Ports authority says Calapan terminal, largest in PHL, due to open in March

THE Philippine Ports Authority (PPA) said on Tuesday that the country's largest passenger terminal building is due to open in March at the Port of Calapan, Oriental Mindoro.

The P353-million project is expected to be completed on Feb. 18, the agency said in a statement.

PPA officials, led by General Manager Jay Daniel R. Santiago, conducted an inspection of the terminal on Tuesday. The facility features amenities like a prayer room, breastfeeding station, children's playroom, and clinic.

"The assessment of the Port Management Office of Mindoro revealed that the completion rate of our (project) is 17% ahead of its target schedule, and we are set to inaugurate it in March this year," Mr. Santiago said.

The new passenger terminal building is expected to accommodate 3,500 passengers at any given time, against the current capacity of 800.

The current biggest passenger terminal building is the one in Cagayan de Oro, which has a capacity of 3,000 passengers at any one time.

"I am glad that during our inspection, we saw the progress of the construction of the new and largest passenger terminal building in the entire Philippines at the Port of Calapan in Oriental Mindoro," Mr. Santiago said.

The previous administration classified the Calapan project as part of a list of 484 port projects undertaken by the Department of Transportation and the PPA since July 2016.

"The new passenger terminal building is expected to provide great convenience to passengers in Calapan Port by making their trip more pleasant away from long queues experienced in the past holiday seasons," the PPA said. — **Arjay L. Balinbin**

DPWH rules out Visayas-Mindanao bridge as unfeasible

By Arjay L. Balinbin
Senior Reporter

THE Department of Public Works and Highways (DPWH) said it is not feasible to build a bridge connecting Mindanao and Visayas because the waters at the entrance of the Surigao Strait are too deep.

"It's not feasible. Supposedly we could build that from Surigao to Southern Leyte *pero malalim* (but the water is too deep)," DPWH Senior Undersecretary Emil K. Sadain told *BusinessWorld*.

"It's not feasible for long-span bridges. The proven technology (is good for up to) 50 meters of water depth," he added.

Southern Leyte and Surigao are the points where the Visayas and Mindanao are closest. Surigao City and Southern Leyte also form the opening of the Surigao Strait, a major waterway between the Pacific Ocean and Philippine inland waters.

Mr. Sadain said connecting Mindanao with the Visayas is for now best carried out by roll-on/roll-off (RoRo) vessels, adding that an undersea tunnel could someday also serve as the link if costs can be contained to acceptable levels.

"For the meantime, RoRo *lang talaga sya* (it's only for RoRo) or you can build a tunnel but that would be more expensive," Mr. Sadain added.

In August, the DPWH said it had submitted a proposal to conduct feasibility studies for Liloan Bridge in Southern Leyte for consideration of the Japan International Cooperation Agency.

The department had said that the construction of a new bridge adjacent to the current Liloan Bridge was a priority because it forms part of the national arterial highway linking Luzon to Mindanao via the Eastern Visayas.

The new four-lane bridge is needed "to meet the expanding traffic capacity because Liloan and nearby San Ricardo town have roll-on/roll-off ports that serve ferries going to Surigao," the DPWH said.

Onion importers given until Jan. 27 to land their shipments

ONION importers cleared to ship in 21,060 metric tons (MT) of the produce have been given until Jan. 27 to bring in their cargoes in order not to unduly interfere with market conditions during the domestic onion harvest, the Department of Agriculture (DA) said.

According to a letter to the Bureau of Plant Industry (BPI) from Agriculture Senior Undersecretary dated Jan. 6, applications were opened for sanitary and phytosanitary import clearances (SPSICs) on Jan. 9 for imported yellow and red onions. Applications will be entertained until Jan. 13.

"Upon issuance of SPSIC for the import of fresh onions, all importers are given until Jan. 27, 2023 for their shipments to arrive in the country," according to the letter.

Farmers have complained about government import plans that coincide with the domestic harvest, which raises the available supply and depresses the prices farmers are able to obtain for their produce.

