PHL rice imports up 7.69% in 5 months to May

THE PHILIPPINES imported 1.62 million metric tons (MT) of rice in the five months to May, up 7.69% from a year earlier, the Bureau of Plant Industry said.

During the five months, Vietnam — the Philippines' leading top rice supplier — delivered 1.5 million MT or 89.63% of the total.

In a report, the United States Department of Agriculture (USDA) projected Philippine rice imports at 3.8 million MT this year, upgrading a previous estimate of 3.6 million MT.

"Global consumption is up with increases for India and the Philippines. Imports are forecast higher, mainly for Kenya and the Philippines," the USDA said.

The USDA also forecast Philippine consumption at 16.5 million MT for the 2023-2024 period, exceeding the previous forecast of 16.3 million MT.

President Ferdinand R. Marcos, Jr., who is also the Secretary of Agriculture, signed an Executive Order (EO) No. 10 extending the validity of reduced tariff rates on various agricultural commodities, including rice, importers of which pay 35% for Southeast Asian grain.

Overall global rice consumption next year is expected to come in at 523.772 million MT, it said.

The EO is set to expire at year's end. — **Sheldeen Joy Talavera**

Bid invitations issued for PGH cancer center

THE Public-Private Partnership (PPP) Center said it has made available to interested parties the bid documents for the Philippine General Hospital (PGH) Cancer Center.

"Bidding is open to all interested parties, whether local or foreign, subject to conditions for qualification under the bidding documents, the constitution, and the amended Build-Operate-Transfer law and its amended implementing rules and regulations, and other applicable laws and jurisprudence," the PPP Center said in a statement.

"The private partner will be selected through an open, competitive tender through a single-stage process based on the lowest required annual payment. The bid submission date is indicatively scheduled for the end of this year," it added.

The cancer center is the Marcos administration's first PPP project. PGH is the medical center run by the University of the Philippines (UP).

The center is planned around a 300-bed capacity with an estimated cost of P6.05 billion.

"The cancer center hopes to address the growing need to expand and improve the existing UP-PGH cancer facility, which is operating at 400% capacity," it said.

"For clinical areas, the private partner will provide clinical services to paying patients in a dedicated 150-bed private area. A dedicated 150-bed public area will serve underprivileged Filipinos and shall be clinically operated by UP-PGH," it added.

The PPP Center said that the private partner will "design, finance, construct, and commission the standalone integrated cancer-care facility."

"For the entire cancer center, the private partner will procure, maintain, and provide periodic replacement of all medical and non-medical equipment; operate and maintain all non-clinical services, such as facility maintenance and management, cleaning, laundry, and catering; as well as operate parking and retail outlets," it added. — **Luisa Maria Jacinta C. Jocson**

'Junk food' tax, higher excise on sweet drinks could raise P76B

A TAX on "junk food" as well as a tax increase on sweetened beverages could yield up to P76 billion in revenue in the first year of implementation, Finance Secretary Benjamin E. Diokno said.

Mr. Diokno said in a Viber message that the departments of Finance and Health (DoH) are pushing for a junk food and sweetened beverage tax to address "diabetes, obesity, and non-communicable diseases related to poor diet."

"The implementation of the junk food and sweetened beverage tax package is projected to generate an additional P76 billion during the first year. The tax package is estimated to result in a 21% reduction in consumption of junk food," he said.

Under the proposal, the government is seeking to impose a P10 tax per 100 grams or a P10 tax per 100 milliliters on "prepackaged foods lacking nutritional value." These include confectioneries, snacks, and desserts exceeding the DoH's thresholds for fat, salt, and sugar content.

It is also aiming to raise the sweetened beverage tax to P12 per liter for any kind of sweetener used.

"This tax rate will be indexed annually by 4%, and exemptions will be eliminated to broaden the tax base. These measures aim to strengthen the effectiveness of the sweetened beverage tax by further discouraging the consumption of such beverages," Mr. Diokno added.

Under the Tax Reform for Acceleration and Inclusion law, the government introduced an excise tax of P6 per liter for drinks containing caloric or non-caloric sweetener, and P12 per liter for drinks containing high-fructose corn syrup or such sweeteners in combination.

Revenue raised from the tax measure will fund projects such as the government's food stamp program, Mr. Diokno added.

Separately, Budget Secretary Amenah F. Pangandaman during the Kapihan sa Manila Bay forum on Wednesday said that the tax measure will likely be tackled when Congress resumes session.

"Their revenue measures for sweet and salty food and beverages were planned to kick in by 2025, but what they did is, they will advance it to 2024. When the Congress opens, now until the end of the year, they will push for the new revenue measures," she said.

