

Philippine Stock Exchange index (PSEi)

6,393.55

▼11.36 PTS.

▼0.17%

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BusinessWorld

PSEI MEMBER STOCKS

AC Ayala Corp. P615.00 -P9.00 -1.44%	ACEN ACEN Corp. P5.18 +P0.07 +1.37%	AEV Aboitiz Equity Ventures, Inc. P53.95 +P0.10 +0.19%	AGI Alliance Global Group, Inc. P13.40 +P0.34 +2.6%	ALI Ayala Land, Inc. P24.40 +P0.70 +2.95%	AP Aboitiz Power Corp. P37.55 +P0.05 +0.13%	BDO BDO Unibank, Inc. P140.00 -P0.80 -0.57%	BPI Bank of the Philippine Islands P106.20 -P0.30 -0.28%	CNVRG Converge ICT Solutions, Inc. P10.80 +P0.10 +0.93%	DMC DMCI Holdings, Inc. P9.30 +P0.15 +1.64%
EMI Emperador, Inc. P21.55 -P0.15 -0.69%	GLO Globe Telecom, Inc. P1,715.00 +P9.00 +0.53%	GTCAP GT Capital Holdings, Inc. P503.00 +P13.00 +2.65%	ICT International Container Terminal Services, Inc. P199.70 -P0.30 -0.15%	JFC Jollibee Foods Corp. P240.20 -P1.20 -0.5%	JGS JG Summit Holdings, Inc. P43.00 -P2.10 -4.66%	LTG LT Group, Inc. P9.47 +P0.11 +1.18%	MBT Metropolitan Bank & Trust Co. P53.40 +P0.50 +0.95%	MER Manila Electric Co. P326.00 -P3.40 -1.03%	MONDE Monde Nissin Corp. P7.60 +P0.20 +2.7%
MPI Metro Pacific Investments Corp. P4.58 +P0.03 +0.66%	PGOLD Puregold Price Club, Inc. P29.60 +P0.90 +3.14%	SCC Semirara Mining and Power Corp. P28.00 ---	SM SM Investments Corp. P909.50 -P0.50 -0.05%	SMC San Miguel Corp. P108.00 +P0.50 +0.47%	SMPH SM Prime Holdings, Inc. P33.00 -P0.10 -0.3%	TEL PLDT Inc. P1,342.00 -P17.00 -1.25%	UBP Union Bank of the Philippines P74.50 +P0.45 +0.61%	URC Universal Robina Corp. P126.50 -P3.30 -2.54%	WLCON Wilcon Depot, Inc. P25.30 ---

ERC asks SC to void decision halting power deal

THE Energy Regulatory Commission (ERC) has asked the High Court to void the decision of the appellate court that suspended a power supply deal at a price lower than prevailing rates.

The ERC, through the Office of the Solicitor General (OSG), said that it filed before the Supreme Court (SC) on Friday a petition for certiorari to "annul" the resolutions issued by the 13th Division of the Court of Appeals (CA) on April 3 and Jan. 25.

"It may be premature to say at this point how the SC will rule on the case. If the injunction is lifted

or nullified by SC, then the PSA (power supply agreement) will no longer be suspended and the parties should resume performing their obligations," ERC Chairperson and Chief Executive Officer Monalisa C. Dimalanta said in a Viber message to *BusinessWorld* on Sunday.

"There are consequences as well under the PSA for any failure to perform or deliver supply," she added.

The resolutions issued by the CA granted the injunctive relief sought by South Premiere Power Corp. (SPPC), a unit of

San Miguel Global Power Holdings Corp. These indefinitely suspended SPPC's power supply deal with Manila Electric Co. (Meralco) and stopped the ERC from enforcing its decision last September that denied the rate hike petition jointly filed by the companies. The denial led San Miguel Global Power to go to the appellate court.

The ERC said the petition filed by the OSG claims that the 13th division of the court has "committed grave abuse of discretion when it gave due course to SPPC's case in spite of fatal procedural

defects, such as the absence of the required motion for reconsideration in the ERC and the improper remedy of Petition for Certiorari when an appeal would have been the appropriate course of action."

It said the OSG further noted that only the SC has the authority to issue injunctions on the implementation of Republic Act No. 9136 or the Electric Power Industry Reform Act (EPIRA) of 2001.

In a resolution promulgated on April 3, the CA upheld its decision to consolidate the cases filed by units of San Miguel Global Power, denying the motion for

reconsideration filed by the ERC, which wanted the cases to be tried separately.

Meanwhile, in its January decision, the CA granted the writ of preliminary injunction sought by SPPC on its PSA with Meralco, thereby suspending its contract with the power distributor.

Meralco has yet to reply to a request for comment.

SPPC is the administrator of the gas-fired power plant in Ilijan, Batangas while San Miguel Global Power's other unit San Miguel Energy Corp. is the administrator of the coal power

plant in Sual, Pangasinan. The two sought a rate increase from the ERC last year, with their parent firm saying that both incurred a combined loss of P15 billion. The rate increase was meant to recover part or P5 billion of their losses.

