Philippine Stock Exchange index (PSEi) 6,779.02 ▼36.89 PTS. ▼0.54%

FRIDAY, FEBRUARY 17, 2023 BusinessWorld

PSEi MEMBER STOCKS

AC	Ayala Corp.	P668.00	-P2.00	-0.30%
ACEN	ACEN Corp.	P7.00	——	
AEV	Aboitiz Equity Ventures, Inc.	P55.50	+P0.30	+0.54%
AGI	Alliance Global Group, Inc.	P13.00	——	
ALI	Ayala Land, Inc.	P29.35	-P0.25	-0.84%
AP	Aboitiz Power Corp.	P38.50	-P0.80	-2.04%
BDO	BDO Unibank, Inc.	P125.00	+P0.80	+0.64%
BPI	Bank of the Philippine Islands	P105.50	+P0.40	+0.38%
CNVRG	Converge ICT Solutions, Inc.	P16.06	+P0.02	+0.12%
DMC	DMCI Holdings, Inc.	P11.64	+P0.08	+0.69%
EMI	Emperador, Inc.	P20.90	-P0.10	-0.48%
GLO	Globe Telecom, Inc.	P2,040.00	+P70.00	+3.55%
GTCAP	GT Capital Holdings, Inc.	P529.00	-P13.50	-2.49%
ICT	International Container Terminal Services, Inc.	P211.20	+P2.20	+1.05%
JFC	Jollibee Foods Corp.	P240.20	+P1.60	+0.67%
JGS	JG Summit Holdings, Inc.	P53.90	-P0.10	-0.19%
LTG	LT Group, Inc.	P10.38	-P0.12	-1.14%
MBT	Metropolitan Bank & Trust Co.	P60.00	-P1.00	-1.64%
MER	Manila Electric Co.	P310.00	+P1.00	+0.32%
MONDE	Monde Nissin Corp.	P11.98	-P0.18	-1.48%
MPI	Metro Pacific Investments Corp.	P4.18	-P0.09	-2.11%
PGOLD	Puregold Price Club, Inc.	P33.10	-P0.20	-0.60%
SCC	Semirara Mining and Power Corp.	P31.00	+P0.15	+0.49%
SM	SM Investments Corp.	P875.00	-P13.00	-1.46%
SMC	San Miguel Corp.	P108.00	-P1.80	-1.64%
SMPH	SM Prime Holdings, Inc.	P37.00	-P0.85	-2.25%
TEL	PLDT Inc.	P1,355.00	+P25.00	+1.88%
UBP	Union Bank of the Philippines	P86.95	+P0.05	+0.06%
URC	Universal Robina Corp.	P143.00	-P4.40	-2.99%
WLCON	Wilcon Depot, Inc.	P32.95	+P0.10	+0.30%

Local shipbuilders seek tax perks, funding access

By Justine Irish D. Tabile
Reporter

DOMESTIC shipping businesses are seeking the government's help to support the projected rebound of the maritime industry from the pandemic through tax incentives and accessible funding.

"If they can give incentives to foreign ship businesses, *bakit hindi nila ibigay sa* (why can't they give the same to) local shipbuilders?" said Gaudencio C. Morales, president of the Philippine Association of Coastal and Inland Water Ferries, Inc., on the sidelines of the Expo Maritime Philippines 2023 on Thursday.

Separately, Worldwide Maritime Operations Co. President and Chief Executive Officer Rachelle B. Lopez said: "We are very positive about the maritime industry after the pandemic. And this is why the domestic owners are asking help from the government to help them rebound."

"What we are asking for is some support from the government in terms of our taxes and loans," she added.

During his presentation, Mr. Morales asked the government to incentivize the shipbuilding and ship repair (SBSR) industry by establishing a special economic zone (SEZ).

"So *'yung mga i-import na materials na* duty-free, *doon na babagsak. Tapos 'yung mga* local buyers *doon na bibili* (This should be where the duty-free imported materials will be co-located. And this is where the local shipbuilders will buy from)," Mr. Morales said.

