



## Sandwich chain Subway eyes sale

SANDWICH chain Subway is exploring a sale of its business, a source told Reuters on Wednesday.

The sale could value the sandwich chain at more than \$10 billion, the *Wall Street Journal* first reported.

The process, which is at an early stage, is expected to attract potential corporate buyers and private-equity firms, the report said, adding that it is possible there won't be a sale or other deal.

"As a privately held company, we don't comment on ownership

structure and business plans," a company spokesperson told Reuters in an emailed statement.

Subway, one of the world's largest quick-service restaurant brands, has more than 37,000 restaurants in over 100 countries. The Milford, Conn.-based company, known for its foot-long sandwiches, has been owned by its two founding families for more than five decades.

In 2021, media reports said Subway was tidying itself up for a sale, but the restaurant chain had denied it. — **Reuters**

# Canada, Mexico win auto rules trade dispute with United States

OTTAWA — Canada and Mexico have won their challenge to the US interpretation of content rules for autos under the new North American trade pact, a dispute panel ruled on Wednesday, a decision that favors parts makers north and south of the US border.

A year ago Canada and Mexico filed a complaint against the United States over how to apply automotive-sector content requirements under the United States-Mexico-Canada (USMCA) free trade agreement, which came into effect in 2020.

The US interpretation of the rules is "inconsistent" with the USMCA, the panel said in its ruling.

"The decision is good for Canada and Mexico," said Flavio Volpe, president of Canada's Automotive Parts Manufacturers' Association.

Canada "is glad to see that the dispute settlement mechanisms in place are supporting our rights and obligations negotiated in USMCA," Canadian Trade Minister Mary Ng said in a statement.

"This is excellent news," said Tatiana Clouthier, Mexico's former economy minister in a video on Twitter. "That helps the entire automotive industry in the North American region enormously."

The decision is "disappointing," said Adam Hodge, a spokesperson for the United States Trade Representative's office, adding that the decision could result in "fewer American jobs".

Under the USMCA, the United States must now agree with Canada and Mexico on how to apply the panel decision, or face possible retaliatory tariffs.

"We are reviewing the report and considering next steps," Mr. Hodge said. The USTR will now "engage Mexico and Canada on a possible resolution to the dispute," Mr. Hodge said.

"In the coming days, Mexico will begin a process of dialogue and cooperation with its trading partners," Mexico's economy ministry said in a statement after the ruling.

The decision was announced amid a separate USMCA dispute centered on energy that has pitted the United States and Canada against Mexico. Ottawa and Washington argue Mexico's energy policies are putting U.S. and Canadian firms at a disadvantage, while Mexico has defended its policies and said it has broken no laws.

Under USMCA, 75% of a vehicle's components must originate

in North America to qualify for tax-free status, but the United States disagreed with how to calculate that number.

Mexico and Canada said if a "core part," such as the engine or transmission, has 75% regional content, the USMCA allows that number to be rounded up to 100% when calculating the broader requirement for an entire car's regional content.

The United States said "core part" content should not be rounded up when determining the content of the entire car.

Mr. Volpe said the decision also is important because it demonstrates that disagreements can be settled under the rules of the new trade pact.

"It shows that the dispute-resolution vehicle within the USMCA works," Mr. Volpe said. — **Reuters**

## Amazon workers' landmark union victory at NY warehouse upheld by US labor board director

A US labor board director has upheld Amazon.com, Inc. workers' landmark union victory at a warehouse in New York, according to a decision issued Wednesday, bringing the online retailer closer to having to bargain with staff on a contract.

Amazon has the right to appeal the decision to a wider panel at the US National Labor Relations Board (NLRB) or can start negotiating with the workers at its JFK8 facility in the New York City borough of Staten Island.

"We knew it was unlikely that the NLRB Regional Office

would rule against itself, and intend to appeal," Kelly Nantel, Amazon spokesperson, said in a statement.

"We don't believe this election process was fair, legitimate, or representative of the majority of what our team wants," Ms. Nantel added.

The victory marked the first time US staff at Amazon had decided to unionize in the company's nearly three-decade history, as well as a watershed moment for organized labor, which has taken issue with productivity tracking

among other practices at the country's second-largest private employer.

The news comes at a time when Amazon sought to lay off more than 18,000 corporate staff in light of economic uncertainty, and proposed closing three warehouses in the United Kingdom while opening others in the country.

The Amazon Labor Union (ALU) celebrated the labor board director's decision in a tweet.

Some 55% of employees who voted during the election last March had opted in favor of

joining the union, which argued for higher pay and job security. Turnout was about 58% of about 8,000 eligible voters.

Amazon has since slowed the ALU's progress. Workers in different facilities in New York state have rejected joining the union in two elections since, and Amazon filed objections to conduct during the original contest.

