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# **NEDA ordered to conduct study** on delayed devolution timeline

PRESIDENT Ferdinand B Marcos Jr has tasked the Commission on Devolution with studying a delayed timeline for transferring National Government (NG) functions to local government units (LGUs), citing concerns about the LGUs' ability to carry out these functions.

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The Economy

Budget Secretary Amenah F. Pangandaman made the announcement after a meeting with Mr. Marcos and members of the League of Municipalities of the Philippines, which had been lobbying for a longer devolution timeline.

"We were tasked again by the President to sit and study the projects and programs that should be left to the National Government ... and the projects that should be devolved to LGUs," Ms. Pangandaman said at a Palace briefing.

She said the study, which will be led by NEDA Secretary Arsenio S. Balisacan, will be the basis for any amendments to Executive Order (EO) No. 138, which gave LGUs a threeyear transition period until 2024 to fully assume some NG functions.

In a separate statement, the Palace said the main concern was LGUs' "absorptive capacity" for taking on major projects.

The order to devolve, which was issued by former President Rodrigo R. Duterte, was the



ANDREAS GUCKLHORN-UNSPLASH

# German solar, energy-efficiency firms seeking out PHL opportunities

GERMAN SOLAR and energy-efficiency companies are seeking out opportunities in the Philippines, according to the German-Philippine Chamber of Commerce and Industry (GPCCI).

The GPCCI said in a statement that five German companies participated in the Energy Efficiency and Solar for Buildings conference in Makati City on Tuesday.

These five German companies were SolarNext AG, MIG mbH, Hörmann KG, eeaser GmbH, and Ecoligo GmbH.

"These visiting German companies have the advanced technical know-how in the field of energy efficiency, and we are happy to provide the stage for them to connect with both key public and private stakeholders in the Philippines," GPCCI Executive Director Christopher Zimmer said.

The conference was organized in collaboration with the Philippine Energy Efficiency Alliance (PE2) and Cold Chain Association of the Philippines.

"Several German companies are already involved in the industry of energy efficiency in the Philippines and this delegation signals an increased potential and investor interest. We are delighted to see more attention again from German companies," GPCCI President Stefan Schmitz said.

### **DoE has authority to** accelerate charging station rollout – senator

national taxes.

THE Department of Energy (DoE) is empowered to accelerate the charging-station rollout beyond the legal minimum in order to hasten electric vehicle (EV) adoption, Senator Sherwin T. Gatchalian said.

"Under the law, (the DoE) can mandate the utilities to roll out a minimum number of charging stations and they can mandate the establishments to come up with dedicated (EV) parking slots," Mr. Gatchalian told reporters on the sidelines of the Philippine Electric Power Industry Forum 2023 in Manila on Tuesday.

The DoE is currently pushing to ramp up the EV rollout to 10% of all vehicle fleets from the initial 5% as required by Republic Act No. 11697 or the Electric Vehicle Industry Development Act (EVIDA).

The revised implementing rules and regulations of EVIDA, which were signed last year, set a 5% minimum share for EVs in corporate and government vehicle fleets. It also requires that establishments set aside dedicated EV parking slots, the installation of charging stations in parking lots and fuel stations, the opening of green

routes for EV users, and support for domestic EV manufacturing. "You have to roll out the infra-

government's response to a Supreme Court

ruling granting LGUs a larger share of the

devolution, to be chaired by the Budget Sec-

retary and co-chaired by the Secretary of the

retaries of NEDA and Finance, and presidents

of the Leagues of Provinces, Cities and Mu-

nicipalities of the Philippines, the Liga ng

mga Barangay ng Pilipinas, and the Union of

Local Authorities of the Philippines. - Kyle

Interior and Local Government.

Aristophere T. Atienza

EO No. 138 also created a committee on

The committee members include the sec-

structure before people are encouraged to buy EVs," Mr. Gatchalian said.

The DoE said it is working on a comprehensive roadmap for the electric vehicle industry, which it expects to attract more investors to the industry

The DoE said for 2023-2028, it is targeting an EV fleet of 2.45 million cars, tricycles, motorcycles, and buses, and 65,000 EV charging stations.

Between 2029 and 2034, the DoE said it will push for an additional 1.85 million EVs and 42,000 charging stations.

"These actions are consistent with EVIDA's thrust of creating an enabling environment for the development of the EV industry. The shift to EVs is expected to reduce dependence on imported fuel," the DoE said.

At the end of 2021, the DoE said it registered about 9,000 EVs, of which 378 were public utility vehicles, and tallied 327 charging stations. -Ashley Erika O. Jose

# House gives 3rd reading approval to REIT, crop insurance bills

THE House of Representatives approved on third and final reading a bill requiring real estate investment trusts (REITs) to reinvest the proceeds of their fundraising activities in the Philippines.

Legislators also passed on third reading measures encouraging the private sector to invest in crop insurance and establishing a financing program for micro and small enterprises.

