Foreign chambers back removal of charter's economic provisions

FOREIGN CHAMBERS of commerce declared their support on Thursday for amending the 1987 Constitution, to the extent of proposing the removal of all economic provisions that restrict flexibility in regulating various industries.

"Our position is quite simple. We believe, in fact, that the best position would be to delete the economic provisions, all of them, from the Constitution and (regulate industries via) laws passed by Congress," Canadian Chamber of Commerce of the Philippines President Julian Payne, speaking for the Joint Foreign Chambers of the Philippines at a hearing of the Senate committee on constitutional amendments and revision of codes.

"If that is not possible, we support the position that is basically taken in the resolution that you should add, 'unless otherwise provided by law' to each and every one of the economic provisions," he added.

He was referring to the Resolution of Both Houses No. 3, filed by Senator Robinhood Ferdinand C. Padilla, which seeks to amend economic provisions of the Constitution through a constituent assembly (con-ass).

Mr. Payne said that any restrictions will reduce the volume of foreign direct investment (FDI) entering the Philippines. "The more restrictions you have, the less FDI you will have coming."

"Regardless of what the sector is, the world moves quickly today and one of the things we have to focus on is: how do we amend restrictions?" he said.

Amending the constitution is slow, cumbersome and difficult for any country, he added. For this reason, the Philippines must choose a more flexible alternative, whether by law or by executive authority.

"In our view, the Philippines, if it wants to encourage FDI and minimize restrictions, must choose the most flexible (path) to allow for change, to respond to changes in technology, foreign investment, investor expectations, and responses to international competition," Mr. Payne said.

"You should choose a means where you are able to adjust very quickly, and very flexibly to rapidly changing external conditions," he added.

Should no changes be made to the constitution, Mr. Payne noted that "legal issues" may arise.

"But if the law is amended or the provisions are deleted, then the issue would no longer exist," he added. "Although that may also be challenged, for that you would have to consult with a lawyer."

Mr. Padilla, who chaired the hearing, believes that easing the charter's economic provisions was the only way to attract FDIs.

The Philippines is currently "languishing" in terms of FDI, he added, citing data from the Bangko Sentral ng Pilipinas indicating that FDI dropped 25% between 2018 and 2020.

For the Philippines to recover from the effects of the COVID pandemic, Mr. Padilla said that it would need new "drivers of growth" including opening up the economy to more FDI.

"There is a basis for seeking such amendments; this is not political grandstanding. This is addressing a real need of our country," he said.

"We are moving to prioritize amending our economic provisions because this will help address the most pressing needs such as joblessness, hunger and poverty," he added.

Mr. Payne also noted that the benefits of FDI went beyond funding.

"Foreign direct investment is not just dollars, it's also transfer of technology, and it's also the establishment of businesses which lead to international trade," he said, "so we must not measure foreign direct investment solely in terms of dollars."

He also noted his appreciation to the previous Congress for the amendments to the Public Service Act, Retail Trade Liberalization Act and Foreign Investments Act, as well as to the administration for clarifying the definition of natural resources.

However, Mr. Payne said "these are just first steps" as there was more to be done.

Eula Pertubos-Arias, a lawyer with the Davao-based Jose Maria College Foundation, Inc.'s College Law, said that the Constitution should not act as "a hindrance" to economic activity.

"Maybe, if we... liberalize these restrictive provisions... we can attract more FDI to the Philippines," she said.

"We will be changing the paradigm of the Philippines," she added. "Instead of being too restrictive, we have to set it to become more welcoming to the foreign investors."

Ms. Arias noted the trend of Southeast Asia opening up to FDI, adding that the Philippines should not be left behind.

Ms. Arias recommended the constitutional convention (con-con) route to amending the charter as it would allow the participation of the people.

"The process of proposing an amendment to the Constitution will be a big part of our history, so from the very onset we have to make it right, we have to have people's participation in proposing amendments," she said.