Mr. Morales also said that by establishing an SEZ, the government can help in easing the process of getting imported raw materials and help the local shipbuilders avoid importation taxes.

"*Kung mawawala itong taxes, makagagawa ako ng* vessel *ng* less costly (If these taxes will be removed, I will be able to build a less costly vessel). They can just provide us incentives so that our tax duties will be lessened," he said.

In terms of getting funding, Ms. Lopez said that the company had asked various banks and lending institutions in helping startup shipbuilders.

"We talked with several banks to help them to be one of the allies of the [domestic shipping owners]. *Na sana kahit papano pagbigyan naman nila* (That somehow, they will give these small businesses a chance)," Ms. Lopez said.

Mr. Morales said that the government should immediately implement the 2022 Strategic Investment Priority Plan which will put shipbuilding on the list of investment priorities under the Corporate Recovery and Tax Incentives for Enterprises Act or the CREATE law.

Investment priorities under the CREATE law can have incentives such as income tax holidays, special corporate income tax, enhanced deductions, duty exemptions, and value-added tax exemptions.

"I have a good outlook for the domestic maritime industry. This is the best time to invest and enter the SBSR industry because of the supply and demand," Mr. Morales said.

"The demand of shipyards for SBSR is big. *Marami ngayong pila ng mga barko na naghihintay ng berth para maka*-drydock (There a lot of ships that are waiting to berth for dry docking) which is a requirement of Marina," he added, pertaining to Maritime Industry Authority.

"*Kung malaki ang* demand for drydocking *sa* shipyards, *maganda ang* (If the demand for drydocking in the shipyards, then we can have a positive) outlook for the industry," he added.

Global recruiter links rising inflation to employee retention

SURGING inflation is a key factor in an employee's decision to seek higher pay, according to a survey by global recruitment firm Robert Walters which also said an employer's response is crucial to talent retention.

"More than 70% of professionals will be looking for a new job if they are not seeing their salary at par with the inflation levels," Robert Walters Philippines Director Alejandro Perez-Higuero told BusinessWorld in a virtual interview.

"72% of professionals expect companies to consider the cost of living for determining salary increments," he added.

His comments reflect the results of Robert Walters' Global Salary Survey 2023, which was conducted in September last year and involved more than 2,000 respondent companies and clients.

The country's inflation rate accelerated to 8.7% in January, higher than the 3% registered in the same month last year and 8.1% in December, according to the Philippine Statistics Authority. The higher inflation rate was attributed to increases in home rentals, electricity prices, and water rates.

Mr. Perez-Higuero said employers should match salary packages to market rates and ensure clear roles to attract and retain talent.

"Make sure that they (salary packages) are competitive and they (employers) know what the market rates are in order to match those when it comes to retaining and hiring people," Mr. Perez-Higuero said.

"Flexibility and other benefits are now more important than ever. Employees are going to appreciate employers that look after them. Employers should keep making efforts to understanding their employees' needs from a benefits perspective," he added.

According to Mr. Perez-Higuero, the survey also showed that employees' salaries in the Philippines are expected to increase by 4% in 2023 amid surging inflation and higher living costs.

"Employees with the right skills, and with skills in demand, will be entitled to be more demanding when it comes to asking their employers to match their salaries with the increased cost of life," Mr. Perez-Higuero said.

Mr. Perez-Higuero added that employers could better retain their employees if they improve their human resource (HR) policies and introduce employee learning and development.

"If employers want to retain their people, they'll need to work on their learning and development or HR, policies or culture or capabilities so they can keep key employees constantly engaged. That will probably stop them to look for something else because they are actually challenged and they're actually learning," Mr. Perez-Higuero said.

"Nowadays, especially given that the workforce is slowly being populated by millennials and Gen Z, work-life balance is non-negotiable. There is a whole community out there where they can check a company's background and culture before they decide to be recruited," he added.

Meanwhile, Mr. Perez-Higuero said that the Philippines is expected to become a global shared services hub, attributing it to the country's English-speaking population.