Agriculture deputy spokesman Rex C. Estoperez told reporters on Tuesday that the hard deadline of Jan. 27 is an attempt to strike a balance between the need to address the onion deficit and the interests of the farmers during the "peak season" for harvesting onions.

Authorized for import are 17,100 MT of red onions and 3,960 MT yellow onions.

"Shipments arriving beyond the last day of arrival shall be considered invalid and BPI shall impose 'return to origin' as final disposition for these shipments," according to the letter, which added that no extension will be allowed.

Mr. Estoperez said the preliminary plan is to distribute the imports to Luzon, the Visayas, and Mindanao on a 50%, 25% and 25% basis, respectively, with the government as a potential sole purchaser.

According to the DA's price monitoring on Tuesday, red and white onion prices in wet markets were at about P420 and P600 per kilo.

Mr. Estoperez said the imported onions will likely be priced at "P100 to P150, but we don't know if this will be the retail or landed cost," adding that a price cap is also being considered for imported onions.

Jayson H. Cainglet, executive director of the Samahang Industriya ng Agrikultura, said that instead of considering new onion imports, the DA should focus on addressing the gap between farmgate prices and retail prices, which point to pricing irregularities somewhere in the supply chain after the produce leaves the farms.

"The imports will only result in depressed farmgate prices of onions, with the onset of the harvest season. Another round of onion imports will not guarantee reduced retail prices if the DA remains useless in addressing the gap between the farmgate and retail prices," Mr. Cainglet said.

"Onion farmers will... now face a 'man-made' calamity — the government's decision to allow onion imports during harvest time," Federation of Free Farmers Chairman Leonardo Q. Montemayor said in a statement.

Senate Minority Leader Aquilino Martin D. Pimentel III called the government import plan "a major setback" for farmers.

"We should not fall into that trap," he said in a statement on Tuesday. "The move could negatively affect the income and business of farmers who are about to harvest (their) onions."

"The DA should no longer import onions. There is no need to import onions since it's harvest season," he added.

Also questioning the timing of the import order, he added: "If we authorize imports now, the (shipment will arrive) maybe weeks or months later. That will coincide with the availability of locally-produced onions."

Senator Sherwin T. Gatchalian, who chairs the Senate Ways and Means Committee, proposed on Tuesday the creation of a task force to deter food smugglers and hoarders, blaming them for high prices.

"Obviously, there is a shortfall in the supply of onions, but prices continue to climb even with the entry of additional supply in the market," he said in a statement, noting that his recent purchase of half a kilogram of onions cost nearly P500.

The proposed task force, Mr. Gatchalian said, should be headed by the DA in coordination with the National Bureau of Investigation.

"According to the data I've acquired, the conviction rate remains low, and that's something we will look into in the ways and means committee. We plan to identify which products are being imported and the amount of tax being paid, as well as the number of people who have been charged," he said.

"We will also look at the problems encountered by the Bureau of Customs (BoC)," he added, noting that if no perpetrators are punished, the law will continuously be violated with impunity. **— Ashley Erika O. Jose, Alyssa Nicole O. Tan**

Extension of low tariff scheme seen encouraging more UK pork shipments

THE volume of pork shipped in from the UK will likely increase with the extension of a low-tariff scheme designed to contain inflation, the British Chamber of Commerce of the Philippines (BCCP) said.

"We anticipate further growth in our pork exports in 2023, although the base is now higher, and therefore the growth rate may slow down," Chris T. Nelson, BCCP executive director, said via Viber. "That would be a great start."

The Philippines is the second-largest market for British meat in Asia after China. In 2022, the UK exported over 30,000 tons of pork to the Philippines.

Philippine pork imports from the UK amounted to 25,299 tons in 2021, up 216%.

"Despite the challenges from the last two years, British exports of pork and meat have grown significantly to the Philippines," Mr. Nelson said.

