision to halt Kadiwa onion sales is not connected with the investigation being conducted by the Office of the Ombudsman into the FTI’s onion purchases.

“Basically, you have to go through (procurement) procedures for this matter and… we also have to understand (FTI’s) procedures as well,” Ms. Evangelista said.

The DA and FTI are under investigation for price manipulation after an FTI had to pay high prices for an onion order, potentially setting a price benchmark for the rest of the market. — **Ashley Erika O. Jose**

PHILIPPINE STAR/MIGUEL DE GUZMAN

Fare hike for LRT-1 and 2 still subject to public consultation

THE Light Rail Transit Authority (LRTA) said on Thursday that proposed fare hikes for LRT-1 and 2 must still undergo public consultation before being approved.

“The Light Rail Transit Authority would like to clarify that the matter of the fare increase will go through proper process,” it said in a statement.

It said that the recent approval by the Land Transportation Franchising and Regulatory Board (LTFRB) of the proposed fare increase is “in the nature of the agency being a member of the LRTA board of directors and not in the nature of a regulatory body.”

The other LRTA board members are the Departments of Transportation (DoTr), Finance, Budget and Management, the National Economic and Development Authority, the Department of Public Works and Highways, the Metro Manila Development Authority, and two other members of the board.

“The fare increase must be approved by the LRTA board of directors and must likewise pass through the required regulatory process, which includes public consultation/hearing,” the LRTA said.

The LRTA, which is primarily responsible for the construction, operation, maintenance and/or lease of light rail transit systems, has proposed to adjust the fares of LRT-1 and 2 by P2.29, representing the so-called boarding fare, plus P0.21 per kilometer, known as the distance fare.

“The current boarding fare of P11 and distance fare of P1 per kilometer has been the rate since 2015,” it noted.

Light Rail Manila Corp. (LRMC), the private operator of LRT-1, sought arbitration against the Transportation department and the LRTA over fare increases.

LRMC hopes to recover around P2.67 billion in compensation claims and costs resulting from delays in the implementation of fare adjustments for 2016, 2018, and 2020.

In a memorandum dated Dec. 21, 2022, the LRTA said Transport Secretary Jaime J. Bautista at a special meeting of the LRTA board on Aug. 30, inquired into the possibility of settlement outside of arbitration proceedings.

“The representatives from the DoTr legal affairs department and the LRTA legal department explained that both parties can discuss and avail of this possibility at any given time,” the LRTA noted.

The LRMC, according to the LRTA, sent a letter dated Sept. 28 expressing its willingness to suspend the arbitration case for six months “provided that there would be amicable negotiations on LRMC’s longstanding claims, among them the matter of the fare adjustment.”

The LRTA board has agreed to regular meetings with the LRMC “as a show of good faith and to show that the government is serious in resolving the pertinent issues and concerns,” according to the memorandum.

The LTFRB has said that it has “no objections to the proposed fare adjustments” for LRT-1 and 2. — **Arjay L. Balinbin**

Still no agreement on Ilijan gas supply — DoE

A PLAN to get power generators to share their gas with the Ilijan power plant in Batangas has not yet produced an agreement, the Department of Energy (DoE) said.

The so-called “gas-swapping” arrangement will require power plants controlled by First Gen Corp. to run on liquid fuel while turning over some of their Malampaya gas allocation to Ilijan, operated by San Miguel group company South Premiere Power Corp.

“At this time, the possible arrangements cannot yet be confirmed. The DoE continues to call on everyone concerned to cooperate in the common effort to assist the consuming public,” the DoE said in a statement.

The DoE has warned that the absence of Ilijan’s output from the grid will bring power supply to critical levels by March, exposing consumers to the risk of higher electricity bills.

On Monday, the DoE said that the Luzon power grid is likely to experience 12 yellow alerts this year due to inadequate reserves. The Visayas grid is also expected to experience five yellow alerts by the second half of the year, while the Mindanao power supply is deemed adequate.

Ilijan is a 1,200-megawatt (MW) plant belonging to the SMC Global Holdings Corp. group. It had a gas contract with Malampaya that expired in June 2022. Its output is deemed critical if the Luzon grid is to be adequately supplied during the dry season.

The DoE has designated May as a critical period due to the surge in demand for power during the high temperatures.

Malampaya gas is fully allocated to the power plants of First Gen.

On Monday, Ilijan customer Manila Electric Co. (Meralco) said no deal has been reached with First Gen for the reallocation of Malampaya gas to Ilijan.

Meralco received last year an offer from SMC Global Power to take up the 1,200 MW capacity of Ilijan.

Meralco has said that it is considering SMC Global Power’s offer, which will help it avoid tapping power from the Wholesale Electricity Spot Market (WESM), which typically costs more.