"As more and more startups — especially those that specialize in technology, finance, and digital services — enter the market this year, we expect the Philippines to strengthen its position in the global workforce market by the end of 2023," he said. — **Revin Mikhael D. Ochave**

DoF expects more businesses to go green this year

THE DEPARTMENT of Finance (DoF) is confident that it can persuade more businesses to go green this year, citing the possible passage of a bill easing tax payments as well as increased promotion of available incentives.

Finance Undersecretary Maria Cielo D. Magno said that despite the incentive packages, the Philippines still has a low count of environment-friendly companies.

"Companies are still applying; we still have very few," she said in an interview on the sidelines of the Nordic-Philippine Climate Executive Dialogue on Thursday.

However, she expects to see progress this year since "we're just at the beginning of implementing it," referring to incentive packages provided by the fiscal incentives review board.

The DoF is giving incentives to companies that employ eco-friendliness and renewable energy, as well as those that introduce new technology.

"We are also working with Congress right now on the ease of paying taxes to simplify all the tax administration [and] tax payments," Ms. Magno said, citing the inclusion of a provision that further simplifies invoicing requirements of companies.

She said the bill if passed would make it easier for export companies that are entitled to a value-added tax (VAT) refund to get their claim, benefits, and incentives given by the government.

Should the proposed bill be passed, it will remove the P500 annual taxpayer registration fee, introduce a medium-sized taxpayer classification, and remove the distinction between sales invoices and official receipts for purposes of recognizing VAT transactions.

"The [DoF] remains steadfast in mobilizing financing for climate change mitigation and adaptation," Ms. Magno said.

The Finance department is currently establishing a sustainable finance ecosystem to synergize investments from the public and private sectors to yield green projects that "will have a lasting and permanent effect on the environment and our people," she added.

Meanwhile, Ms. Magno said that in the extractive sector, which includes mining, and oil and gas exploration, "there is an active discussion within the MSG (multi-stakeholder group), the board of the EITI (Extractive Industries Transparency Initiative), to discuss stronger environmental and social monitoring," noting awareness for the increasing need for critical minerals.

On its website, the EITI describes itself as a platform to show the direct and indirect contributions of the extractive sector to the economy, among others.

Critical minerals such as copper, lithium, nickel, cobalt and rare earth elements are essential components in rapidly growing clean energy technologies — from wind turbines and electricity networks to electric vehicles, according to the International Energy Agency.

Demand for these minerals will grow as clean energy transitions gather pace, it added.

"Right now, the group is working on a grievance mechanism, so that the MSG will be more accessible," Ms. Magno said, adding the creation of more policies that target responsible mining.

"If we're able to really implement policies that would make responsible mining feasible, then I think it's good news for everyone, especially now that there's increasing demand for critical minerals," she said. — **Alyssa Nicole O. Tan**

OUTLIER

Globe Telecom rises on GCash service expansion overseas, earnings report

GLOBE Telecom, Inc. was one of the most actively traded stocks last week after the announcement of its electronic payment platform's overseas expansion and the release of its full-year financial report.

Data from the Philippine Stock Exchange (PSE) showed a total of P1.26 billion worth of 631,685 shares were traded from Feb. 13-17, making it the fourth most actively traded stock in the local bourse last week.

The Ayala-led telecommunication company closed at P2,040 per share on Friday, increasing by 1.2% from the P2,016 closing price on Feb. 10. So far this year, the stock has declined by 6.4%.

Ryan Vincent L. Parlade, equity analyst at The First Resources Management and Securities Corp., said the stock's growth was mainly due to the overseas service expansion of e-wallet GCash.

"The stock's movement for the week is mainly driven by a technical bounce caused by the recent sell-down in the stock this past couple of days driven by its exclusion in the MSCI index and ex-dividend date of the stock. Furthermore, the recent news with regard to Globe's GCash service expansion in Japan, Australia, and Italy buoyed investor sentiment," Mr. Parlade said in an e-mail.

In a statement on Thursday, GCash announced that it had received a go signal from the Bangko Sentral ng Pilipinas to start its beta launch of the e-wallet overseas, providing service to Filipinos in Japan, Australia, and Italy with an international SIM card.