Earlier this month, President Ferdinand R. Marcos, Jr. signed an executive order (EO) extending for a year a scheme of lowered tariffs. Imported pork within the minimum access volume (MAV) quota will continue to be charged 15%, with volumes exceeding the MAV paying 25%. Corn imports within MAV will pay 5% and exceeding MAV 15%. Rice from all producing countries, regardless of the MAV, will pay 35%, the favorable rate previously levied on shipments from Southeast Asian trade partners.

According to the Marcos-era EO, coal will remain at zero duty beyond Dec. 31, but subject to reviewed every six months.

The extension of the low-tariff scheme, originally authorized in a Duterte-era EO, runs until Dec. 31.

"We have been active in lobbying for this move," Mr. Nelson said, noting that "British meat is undeniably in high demand here in the Philippines, helping address supply chain issues and food security."

The American Chamber of Commerce of the Philippines, Inc. (AmCham) also backed the extension of lower tariffs, citing price increases and the high cost of energy in the Philippines.

"High inflation and high cost of energy (from coal) are part of the reasons for the support. Filipino consumers need all the help they can get at this time," AmCham Executive Director Ebb Hinchliffe said in a Viber message.

Philippine inflation hit 8.1% in December, the highest reading since November 2008. It is also higher than the 3.1% posted in December 2021.

Filipino-Chinese businesses that also backed the extension said the "lowered tariffs (should) only be temporary to ease any inflationary pressures."

"Except for coal, we hope the lowered tariffs on pork, rice and corn shall be temporary," Filipino Chinese Chambers of Commerce and Industry, Inc. President Henry Lim Bon Liong said via Viber. "We support domestic production of our own foods and energy sources."

"We support long-term and sustainable reforms and policies to uphold food security and self-sufficiency," Mr. Lim Bon Liong said.

"We advocate strengthening our Philippine agriculture and manufacturing, giving support most especially to our rice and corn farmers, our hog raisers, our fishermen, and our factories," he added.

Senator Cynthia A. Villar, who chairs the Senate agriculture panel, said on Monday that the Philippines' supply of pork has exceeded domestic demand since 2019.

Ms. Villar said the estimated supply of 2.6 million tons of pork between 2019 and 2022 exceeded domestic demand of 1.7 million tons of pork.

Last week, Jayson H. Cainglet of the Samahang Industriya ng Agrikultura, told *BusinessWorld* that the farmgate of live hogs was only at P160 to P180 per kilo.

"Government data would show that cold storage for pork imports are overflowing beyond their capacity," he said. "Week in and week out, we have 110 million plus (tons), the biggest recorded stock of pork imports." **— Kyle Aristophere T. Atienza**

Confidence in rising incomes, inflation worries among the main findings of consumer survey

HOPES for rising incomes this year as well as concern over rising inflation were the main findings of a survey on consumer sentiment conducted by TransUnion, a US credit reporting agency.

"Consumers' mixed sentiments reflect the complex dynamics facing the Philippines along with many other nations, as the world continues to recover from more than two years of disruptions," TransUnion Philippines Chief Operating Officer Amrita Mitra said in a statement.

The survey found that household finances remained stable as more respondents reported same or increased income and same or improved financial situations.

The survey found that 75% of respondents reported that their household finances were as expected or better than expected in the fourth quarter.

"The improving economy and employment also bolstered the consumer outlook, with an increased number of respondents anticipating future income growth and ability to pay loans and bills," TransUnion said.

Some 80% of respondents said they expect their income to increase in the next 12 months and 57% expressed confidence in their ability to pay bills and loans.

"Consumer sentiment improved in the favorable economic environment, evidenced by a higher percentage of respondents being optimistic about the future of their household finances," TransUnion said.

"These findings are buoyed by stronger-than-expected GDP growth and rising employment after the country lifted nearly all COVID-19 restrictions," it added.

However, respondents said they plan to cut back on some spending to deal with rising inflation.