A House of Representatives body has passed a measure detailing the procedures for charter change through a hybrid con-con.

However, if the objective is speed, Ms. Arias said that con-ass would be preferable as it would do away with the people's vote for delegates.

National Economic and Development Authority (NEDA) Undersecretary Krystal Lyn T. Uy, speaking at the hearing, also said that the cost of a con-ass would be significantly lower than a con-con.

"The discrepancy is huge. The difference from a con-con to a con-ass is more than P10 billion," she said.

"Based on our initial computation... if it's a separate national election and national plebiscite, for a con-con, it would be P28 billion, but if it will occur simultaneously, it will cost P331 million," she added. "For con-ass, if it's separate, it will cost P13.8 billion, but if it's held simultaneously, it will only be P30 million."

In the House measure, the election of delegates for the convention will take place on Oct. 30, the same date as the village and youth council elections. — **Alyssa Nicole O. Tan**

DBM to release P4B in fuel subsidies

THE Department of Budget and Management (DBM) said it is releasing P4 billion in fuel assistance for farmers and transport workers.

"As directed by President Ferdinand Marcos, Jr., this administration will continue providing fuel subsidies to our *kababayan* (countrymen), especially in the most vulnerable sectors — public transport and agriculture," Budget Secretary Amenah F. Pangandaman said in a statement.

"We are banking on our transport and agriculture sector to boost economic recovery. And so we need to provide them the help and boost they need," she added.

Of the total, P3 billion will be provided in the form of fuel vouchers to qualified public utility vehicle, taxi, tricycle, and full-time ride-hailing and delivery services drivers nationwide.

The remainder will go to more than 312,000 farmers and fisherfolk with a cap of P3,000 per beneficiary.

The funds will be charged against the regular budgets of the departments of Transportation and Agriculture, the DBM added. — **Luisa Maria Jacinta C. Jocson**

DA: Batangas sugar shipments covered by import clearances

THE Department of Agriculture (DA) has confirmed that import clearances were issued to the traders who brought in a shipment of sugar into the port of Batangas on Feb. 9, well before the issuance of a formal sugar order authorizing imports.

The three traders were among those receiving import clearances, alongside those who applied to bring in shipments following the issuance of Sugar Order No. 6, in accordance with the government's plan to bring in 440,000 metric tons of sugar.

The three traders' shipments landed in Batangas before Sugar Order No. 6 took effect on Feb. 18.

In a memorandum dated Feb. 27, DA Senior Undersecretary Domingo F. Panganiban directed Sugar Regulatory Administration (SRA) Administrator David John Thaddeus P. Alba to issue a clearance to the three traders.

All Asia Countertrade, Inc. was allocated 240,000 MT while Edison Lee Marketing Corp. and S&D Sucden Philippines, Inc. were given 100,000 MT each.

Mr. Alba also instructed the Bureau of Customs at the port of Batangas to clear the shipment consigned to All Asian Countertrade, which was to be classified as reserve sugar.

The sugar reserve was ordered by President Ferdinand R. Marcos, Jr., to help contain price volatility.

According to the DA, about 13,250 MT of sugar has arrived thus far. The import clearances are valid until March 29.

Mr. Panganiban has said that he selected three "capable" companies after he interpreted a memorandum from the Office of the Executive Secretary to mean that imports have been authorized.

The formal sugar order was released by the SRA on Feb. 15. Under Section 4, 200,000 MT of imported sugar "shall be allocated to consumers" while 240,000 MT was to serve as buffer stock.

According to Mr. Panganiban, the initial release of the imported sugar for consumer use is in two weeks and is expected to ease sugar prices to P80-P85 per kilogram.

"This is the sugar that will lower the price of commercial sugar in the Philippines," Mr. Panganiban told reporters by phone on Thursday.