The NLRB regional director overruled those objections on Wednesday, in line with an NLRB hearing officer's recommendations last year. — **Reuters**

## UK Britishvolt investors submit bid to rival Indonesian fund offer

THREE early investors of UK battery startup Britishvolt have submitted an offer worth £30 million (\$36.38 million) to the board, matching the bid made by the Indonesia-linked investment fund DeaLab Group, the *Financial Times* reported on Wednesday citing two people familiar with the matter.

The rival offer is for a 92.5% share of the company, fractionally lower than the 95% that DeaLab offered, the report said citing a letter sent to the board on Tuesday evening.

Britishvolt's board has been trying to muster shareholder support for the DeaLab offer by



writing to investors ahead of a vote this Friday, the report added.

The UK startup said on Monday it was in talks with a consortium of investors about selling a majority stake in the company, but did not disclose any names.

Britishvolt did not immediately respond to a Reuters request for comment on the report while DeaLab Group could not be reached. — **Reuters**

### NPL, from S1/1

Since March last year, Metro Manila and most provinces in the country have been under the most lenient alert level, allowing businesses to operate at full capacity.

Consumers and businesses were also able to pay their loans amid the economic recovery, Rizal Commercial Banking Corp. Chief Economist Michael L. Ricafort likewise said.

In November, banks' total loan portfolio rose by 10.1% to P12.20 trillion from P11.08 trillion a year ago.

Past due loans fell by 13.2% to P492.528 billion from P567.512 billion a year earlier. These borrowings are equivalent to 4.04% of the industry's total loan portfolio, down from 5.12% a year earlier.

Restructured loans fell by 4.9% year on year to P327.760 billion in November, from P344.897 billion in the same month of 2021. This brought the ratio to 2.69% in November, from 3.11% in the year prior.

Meanwhile, banks increased loan loss reserves by 2.7% to P431.501 billion in November, from P419.863 billion in the year prior. With this, the ratio went

down to 3.54% from 3.79% in November a year ago.

Lenders' NPL coverage ratio — which shows the allowance for potential losses due to bad loans — increased to 105.73% from 87.13% a year earlier.

"Further improvement in lending/credit standards also contributed to the improved loan/asset quality of banks, on top of the further reopening of the economy," Mr. Ricafort said.

However, he noted that elevated inflation and higher borrowing costs remain "overshadowing challenges" that may affect banks.

The BSP has raised benchmark interest rates by 350 basis points (bps) last year, bringing the overnight reverse repurchase rate to 5.5% to tame inflation.

Inflation rose to a 14-year high of 8.1% in December, bringing the full-year average to 5.8%. This is above the central bank's 2-4% target for 2022.

BSP officials earlier said Philippine banks' NPL ratio may peak at 8.2% in 2022.

As of end-December 2021, the ratio stood at 3.97%. — **Keisha B. Ta-asan**

### Risks, from S1/1

it has become a prominent tool for geopolitical agents to propagate extremist beliefs and sway elections through social media echo chambers," WEF said.

Filipino voters had faced a barrage of fake news on social media, particularly during the national elections in 2016 and 2022.

"Information is key to any good working economy. Information asymmetry is not good especially for financial markets," UnionBank of the Philippines, Inc. Chief Economist Ruben Carlo O. Asuncion said in a Viber message.

Mr. Ricafort said that misinformation is a high risk for the Philippines since it could affect both the economic and political landscape.

"It could potentially alter election results/voters' behavior and choices. It is also important in view of the information age... Increased education and transparency can help address risk of misinformation," he added.

Mr. Asuncion said the Philippine government has a "tough task" of sustaining economic recovery amid various headwinds.

"Nevertheless, we do have a leg up moving forward but still I would approach 2023 with much caution... Global economic growth is fragile and any unexpected event (like geopolitical noise, resurgence of COVID-19) can push the global economy into a deeper economic slowdown," Mr. Asuncion said.

"Careful and deliberate policy coordination and support would be welcome amidst the challenges of uncertainties that we all face as citizens of this world," he added.

The survey was conducted by WEF between April and September 2022. It involved over 12,000 respondents from WEF's partner institutes, who were asked which five risks are most likely to pose the biggest threat to their country in the next two years. — **Revin Mikhael D. Ochove**

### FULL STORY



Read the full story by scanning the QR code with your smartphone or by typing the link [bit.ly/Risk011323](http://bit.ly/Risk011323)

### BSP chief, from S1/1

#### RRR CUT

Mr. Medalla said there is a high probability of cutting the banks' reserve requirement ratio (RRR) in the first semester of 2023.

"Cutting the RRR is very important to us. The only reason we postponed this is because (when) we did this in the past, it confused the markets," Mr. Medalla said.

A cut in RRR is a move intended to be an operational adjustment to facilitate the BSP's shift to market-based instruments for managing liquidity in the financial system, particularly the term deposit facility and the BSP securities.