The company cited a "change in circumstance" when surging fuel costs breached the price range contemplated during the execution of the contracts with Meralco. However, the ERC denied the petition, saying this had no basis as the PSA is a fixed-rate contract. — **Ashley Erika O. Jose**

Nestlé Philippines targets P170-billion turnover, more local sourcing

FOOD and beverage manufacturer Nestlé Philippines, Inc. plans to expand its product line in the country as the company aims for a P170-billion annual turnover this year.

Nestlé Group Global Chief Executive Officer Mark Schneider told reporters during a media briefing in Quezon City last week that the company will introduce more healthy products to the local market, as well as source more coffee from local farmers.

"The Philippines is our largest market in this zone," he said, referring to Oceania, Asia, and Africa. "It's a market where we

have a long-standing presence and a strong presence."

"As a company, we're deeply committed to the Philippine market. It's a strong and growing market. We are also particularly interested in manufacturing and sourcing more from the Philippines. Typically, we don't have one portfolio for the entire world. We target it specifically to the country and where we see the greatest opportunity," Mr. Schneider added.

In the same media briefing, Nestlé Philippines Chief Executive Officer Kais Marzouki disclosed that the manufacturer is eyeing a P170-billion turnover this

year, higher than the P160 billion logged by the company in 2022.

Mr. Schneider said Nestlé is committed to growing its Philippine business as well as sustaining its efforts to help the growth of the Philippines.

"For example, sourcing more coffee from the southern part of the Philippines is a key initiative of ours. We have a wonderful coffee market here. We're working with farmers on the ground to make sure that more coffee is produced locally so that there's less need for imports into this country," Mr. Schneider said.

"We see exciting opportunities expanding the coffee busi-

ness, also new growth initiatives in the dairy business, medical nutrition, and nutrition for ageing people. So those are areas where we believe we can make good contributions over time," he added.

Mr. Schneider added that Nestlé is planning to introduce innovations and new products for its local offerings in the health and elderly nutrition segment.

"We constantly have dozens of innovations coming out. We pride ourselves in our innovation pipeline," Mr. Schneider said. "Anything related to healthy ageing and nutrition for elders and

also for, vitamins, minerals, and supplements, these are products that we intend to introduce to a greater extent into the Philippine market over time."

Meanwhile, Mr. Marzouki said Nestlé Philippines does not have immediate plans to establish a new factory and is instead eyeing to expand the production of its existing plants.

Nestlé Philippines currently has five local factories located in Cabuyao, Tanauan, Lipa, Cagayan de Oro, and Pulilan.

"We have five factories here. But we are very proud that more than 90% of what we sell here is made here," Mr. Marzouki said.

"We want to expand our plants. We don't have a plan to build a new factory, but our factories have growth potential. There is no decline in our sales," he added.

Mr. Marzouki added that the company is focusing on nutrition since its consumers are "generally deficient in Vitamin A, Vitamin C, and Vitamin D."

"Already more than 60% of what we sell is fortified. So, our innovation going forward will be also more in that direction because we really have a role as a food company to really move the needle there and make a difference," Mr. Marzouki said. — **Revin Mikhael D. Ochave**

CONCEPCION: TRANSFORMING AGRICULTURE WILL BE PBBM'S LEGACY



Go Negosyo founder Joey Conception discusses agri matters with President Ferdinand R. Marcos Jr. during the ceremonial signing of the Memorandum of Agreement (MOA) for the implementation of the Kapatid Angat Lahat Agri Program (KALAP) in Malacanang.

Go Negosyo founder and Private Sector Advisory Council (PSAC) Lead for Jobs Joey Conception strongly supports President Ferdinand "Bongbong" Marcos Jr.'s decision to remain as Agricultural Secretary until the required structural reforms are instituted to make the country's agriculture sector more efficient and competitive.

President Marcos made the remark in a recent event with the Department of Agriculture (DA).

"Staying as the lead for agriculture is a smart decision from the President. He can quickly make reforms and ensure that all systems are in place to help the country's farmers just like what his father did during his term," Conception said.

"Having met the President several times to discuss Go Negosyo's Kapatid Angat Lahat Program KALAP, I know that he cares for the farmers, and he is passionate to transform the industry. Given the right time, this will be his legacy," he added.

Conception said he is also highly supportive of the President's program of encouraging farm clustering as an important component of his administration's agricultural modernization thrust in his recent pronouncement during his meeting with South Cotabato farmers.

Conception underscored the importance of farm clustering to boost productivity, ensure food security and increase the income of farmers.

Farm clustering was among those recommended by Go Negosyo's Kapatid Angat Lahat Program (KALAP) Agri Program and think tank group Foundation for Economic Freedom (FEF) during their meeting with Department of Agrarian Reform (DAR) officials, led by Secretary Conrado Estrella III.