Sitting in plenary session on Tuesday, 283 legislators voted for House Bill No. 7525, with zero no votes and zero abstentions. The bill seeks to amend Republic Act No. 9856 or the Real Estate Investment Act.

According to the proposed amendment, a REIT sponsor or promoter is required to reinvest in the Philippines the proceeds of the issuance of REIT shares "within one year from receipt of proceeds realized by the sponsor or promoter."

Also subject for reinvestment are "other securities issued in exchange for income-generating real estate transferred to the REIT, or any money raised by the sponsor or promoter from the sale of any of its income-generating real estate to the REIT." This includes any redevelopment, and/or infrastructure projects in the Philippines.

REITs should also submit a reinvestment plan to the Philippine Stock Exchange and Securities and Exchange Commission upon registration and secure a certification annually to prove that it is compliant with its reinvestment plan.

Property consultants welcomed the bill but said that REITs may need more than a year to reinvest their proceeds.

House Economic Affairs Committee Chairman and Negros Occidental Rep. Gerardo P. Valmayor, Jr. told BusinessWorld that he will be waiting for the Senate's version of the bill before considering whether to adjust the one-year reinvestment deadline.

"We will ask for the opinions of business groups and whatever happens after the Senate's (deliberations), then (see if we can still work it out," he said.

He said that a fixed timeline was initially to assure that REIT proceeds do not go elsewhere.

The REIT Act, which passed into law in 2009, resulted in zero REIT issuances, until the government relaxed some requirements in the implementing rules and regulations.

The Philippines currently has eight REITs: AREIT, Inc., Citicore Energy REIT Corp., DDMP REIT, Inc., Filinvest Reit Corp., MREIT, Inc., Premier Island Power REIT Corp., RL Commercial REIT, Inc., and VistaREIT, Inc.

Legislators also passed on third reading a bill seeking to encourage private sector participation, including cooperatives and farmers' organizations, in investing in agricultural insurance. The bill passed with 268 votes, zero no votes, and zero abstentions.

House Bill No. 7387 seeks to expand the services of the Philippine Crop Insurance Corp. to include livestock, fisheries and aquaculture, agroforestry projects, and forest plantations and non-crop agricultural assets such as machinery, equipment, transport facilities, and infrastructure.

Legislators also approved on third reading House Bill No. 7363, proposing to establish a low-interest, collateral-free financing program for micro and small enterprises (MSEs). The vote was 278 for and zero against, with zero abstentions.

Under the proposed Pondo sa Pagbabago at Pag-asenso Program (P3) Fund, the Small Business Corp., under the Trade and Industry department, will directly lend 40% of the P3 Fund; and accredited partner financial institutions (PFIs) the remaining 60%.

The P3 funding is expected to serve as an alternative to usurious lending schemes known as "5-6." -Beatriz Marie D. Cruz

#### Aquaculture industry bats for longer-term fishpond leases

THE aquaculture industry said it needs longer leases to earn an adequate return for developing fishponds out of mangrove areas

The agreement may be renewed for another domestication program (that allows for) the time 25 years. After, the site will revert to fisherfolk coperatives or reverted back to its mangrove state.

needed for growth," he said. "Let's review all these rules (with the focus

PE2 President Alexander D. Ablaza said the potential for investment in the Philippines and the prospects for creating additional "green" jobs.

"Aside from its cost-saving benefits, energy efficiency is one of the most labor-intensive activities in the energy sector," Mr. Ablaza said. A delegation of German renewable and energy-efficiency busi-

nesses is currently in the Philippines until March 24. "In the following days, the German delegation will further explore potential partnerships with Philippine counterparts through business to business meetings, project site visits, and other business networking activities," the GPCCI said. - Revin Mikhael D. Ochave

"One of the problems is that fishponds are still tenurial under the fishpond lease agreement (FLA). I think there are around 60,000 hectares of fishponds under the FLA that are about to expire," according to David B. Villaluz, chairman of the Philippine Association of Fish Producers, Inc., who was speaking at a virtual forum.

An FLA is a 25-year contract issued by the Bureau of Fisheries and Aquatic Resources (BFAR), as authorized by Fisheries Administrative Order No. 197-1, to individuals or entities to use mangrove areas for fishpond development.

According to Mr. Villaluz, the 50-year cap on FLAs does not allow fishpond operators adequate opportunity to earn back their investment.

"Our suggestion is if we can renew for another 25 years (beyond the 50<sup>th</sup> year) to redevelop fishponds," he said.

Christopher Co, vice-president of Oversea Feeds Corp., said a more rational program was needed to harmonize hatchery output with aquaculture demand.

"They have to be more logical in their rules on the hatchery side because aquaculture requires a

on the needs of) the farmer (and the) hatchery rather than the point of view of the politicians who crafted the law," he added.

Dennis F. Calvan, representative of Pangingisda Natin Gawing Tama, urged the Department of Environment and Natural Resources (DENR) to release guidelines for the turnover of abandoned fishponds.