"I think it makes sense, you increase your revenue and at the same time help the population be healthier. When the incidence of these diseases is high, then the requirements of the National Government to care for the population will also rise," she added. — **Luisa Maria Jacinta C. Jocson**

HSBC sees PHL 2023 GDP growth weakening to 4.8%

HSBC Group's private bank said it expects Philippine economic growth to slow to 4.8% this year, but still described the growth as "robust" given how difficult it is to match the economy's year-earlier performance.

The 2022 growth rate of 7.6% had been the highest reading for the indicator since 1976.

"By and large, it's hard to replicate the very strong growth in the Philippines in 2022. I think this year, things will slow down but I think there will be robustness in Philippine growth, primarily one that's driven by robust private consumption, investment, and public infrastructure," HSBC Global Private Banking and Wealth Southeast Asia Chief Investment Officer James Cheo said in an online briefing.

Consumption is expected to slow this year as pent-up demand seen when the economy first reopened is wearing off, he noted.

"I think that the consumption boom that we saw last year will start to fade," he said.

Mr. Cheo said the economy remains supported by a strong labor market and a boost for tourism due to China's reopening.

HSBC also said inflation and the peso will stabilize by the end of the year.

Mr. Cheo said the peso is expected to end the year at P54.5 to the dollar, with inflation at 3.5%, falling within the central bank's 2-4% target range.

"The more that inflation falls it also means consumers have more money in their pockets to spend," he said.

However, Mr. Cheo noted that Philippine inflation remains high relative to the region and above the central bank's target, with core inflation also still elevated.

With easing inflation, HSBC expects the Bangko Sentral ng Pilipinas to keep rates steady at its monetary policy meeting on Thursday.

"This is something we will continue to monitor as the central bank is very much data-dependent given how inflation is still quite sticky," Mr. Cheo said.

Meanwhile, the peso's stabilization will be driven by the weakening of the dollar, he said.

"The near term really depends on global sentiment, so we might get periods of risk-off (positions) where it gets hard for the peso to outperform," he said.

Mr. Cheo said the risks to the gross domestic product (GDP) forecast include a weakening in investment, be it foreign direct investment or capital expenditure by domestic companies.

He added that exports could also be a pain point, not just in the Philippines but in Southeast Asia.

"A lot of export trends depend on how much China recovers," Mr. Cheo said.

HSBC sees China's economy growing 5.3% this year, up from 3% in 2022. — **Aaron Michael C. Sy**

Marcos says soil degradation calls for 'innovative' solutions

PRESIDENT Ferdinand R. Marcos, Jr. said the Philippine soil degradation and acidification problem demands the adoption of "innovative" approaches, saying that agricultural productivity will depend on such a solution being found.

The Philippines is losing about 457 million tons of soil annually due to erosion, threatening 75% of the country's cropland, Mr. Marcos said at a soil health summit, citing a Department of Environment and Natural Resources report.

"The conversion of land for settlements and the loss of about 47,000 hectares of forest cover every year contributes significantly to soil degradation," he said, noting that around 11 to 13 million hectares are considered degraded land.

"This is on top of the 2.2 million hectares that suffer from insufficient levels of soil fertility," he added. "Needless to say, our soil is under threat and to continue to neglect this vital agricultural component will lead to even worse crises in the future."

Mr. Marcos called for "more informed decisions and much-needed innovation" to address soil health.

"With the focus on sharing information and enhancing programs related to soil health, I believe that we can promote the sustainable use of our soil for the benefit of future generations," he said.

Senate agriculture committee chairperson Cynthia A. Villar, who was also present during the summit, vowed to support funding for additional soil laboratories in the 2024 national budget.

The President, meanwhile, cited the need to fully mobilize the P523-million National Soil Health Program, which was created under the previous administration, and to implement the Sustainable Land Management program.

"The Administration shall empower the Bureau of Soil and Water Management to achieve these goals, especially through capacitating soil laboratories across the country to yield better data," he said.

Mr. Marcos also said the government is now mapping soil and land resources, a process which includes soil sample analyses and digital map preparation by the Philippine Soil Land Resources Information program. — **Kyle Aristophere T. Atienza**

OPINION

Making the ESG shift now

TAXWISE OR OTHERWISE

REY FRANZ CABIDOG

The COVID-19 pandemic significantly impacted the world, affecting not just our physical health but also our economies and societies. It has had an especially notable impact on how businesses use their resources, harmonize the greater interests of their people and their clients vis-à-vis their own proprietary interests, and create sustained outcomes by maintaining strong and ethical corporate policies and practices. Set against these challenges is the grander scheme, a bigger framework that is ever evolving and developing — ESG.

WHAT EXACTLY IS ESG?