"Inflation remained the top concern for the fourth consecutive quarter. In the fourth quarter, 82% of respondents expressed they were 'very or extremely concerned' about the rate of inflation," the study found.

Headline inflation surged to 8.1% in December, bringing average inflation in 2022 to 5.8%, the highest in 14 years.

Respondents also said they were "more cautious about future spending," which was reflected in an anticipated reduction in discretionary spending, digital subscriptions, and medical care or services in the next three months.

"Filipinos are, on one hand, bullish on their household income on the back of strong growth momentum and a growing job market in the past year. On the other hand... high inflation and rising interest rates... will continue to weigh on the national economic outlook and consumer spending," Ms. Mitra added.

The study also found less optimism about the wider economic outlook. Almost half or 42% expect the Philippines to go into recession in 2023.

When asked about how they plan to deal with a potential economic slowdown, around three-quarters of the respondents said they will cut back on spending (72%) and build up savings (69%).

"Across generations, the youngest group, Generation Z, appears to have the highest appetite for savings (74%) but the lowest desire for reducing spending (65%). In contrast, baby boomers are least keen on savings (49%), and Generation X are the most open to reducing spending (78%)," it added.

TransUnion said that more consumers are seeking new credit but cited lack of access and rising interest rates as obstacles.

"Surging inflation may have given rise to increased demand for new credit. The percentage of consumers seeking new credit has risen for four consecutive quarters. Among those wanting new credit, an increased percentage of respondents expressed interests in personal loans and lines of credit instead of credit cards," it said.

"However, rising interest rates were indicated as a key factor affecting their decisions regarding whether or not to apply for new credit," it added.

The study surveyed 1,005 consumers in the Philippines between Nov. 3 and 15. Respondents classified as Generation Z are those born between 1995 and 2004; millennials between 1980 and 1994; Generation X between 1965 and 1979; and baby boomers 1944 and 1964. — **Luisa Maria Jacinta C. Jocson**

PHL data center prospects deemed promising due to digitalization push

THE PHILIPPINES is viewed as a promising market for data centers due to its digitalization efforts and surging use of e-commerce, according to firms providing real estate and legal services to potential locators.

Monica Gonzales, lead data center officer for real estate consultancy Santos Knight Frank, said in a recent forum organized by the European Chamber of Commerce of the Philippines that the Philippines is also viewed positively because of its investment-friendly policies, strong information technology and engineering talent pool, and the potential for tapping renewable energy in data center operations.

She said hyperscalers such as Amazon Web Services, Inc., Microsoft Corp., and Alibaba Group are considering investing in the Philippines.

"As we expand the amount of activities that require us to store and process data, as we continue to move more functions to the internet and to the cloud from business to our personal lives, there will be a continuing demand for data center space and investment," Ms. Gonzales said.

"The Philippine digital economy was worth P1.87 trillion in 2021 and contributed 9.6% to the (overall) economy. (It is a) key part of the economy and is worth supporting, and data centers are key and necessary for nurturing that growth," she added.

Alain Charles J. Veloso, a partner with the Quisumbing Torres law firm, said potential locators are also encouraged by the regulatory environment following the passage of laws such as amendments to the Foreign Investment Act, the Public Service Act, and the Retail Trade Liberalization Act.

Under the amended Public Service Act, foreign nationals are now allowed to own up to 100% of capital in a firm providing telecommunications services.

Mr. Veloso also cited incentives available under the Corporate Recovery and Tax Incentives for Enterprises Act as attractive to data center investors.

"This development will drive the country's already aggressive forecast for the data center market," Mr. Veloso said.

The Philippine data center market is projected to be worth $535 million by 2026, with a compound annual growth rate of 11.4% between 2021 and 2026, according to a 2022 study by Quisumbing Torres, "Developing and Operating Data Centers in the Philippines."

"The Philippines and regulators (must) meet the challenges that come with data centers such as ensuring a reliable supply of power, strengthening telco infrastructure, and improving the ease of doing business," Mr. Veloso said. — **Revin Mikhael D. Ochave**