"For the period 2001-2021, the annual average contribution of agriculture to the Gross Domestic Product (GDP) is just 0.3% while industry and the service sectors contributed 1.4 percent and 3.1 percent, respectively. This is not acceptable since the asset base of agriculture in terms of land use is huge compared to that of industry and service," said Conception.

"Philippine agriculture needs scale. We need clustering to achieve it. For this to become a reality, titling of land needs to be cleaned up," he added.

Through clustering, Conception said farming would be attractive to big companies because they only want to lease

agriculture lands and not purchase them.

Farm clustering would also serve as the best complement to the reforms and programs being initiated President Ferdinand R. Marcos Jr., as concurrent Department of Agriculture Secretary, to enhance food security, boost the agriculture sector and uplift the lives of farmers.

"It is different if the President himself is at the helm of the Agriculture Department. Also, he has good people implementing his vision for the country, like Agrarian Reform Secretary Estrella and other government agencies," Conception said.

"KALAP and the private sector, composed of big brothers in the agri sector, including Dr. Fermin Adriano of FEF, are always here to offer our expertise to help the President attain his vision," he added.

Through farm clustering, it would be easier for the government to provide assistance to farmers, such as loans and farm machinery, because it would deal with groups rather than individual tillers, FEF representative Dr. Fermin Adriano explained during the meeting with DAR.

"The process will pave way for the use of modern farm machinery and technologies, thereby achieving economies of scale, and allow the development of downstream industries, such as food processing, due to adequate and reliable supply of raw materials," he added.

Other countries that have implemented farm clustering, such as China, Vietnam, Laos, and Cambodia, all enjoyed higher yields.

In his opinion piece for the Manila Times, Adriano batted for the immediate and proper implementation of the law condoning the debt of defaulting agrarian reform beneficiaries (ARB).

"The challenge now is to formulate implementing rules and regulations that will facilitate awarding of individual land titles. This means the process should not be burdensome for the ARBs," Adriano said in his column.

He also called for the implementation of a higher land retention ceiling, currently at 5 hectares for a couple tilling the land and 3 hectares for an individual cultivator.

"The proposal of the FEF is to raise it to at least 24 hectares in accordance with the ceiling provided for the homesteaders program of the past. If adopted, this will promote the rise of Filipino middle-class farmers or 'family-operated farms,'" he said.

OUTLIER

Proposed 'junk food' tax drags down URC

By Bernadette Therese M. Gadon

Researcher

UNIVERSAL Robina Corp.'s (URC) stock fell last week after investors turned cautious after the government's proposal to impose a tax on "junk food" and sweetened beverages.

Data from the Philippine Stock Exchange (PSE) showed a total of P605.19-million worth of 4.57-million shares were traded from June 19 to 23, making it the sixth most actively traded stock on Friday.

Shares in the Gokongwei-led food and beverage company dipped by 9.6% week on week to P126.50 apiece last Friday from its P140 finish last June 16. For the year, the stock also has gone down by 7%.

The producer and distributor of locally known snacks such as Jack'n Jill experienced steep selling last week after the government announced its proposal to impose an excise tax on unhealthy foods and sugary drinks.

"We think that investors turned cautious when the news came to light as this may adversely affect the demand outlook for URC's products, especially considering that product categories subject to the contemplated excise tax have historically been key revenue drivers for URC," China Bank Securities Corp. Research Director Rastine Mackie D. Mercado said in an e-mail note.

I.B. Gimenez Securities, Inc. Research Head Joylin F. Telagen said in a separate e-mail that looking farther back, URC's performance has been on a downtrend since it peaked at P234 on April 6, 2015, which with the tax proposal, will continue to add to the investors' risk-off sentiment.

The Department of Finance and Department of Health said last week that they are pursuing a junk food and sweetened beverage tax to address the country's diabetes, obesity, and noncommunicable diseases related to poor diet.

The proposal, which is estimated to yield an additional P76 billion in revenues for the government, plans to impose a P10 per 100 grams or P10 per 100 milliliters on prepackaged foods that have lacking nutritional values or have exceeded the Health department's specified thresholds for fat, salt, and sugar content.

Under the existing Tax Reform for Acceleration and Inclusion or TRAIN law, the proposal will also raise the tax rate for sugary drinks to P12 per liter from the current P6 per liter.

"Given this, we expect selling pressure to remain elevated for URC over the near term, followed by a period of subdued buying appetite for so long as tax-related headwinds persist," Mr. Mercado said.

Analysts said that key catalysts for the stock that investors should look out for would-be developments regarding the tax measures or a delay in the implementation of the program.

They added that for URC's side, a shift to introduce or innovate healthier products for additional revenue streams could also help to keep its profits from declining should the tax program be passed.

The proposal was met with mixed reactions from economists and business groups last week as the implementation of it within this year could pose another spike in the country's inflation and affect its slower trend in the past months.

FULL STORY



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