"We are (turning a blind eye to) what is happening to those fishponds that were turned over by the BFAR to DENR for mangrove reforestation," he said. – Sheldeen Joy Talavera



# **BIR warns against accountants** falsely certifying financial statements, use of fake receipts

THE Bureau of Internal Revenue (BIR) said it will go after accountants that certify false financial statements as well as taxpayers using fake receipts to evade taxes.

"One of my major areas of concern in the BIR is aggressive and fearless enforcement activities. This includes filing of cases against accountants who have blatantly violated our laws and are intentionally examining, certifying, and signing fraudulent financial documents," BIR Commissioner Romeo D. Lumagui, Jr. said.

On Tuesday, the BIR filed an administrative case against an accountant behind the four suspected "ghost" corporations selling fake receipts that cost the government around P25.5 billion in lost revenue. The accountant also faces criminal charges filed by the Department of Justice.

"We have a list of all the buyers and sellers of these ghost receipts, including the accountants that allowed the buyers and sellers to profit from these ghost receipts by evading taxes. Businesses and taxpayers who use these ghost receipts in their returns will not only be audited by the BIR, they will also be arrested and spend 6-10 years in prison," Mr. Lumagui added.

Mr. Lumagui noted that there are "hundreds of thousands" of buyers of fake receipts.

"In our last case, which was only four companies, the estimated revenue loss was already at P25.5 billion. If we add up everything, losses to the government shouldn't be lower than a hundred billion," he added.

He said the agency will also eventually run after the buyers of fake receipts.

"We are just prioritizing the sellers first. The process (for filing) against buyers will be different. But all the taxes that they evaded, we will charge them for it," he said.

"This is just the start of our campaign against fake transactions. We are losing so much (revenue) due to this," he added. - Luisa Maria Jacinta C. Jocson

#### Domestic trade in fourth quarter down 8.3%

THE domestic trade in goods fell 8.3% year on year by value in the fourth quarter, the Philippine Statistics Authority (PSA) reported on Monday.

According to preliminary data from the PSA's Commodity Flow in the Philippines report, the value of goods traded in the three months to December fell to P162.74 billion.

A year earlier, domestic trade grew 6.6%. In the third quarter, growth was 51.5%.

Domestic trade by value is the outflow value of commodities transported from the place of origin to the place of destination, the PSA said.

By volume, trade in the fourth quarter declined 23.8% to 4.29 million tons. The growth rate in the third quarter had been 19.6%.

In the third quarter, volume was a revised 6.10 million tons. The yearearlier tally was 5.63 million tons a year earlier.

Commodity flow includes goods transported by water, air, and rail, with waterborne goods the dominant segment.

Emilio S. Neri, Jr., chief economist at Bank of the Philippine Islands, said that weather disturbances coupled with economic developments in the last three months of 2022 could have been factors.

"We think a combination of bad weather, the peso's rapid deprecia-

tion and resulting tightness in foreign exchange regulations in (October and November), combined with aggressive rate hikes were the key reasons for the decline in commodity flows in (the fourth quarter)," he said in an e-mail.

The central bank has hiked interest rates by a cumulative 400 basis points since May 2022, bringing the policy rate to a 16-year high of 6%. This was in response to inflation accelerating to 8.1% in December.

Of the 10 commodity groups monitored by the PSA, trade in seven commodities contracted by value.

These were miscellaneous manufactured articles (-78.5%); chemicals and related products (-56.1%); commodities and transactions not classified elsewhere in the PSCC (-49.6%); crude materials, inedible, except fuels (-39.8%); manufactured goods classified chiefly by material (-27.3%); food and live animals (-6.8%) and beverages and tobacco (-2.3%).

The three commodity groups posting growth were animal and vegetable oils (54.5%), machinery and transport equipment (31.9%) and mineral fuels, lubricants, and related materials (25.8%).

The machinery and transport equipment category accounted for the highest value of traded commodities at P64.44 billion, or a 39.6% share of the total. This was followed by food and live animals at P34.32 billion (21.1%) and manufactured goods classified chiefly by material at P27.21 billion (16.7%).

Central Visayas accounted for the most goods traded by value with outflows amounting to P40.49 billion and inflows of P34.10 billion, resulting in a surplus of P6.39 billion.

Caraga posted an inflow value of P34.77 billion or 21.4% of the total. The region also posted the biggest trade deficit of P29.46 billion.

Eastern Visayas registered the highest trade balance in the last three months of 2022 at P19.10 billion on outflows of P31.69 billion. This was followed by Northern Mindanao with a P13.69 billion trade balance on outflows of P25.76 billion.

Central Luzon's trade balance was P11.88 billion on outflows of P13.23 billion.

"With relatively better weather conditions, lower global commodity prices, a more stable (peso) and slower increases in interest rate, we expect an improvement in flows in (the first quarter of 2023)," Mr. Neri said.

Higher transport costs and disrupted logistics likely remained a challenge during this quarter, he added. - Abigail Marie P. Yraola