Sourcing power from WESM resulted in higher Meralco power bills in January, as the power distributor sourced 9% of its power from WESM, up from 7% previously. — **Ashley Erika O. Jose**

DMW seeking to deploy more caregivers to HK

THE Department of Migrant Workers (DMW) said on Thursday that it is planning to hold bilateral talks with Hong Kong (HK) labor officials to deploy more caregivers to the city this year.

In a statement, the DMW said a delegation will hold exploratory talks in Hong Kong next month to discuss caregiver jobs and the city’s ongoing review of wages for migrant workers.

“This would provide additional job opportunities for our caregivers, under conditions that value their skills and are cognizant of their rights and welfare,” Migrant Workers Secretary Maria Susana V. Ople said.

She noted that Undersecretary for Policy and International Cooperation Patricia Yvonne Caunan will lead the DMW team to Hong Kong.

The Hong Kong Executive Council on Dec. 13 passed a resolution that approved the direct hiring of foreign caregivers and fast-tracking the application process to two months from four months.

In October, the Hong Kong government set a new minimum wage for foreign domestic workers of 4,730 Hong Kong dollars, equivalent to about P35,475 a month.

There were 211,514 migrant Filipino workers in Hong Kong last year, mostly employed as domestics, according to data compiled by the Hong Kong Immigration Authority as of the first half of 2022.

Only about 6% of domestic workers worldwide have access to comprehensive protections including medical care and unemployment benefits, the International Labor Organization said last year.

About 80% of the 1.4 million domestic workers in the Philippines are not covered by social security benefits, the Department of Labor and Employment and the Philippine Statistics Authority said in a joint report in 2019. — **John Victor D. Ordoñez**

FIRB working on uniform procedure for suspending fiscal incentives

THE Fiscal Incentives Review Board (FIRB) said it expects to complete soon uniform rules to govern the suspension or withdrawal of tax incentives from registered enterprises that do not comply with the conditions of the grant, the Department of Finance (DoF) said on Thursday.

“The guidelines are meant to provide uniform rules for imposing penalties on non-compliant registered business enterprises (RBEs). FIRB’s power to suspend or withdraw tax incentives, or cancel business registration was granted under the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act,” the DoF said in a statement.

The DoF said a public consultation has been scheduled for the end of the month once the guidelines are approved by an FIRB Technical Committee.

The FIRB is also working on guidelines for dealing with the cancellation of a project or activity for which RBEs are sought incentives, the DoF said.

“The guidelines will clarify the procedure for RBEs when responding to a show cause order issued by their respective investment promotion agencies (IPAs) or the FIRB, or when filing an appeal from an adverse finding,” it added.

The FIRB also said it approved applications for tax incentives for new domestic enterprises operating tourist accommodation facilities and building common-tower telecommunications infrastructure. It gave no further details about the successful applications.

It said that the approved investment applications will “accelerate the present administration’s ongoing economic recovery efforts, specifically in areas of tourism and digitalization.”

“As we attract all types of big-ticket local and foreign investment, we also strive to be inclusive and not industry-specific in our grant of fiscal incentives. Largely, what we want to ensure is for these projects to result in a win-win situation for both the RBEs and the economy,” Finance Secretary and FIRB Chairman Benjamin E. Diokno added. — **Luisa Maria Jacinta C. Jocson**

New SRP bulletin still due for release this month

AN updated list of suggested retail prices (SRP) for manufactured goods remains due for release later this month, Trade Secretary Alfredo E. Pascual said.

Mr. Pascual said his department’s Consumer Protection Group (CPG) is still reviewing the proposed price hikes of basic necessities and prime commodities (BNPCs) and the updates to be made to the SRP bulletin.

“Around January (we will issue the SRP bulletin) … That’s what we said last time… we will seriously look at the requests. The work is ongoing with the team of CPG,” Mr. Pascual told reporters recently.

Mr. Pascual said he expects the new SRP bulletin to be finalized once he returns from the World Economic Forum conference in the Swiss resort town of Davos, which runs between Jan. 16 and 20 in Davos.

Products that have pending price hike applications include canned goods, milk, coffee, and bread.

“Hopefully, by that time, the outlook for commodity prices will be clearer,” Mr. Pascual said.

According to Mr. Pascual, the review is experiencing snags because of price volatility.

“It’s difficult. You rely on the old high prices and then the prices suddenly fall. Another thing happening now is that the manufacturers are reviewing their products. They will decide what product they will include in the SRP list,” Mr. Pascual said.

“Other manufacturers are thinking of including even high-end products… technically, it is not necessary to include everything. Our interest is products that are usually consumed by the mass base of our consumers,” he added.

The latest SRP bulletin was issued by the department in August. The bulletin authorized price hikes for 67 out of 218 stock keeping units following surging production costs. The price increases ranged from 3.29% to 10%.

Some of the BNPCs authorized to raise prices were canned sardines, coffee, noodles, bottled water, processed milk, detergent soap, candles, and condiments. — **Revin Mikhael D. Ochave**