G-Xchange, Inc., a subsidiary of Globe Fintech Innovations, Inc., or Mynt, said the approval of the beta launch of GCash Overseas will make it the first and only e-wallet in the Philippines to have this capability.

The beta mode of GCash Overseas is expected to run for a limited time only. However, it is set to fully launch later this year. The beta launch will only be accepting the first 1,000 users from the said countries with an international SIM card.

Mr. Parlade also noted that market players should consider looking at the company's targets.

"In addition, the stock is also trading at a discount with a price-to-earnings of 8.20x, lower than its 5-year historical price-to-earning of 13.70x," he added.

Meanwhile, Regina Capital Development Corp. Head of Sales Luis A. Limlingan cited the stock company's recent guidelines as a main driver for last week's trading performance.

"Globe's performance for this week was primarily influenced by the guidance which was provided during their fourth quarter and full-year briefing. One of the issues adding concern to investors is how the SIM Registration law would affect its mobile subscriber count and likewise, its churn rates," Mr. Limlingan said.

In a press release, Globe said that while the SIM card registration is expected to result in a lower subscriber base for the company, it assured the public that they do not expect any impact on its financial performance.

Its consolidated bottom line rose by 46% P34.60 billion, from P23.72 billion in 2021.

Meanwhile, Globe's top line inched by 4% to P157.98 billion last year from P152.26 billion previously. — **M. I. U. Catilogo**

FULL STORY

Read the full story by scanning the QR code with your smartphone or by typing the link <https://bit.ly/41aIeOg>

LNG terminals seen to pose threat to PHL energy security

THE government's approval of more terminals for imported liquefied natural gas (LNG) may have worsened the country's looming power crisis, according to organizations focused on the energy sector.

"Taking a broader perspective will address the level of dependence we may be placing on LNG given its volatile fuel prices," said Alberto R. Dalusung III, energy transition advisor of Manila-based policy group Institute for Climate and Sustainable Cities, in a Viber message.

Separately, Greenpeace campaigner Khevin Yu told BusinessWorld by phone over the weekend that the proposed LNG facilities require imported fuel, "posing another layer of problems in achieving energy security."

Their comments come after the Department of Energy announced in January that Samat LNG Corp. had been given the notice to proceed with the construction of its small-scale LNG receiving terminal and regasification facility in Mariveles, Bataan. It is expected to start operations in 2024.

"It will only lock us down to these long-term contracts because it will require private energy companies to profit out of these projects, given that, there's also a huge threat of volatile [prices]," Mr. Yu said.

LNG is being put forward as a solution to the country's looming power crisis as the country's only indigenous commercial source of natural gas — the Malampaya gas field — is expected to start depleting.

A report from Fitch Solutions Country Risk and Industry Research said the country might need to turn to the volatile spot market for LNG as the proponents of LNG terminal projects have yet to secure a long-term supply contract.

"The approval of more LNG projects amid high fuel costs and unsure import supply simply proves that there is a mismatch between our country's energy development directions and energy security interests," Gerry C. Arances, executive director of the Center for Energy, Ecology, and Development, said.

"LNG expansion means deepened reliance on imported fuels and vulnerability to global market volatilities. This is precisely why we have been raising alarm over the government's promotion of LNG in the Philippines. All indicators tell us that LNG is not a solution to our power crises," Mr. Arances added.

Samat LNG is the seventh receiving terminal to be cleared for construction in the Philippines after those proposed by Linseed Field Power Corp.; First Gen Corp.; Luzon LNG Terminal, Inc.; Energy World Gas Operations Philippines, Inc.; Shell Energy Philippines, Inc.; and Vires Energy Corp.

Linseed, an arm of Atlantic Gulf & Pacific Co., said that it had completed the conversion of a vessel into a floating storage unit for gas. The company is expected to start taking delivery of gas by March.

First Gen Corp., through its subsidiary FGEN LNG Corp., expects its LNG terminal to be completed by the first quarter of this year. — **Ashley Erika O. Jose**