DA price monitors put the price of refined sugar at P87-P110 per kilogram. — **Sheldeen Joy Talavera**

Legislated wage hikes seen potentially boosting economy by putting money in workers' pockets

LEGISLATED wage hikes hold the potential for fueling an economic expansion by spurring the purchasing power of workers, analysts said, disputing a senior economic manager's warning that raising salaries by Congressional action could make the economy less competitive.

David Michael M. San Juan, a professor at De La Salle University and convener of Professionals for a Progressive Economy, said in an e-mail that "By improving the purchasing power of workers through a legislated wage hike, more jobs will be created as money is spent on more goods and services."

National Economic and Development Authority Secretary Arsenio M. Balisacan told the House of Representatives on Tuesday that "forcing" wages to rise via legislation will damage the Philippines' competitiveness.

"If wages are forced to increase by legislation, wages (will rise) not because the demand for labor is high," with repercussions for competitiveness, Mr. Balisacan said.

Mr. San Juan called this view of competitiveness a "race-to-the-bottom set-up where countries are said to compete for investments by keeping wages low." He noted that low wages does not make a country competitive.

Mr. Balisacan said he prefers that wages rise by expanding economic activity, particularly through investment.

Jose Enrique A. Africa, executive director of think tank IBON Foundation, said via Viber that "wages should instead be determined by what workers need to live decently especially given the reality that employers really have the capacity to pay much more than they do."

Mr. Africa said that workers are the "people who most of all create value in the economy and for whom the economy is for, so to speak of 'the economy' as something different from their conditions and welfare is insensitive and unfair."

Mr. San Juan added that companies are reporting record profits; a wage hike would help with the redistribution of wealth.

The richest 2% of Filipinos hold wealth of P20-25 trillion, equivalent to the combined wealth of the poorest 80%, IBON research head Rosario Guzman said at the think tank's Birdtalk forum in January.

"The marginal propensity to consume of low-income groups is many times higher than for high income groups so the boost to aggregate demand and spurring economic activity should not be underestimated," Mr. Africa said.

During the House briefing, Mr. Balisacan told lawmakers that "forced" wage increase through legislation are "more harmful to the economy."

Mr. Africa said economic managers must move away from the mindset that wages are "just another commodity" whose level depends on market forces or employers' willingness to pay.

"The Philippines has a long history of legislating wage hikes since the 1950s spanning various minimum wage laws, wage orders, executive orders, presidential decrees, and even Republic Acts," he said.

IBON Foundation estimated that a family of five needs P1,119 daily to survive.

Mr. San Juan noted that President Ferdinand R. Marcos, Jr himself made a campaign promise to increase workers' wages.

"The administration has been vocal in saying that our economy has already recovered. Hence, wages should be hiked," he added. — **Beatriz Marie D. Cruz**

BSP says female-owned MSMEs disadvantaged in accessing capital

FINANCIAL institutions need to consider serving more female-owned micro-, small- and medium-sized enterprises (MSMEs), which are disadvantaged in accessing capital relative to male-owned businesses, the Bangko Sentral ng Pilipinas (BSP) said.

In a webinar hosted by the Philippine Institute for Development Studies on Thursday, BSP Deputy Director Mynard Bryan R. Mojica of the Financial Inclusion Office said 58% of women-owned MSMEs cited lack of access to funding as an issue in doing business, against 37% of male-owned MSMEs.

"Many of the micro enterprises are women-owned. An overwhelming 45% of them are women-owned. Many of these MSMEs are newly created and built from scratch," Mr. Mojica said.

"We need to take advantage of the largely untapped women-owned MSME market by tailor-fitting financial products and services to their needs and preferences," he said.

In his presentation, Mr. Mojica cited the results of a survey by the Asian Development Bank, which the Philippine central bank collaborated in.

The survey, which consulted 1,000 MSMEs, found that 45% of micro businesses were female-led, against 15% led by males. Most of the female-owned MSMEs are active in the wholesale and retail trade, accommodation and food services, and manufacturing.

According to Mr. Mojica, both men (78%) and women (64%) use their own funds to build up capital for their small businesses.