The RRR for big banks is currently at 12%, one of the highest in the region. Reserve requirements for thrift and rural lenders are at 3% and 2%, respectively.

In March 2020, the BSP cut big banks' RRR, or the percentage of deposits and deposit substitutes they must keep with the central bank, by 200 bps to 12%.

The BSP earlier committed to bringing down the RRR of big banks to single digits by 2023.

Bank of the Philippine Islands (BPI) Lead Economist Emilio S. Neri, Jr. said the central bank is taking the right direction regarding the reserve requirements.

"Cutting RRR improves the competitiveness of local banks and should benefit bank customers as it lowers the cost of intermediation. It's crucial that the sequence is done right," Mr. Neri said in a Viber message.

"It's better for a policy rate cut to give way to an RRR cut as doing the opposite could lead to another postponement of a long-standing commitment to sharpen, so to speak, BSP's policy tools. The RRR is a blunt policy tool being replaced by more precise and preventive ones like macro prudential measures," he added.

For ING Bank N.V. Manila Senior Economist Nicholas Antonio T. Mapa, the move to reduce the RRR is a welcome development and it should be well-timed to avoid confusion on the BSP's policy stance.

"In 2023, with less pressure on the peso and with the current governor indicating that the rate hike cycle is winding down, the RR (reserve requirement) reduction can take place in an orderly fashion," Mr. Mapa said in an e-mail.

"Furthermore, [Mr.] Medalla expressed the intention to reduce RR to offset the expiration of pandemic-era accommodation for lending to (small and medium enterprises). This should further ensure an orderly transition away from RR to market-based tools such as the BSP deposit facilities and bills," he added.

During the pandemic, the BSP allowed lenders to count their lending to micro, small, and medium enterprises and pandemic-hit large enterprises as part of banks' alternative compliance with the RR against deposit liabilities and deposit substitutes until the end of 2022.

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## Megaworld to build Savoy Hotel in Palawan

The 306-room 'luxury green hotel' is close to the beach of the 462-hectare Paragua Coastown

Manila, Philippines, January 12, 2023 — Megaworld, the country's largest developer and operator of homegrown Filipino hotel brands, is building its first hotel property in Palawan.

The 10-storey Savoy Palawan will offer 306 guest rooms and suites in varied layouts, perfect for travelers in the island, particularly in the rising 462-hectare Paragua Coastown in San Vicente, Palawan.

"This will be our first hotel in Palawan, which will be the fourth Savoy Hotel in our portfolio. As we continue to tap on the rising opportunities in Philippine tourism, we also hope to meet the demand for accommodations in San Vicente, which is known to have the longest beach line in the entire country," says Cleofe Albiso, managing director, Megaworld Hotels and Resorts.

Savoy Palawan will just be a five-minute walk to the beach, and just a few steps away from the township's Mangrove Reserve Park.

Packed with amenities, Savoy Palawan will have its own swimming pool with a separate kiddie pool, and a pool deck at the third level of the hotel. It will also have its own fitness center, spa with wet and dry sauna, and a kid's club.

There will also be four (4) food and beverage outlets in the hotel: an all-day dining restaurant with alfresco area, Zabana Bar & Lounge, Grill Bar with Outdoor Dining, and a specialty restaurant.

Savoy Palawan will also have its own ballroom and smaller function rooms with pre-function areas as well as a business center and meeting room.

Suite and VIP guests will also have exclusive access to the Executive Lounge that offers beverages and hors d'oeuvres all throughout the day, as well as breakfast in the morning.



"Savoy Palawan will highlight some sustainability features that will make it as a luxury green hotel. The hotel's equipment and machines will be certified 'energy-efficient' and we will also be using recycled water for washing from our rain harvesting facility. Since Paragua Coastown will also be a bike-friendly community, we will provide facilities for bikes in our hotel," adds Albiso.

Savoy Palawan is scheduled for opening in 2028. It will be the 17th hotel property launched by Megaworld Hotels and Resorts, the country's largest operator of homegrown hotel brands. Out of the 17 hotel properties launched, 12 are operational while five more are in the pipeline including Savoy Palawan and Grand Westside Hotel in Paranaque City, which is poised to be the biggest hotel in the Philippines once it opens.

The existing operational hotels, with around 4,500 hotel room keys, include Richmond Hotel Ortigas, Eastwood Richmond Hotel, Richmond Hotel Iloilo, Savoy Hotel Newport, Savoy Hotel Boracay, Savoy Hotel Mactan Newtown, Belmont Hotel Manila, Belmont Hotel Boracay, Belmont Hotel Mactan, Kingsford Hotel Manila, Twin Lakes Hotel in Tagaytay, and Hotel Lucky Chinatown in Binondo, Manila.