Environmental, Social, and Governance (ESG) is a strategic framework that allows companies to assess and address institutional goals and objectives in terms of reducing their harm and protecting the environment, advocating for sustainability, maintaining a healthy work environment, and creating impactful changes in their management and overall organizational policies that would, in turn, create a positive and meaningful impact on society. The three main factors that compose ESG are the following:

Environmental factors cover the company's overall commitment to protecting the environment by making the most out of its resources while reducing harm and advocating sustainable development.

Social factors encompass the company's relationship with its employees, its labor practices, dedication to create an inclusive and diverse working environment, as well as its impact on the community in which it operates.

Governance factors refer to the company's resolve to implement practices in full compliance with rules and regulations, including future legislation that affects its operations as well as its internal corporate culture, policies, and practices.

Today, as more and more investors are looking to invest in green projects or in companies that are not only profitable but also those that are able to create growth and long-term value through sustainable practices, there is an increasing need for more comprehensive ESG reporting worldwide. This also means that companies should always be on the lookout and should adequately prepare for possible changes brought about by the latest ESG legislation and trends.

In the Philippines, there is an increasing trend toward green investment, with the country found to have the second-highest proportion of green investors in Southeast Asia next to Malaysia, based on a recent survey conducted by Milieu Insight. In fact, the survey revealed that 70% of those who showed support for green investment have increased their allocation in the past two years. And this could only mean one thing for Filipino businessmen: be ESG-ready!

One of the best ways investors can assess a company's ESG performance is by looking at its ESG reports. In 2019, the Securities and Exchange Commission (SEC) released Memorandum Circular No. 04, which requires publicly listed companies to submit a sustainability report to assess and manage their non-financial performance across the economic, environmental and social aspects of their organization. The sustainability report is also required for companies to measure and monitor their contributions towards achieving universal targets of sustainability, such as the United Nations Sustainable Development Goals (SDGs). Further to this, the SEC is also reportedly planning to fully implement the Association of Southeast Asian Nations Sustainable and Responsible Fund Standards (ASEAN SRFS), which aims to enhance the transparency and uniformity of reporting by providing minimum disclosure and reporting requirements.

Meanwhile, companies should keep abreast of recent legislation that could have an impact on their ESG policies and advocacies to adequately prepare themselves and be able to create and implement changes ahead of the rest. Among the notable developments in ESG legislation in the Philippines are the following:

Republic Act (RA) No. 11898 or the Extended Producer Responsibility (EPR) Act of 2022 requires large companies that produce plastic packaging waste to establish programs to ensure effective and proper recovery of plastic waste. By Dec. 31, 2023, the law requires that companies meet a target recovery rate of 20%, which increases to 40% in 2024 and increases by 10 percentage points in each of the succeeding years until 2028.

RA No. 11697 or the Electric Vehicle Industry Act, seeks, among others, to ensure the country's energy security and independence by reducing reliance on imported fuel for the transportation sector, promote and support innovation in clean, sustainable, and efficient energy and to protect the health and well-being of the people from the hazards of pollution and the greenhouse effect. This law also grants tax incentives for imports of completely built electric vehicles (EVs) and their charging stations. Supporting the use and importation of EVs could contribute in significantly reducing greenhouse gases as they produce lower tailpipe emissions. Not only that, the steady rise in EVs adoption in the Philippines could also stimulate economic opportunities with the introduction of new industries that could generate thousands of jobs.

We also have pending legislation related to ESG. One example is House Bill No. 4102 or the proposed Plastic Bags Tax Act, which seeks to levy a P100 fee on each kilogram of single-use plastic bags removed from the place of production or released by the Bureau of Customs (BoC). Another one is House Bill No. 3370 or the proposed Pesticides and Chemical Fertilizers Tax Act, which seeks to impose an environmental tax on domestic manufacturers and importers of pesticides and chemical fertilizers that are sold for agriculture and other commercial purposes.

While the demand for more green investment is on the rise, so is the demand for higher accountability and responsibility from companies to develop effective and sustainable ESG programs that keep up with the times. And as we continue to navigate beyond the pandemic, it is paramount for companies to start shifting resolutely from a purely profit-centric orientation to taking on ESG-focused commitments, recognizing that when we put ESG at the heart of business operations, value can be generated for the company. Making that shift today would mean a step towards a more sustainable and equitable future, one where ESG is no longer an ideal but a norm. Make that ESG shift now!

The views or opinions expressed in this article are solely those of the author and do not necessarily represent those of Isla Lipana & Co. The content is for general information purposes only, and should not be used as a substitute for specific advice.

REY FRANZ CABIDOG is a senior associate at the Tax Services department of Isla Lipana & Co., the Philippine member firm of the PwC network.
+63 (2)8845-2728
rey.franz.cabidog@pwc.com