Of the businesses tapping outside financing, 6% of female-led MSMEs borrowed from microfinance institutions while 5% tapped informal lenders.

"For bank accounts, we find that (banks are) more biased towards men. But microfinance companies and cooperatives... are serving more women," he said.

Aside from lack of capital, respondents cited high taxes and high cost of doing business as significant barriers to growth.

The survey also found that female-owned MSMEs used fewer financial services than male-owned ones, with female-owned businesses also less likely to use digital financial services, for which the usage rate for male-owned businesses was over 40%.

Some 52% of female entrepreneurs 27% of male business owners still use mainly cash in financial transactions. — **Keisha B. Ta-asan**

Online platforms warned of restrictions on selling vape products

THE Department of Trade and Industry (DTI) warned online sellers of vaping products to observe the restrictions against selling these items, particularly to minors.

Trade Undersecretary Ruth B. Castelo said during a meeting with e-commerce industry representatives on March 1 that minors cannot be allowed to access vaporized nicotine and non-nicotine products and novel tobacco products.

"We called for a high-level representation to this meeting with the aim of getting the commitment of the decision makers; we want to ensure that products prohibited in Republic Act (RA) No. 11900 (Vape Law) are not sold (on) platforms in blatant contravention of the law," Ms. Castelo said.

"Failure to comply with the requirements set forth in relevant issuances shall constrain the DTI to undertake all necessary and available legal action against these business entities," she added.

The DTI said that all prohibited items can no longer be sold on offline and online retail markets following the effectivity of the Vape Law's implementing rules and regulations on Dec. 28.

"Meanwhile, manufacturers and importers are given an 18-month transitory period until June 5, 2024, to comply with product registration and certification requirements of all electronic or vaporized nicotine devices and allowed consumables under RA 11900," the DTI said.

"For product registration, only Bureau of Philippine Standards-registered and certified vaporized nicotine and non-nicotine products, their devices, and novel tobacco products with the applicable graphic and textual health warnings shall be sold to the general public by June 2024," it added.

Ms. Castelo warned against platforms attempting to "circumvent" the law. — **Revin Mikhael D. Ochave**

Investment in new P&G diaper facility estimated at P864M — DTI

THE Department of Trade and Industry (DTI) said consumer goods manufacturer Procter & Gamble (P&G) Philippines brought in P864 million worth of investment with the inauguration of its Pampers diaper manufacturing line in Cabuyao, Laguna.

Trade Secretary Alfredo E. Pascual said during the ribbon-cutting ceremony on Thursday that the new Pampers facility will export to South Korea and Vietnam.

"This P864-million investment is the direct outcome of a critical economic reform that the Philippine economic team has pushed for since the previous administration — Republic Act 11534 or the Corporate Recovery and Tax Incentives for Enterprises Act or CREATE," Mr. Pascual said.

"The diaper products from this new line will eventually be exported and sold to Korea and Vietnam. That is why, among other benefits listed in the CREATE Law, the importation of capital equipment, raw materials, or accessories is exempt from tax and duty," he added.

"From the vantage point of the Philippine government, the new diaper manufacturing line will create direct and indirect jobs. Moreover, it will link the Philippines to the global value chain for manufacturing and distributing these diapers across Asia," Mr. Pascual said.

Other products manufactured at the Cabuyao plant are laundry detergents like Ariel and Tide, Joy dishwashing liquid, Downy fabric conditioner, Whisper disposable period pads, and Safeguard antibacterial soap. The facility services both domestic and export markets.

"P&G's commitment to continuous improvement and innovation of our supply chain technology has enabled us to provide products of superior quality and value," P&G Philippines President and General Manager Rafael Arturo S. Fajardo said.

"Together with the anticipated boost in sales for the company, this project will also help the economy and boost the country's export output. P&G has and will always believe in Filipino talent, and will also facilitate significant upskilling for employees working on the line," he added. — **Revin Mikhael D. Ochave**