Green energy auction awards revised down to 3,440 MW

THE Department of Energy (DoE) said on Thursday that the second round of its green energy auction program attracted firm project commitments equivalent to 3,440 megawatts (MW) of renewable energy (RE) capacity.

The total is lower than the capacity awarded at auction after some participants failed to comply with bidding requirements.

In a statement on Thursday, the DoE said the projects have timelines between 2024 and 2026. It said pricing achieved was competitive, being lower than or equal to the green energy auction reserve (GEAR) prices set by the Energy Regulatory Commission.

GEA-2 interest was sparse, with final awards being less than a third of the 11,600 MW capacity on offer.

The GEA-2 auction was conducted on July 3, with successful bids equivalent to 3,580.76 MW. Three awardees were eventually rejected for failure to comply with the terms of reference (ToR) set for the auction round, the DoE said.

"Since the bids were further evaluated by the technical working group, bid bonds of three potential winning bidders were not accepted for failure to comply with the ToR," the DoE said.

About 1,878.982 MW of the capacity committed for development and installation consists of ground-mounted wind projects; 1,462.384 MW represent from onshore wind; and 9.39 MW and 90 MW were rooftop solar and floating solar projects, respectively.

Winning bidders are required to submit post-auction documents within 60 calendar days or until Sept. 10. Failure to comply with the requirements will result in the cancellation of the award and forfeiture of the bid bond.

Under the DoE's terms of reference, qualified bidders are expected to post a bid amounting to P1 million per megawatt.

The DoE blamed the low turnout of GEA-2 on concerns about transmission lines available for the projects as well as the low reserve prices on offer.

The GEA program aims to promote RE as a primary source of energy through competitive selection. The DoE said the green energy program will also help the government reach its goal of increasing the share of renewables in the energy mix to 35% by 2030 and 50% by 2040. — **Ashley Erika O. Jose**

No final terms set for extended CARS program

THE Department of Trade and Industry (DTI) said the terms of the recently announced five-year extension of the Comprehensive Automotive Resurgence Strategy (CARS) incentive program have yet to be determined.

Trade Undersecretary Ceferino S. Rodolfo said in a recent briefing that no formal discussions have been scheduled.

The program's participants commit to assemble certain volumes of mass-market vehicles in the Philippines in exchange for tax breaks.

"The details are still being arranged, like the conditions and terms. Is it just the number of years? Is it the number of models? If you are allowed, what will be the conditions?" Mr. Rodolfo said.

Mr. Rodolfo said a key item that needs to be decided is whether participants need to enroll another model in the program.

In May, the Private Sector Advisory Council (PSAC) said that President Ferdinand R. Marcos, Jr. approved its recommendation for a five-year extension of the CARS program to support expanded domestic activity in the automotive industry.

According to the PSAC, the extension will continue to incentivize manufacturers that meet the requirements for investment and production levels and technology transfer.

Mr. Rodolfo said the CARS program has helped increase the localization rate of vehicle parts. He did not provide detailed figures.

"With the CARS program, we were able to help parts makers survive. Our localization rate increased," Mr. Rodolfo said.

"If there was no CARS program, there might be 0% locally-manufactured new vehicles. What would happen to the parts makers?" he added.

The CARS program was launched on the strength of Executive Order No. 182 in 2015, which required participating car manufacturers to produce at least 200,000 units of an enrolled model in order to avail of incentives. Production of the enrolled model is eligible for P9 billion worth of fiscal support.

Toyota Motor Philippines Corp. (TMP) produces the Vios sedan for the program, while Mitsubishi Motors Philippines Corp. (MMPC) manufactures the Mirage hatchback and Mirage G4 sedan.

Prior to the five-year extension. MMPC was given until this year to meet the required quotas. TMP was allowed until next year.

As of December, TMP has assembled 134,242 Vios units, with MMPC producing 72,923 Mirages, the DTI said. — **Revin Mikhael D. Ochave**

SRA compiling industry objections to tax hike for sweetened drinks

THE Sugar Regulatory Administration (SRA) said it is still consulting its industry constituents, who have expressed overwhelming opposition to a proposed tax hike on sweetened packaged products.

"We are taking cognizance of these letters and we are consultating with various stakeholders on the matter," SRA Acting Administrator Pablo Luis S. Azcona said in a Viber message.

The Philippine Sugar Millers Association, Inc. has asked President Ferdinand R. Marcos, Jr. to improve tax collection efficiency instead of imposing a higher tax on sugar-sweetened beverages (SSB).

Meanwhile, the Philippine Association of Sugar Refiners, Inc. (PASRI) has also appealed to the Department of Finance (DoF) to reconsider its plan to double excise taxes for sweetened products.

"We would like to submit our opposition to the plan to generate additional funds (for the government) by imposing higher taxes on sugar/sugar-sweetened beverages," PASRI President Renato P. Cabati said in a July 7 letter.

Mr. Cabati said, "inefficiencies in tax collection by the government continue," and called heightened efficiencies a potential "win-win solution."

"Any increase in SSB tax... will — without any exaggeration — lead to the demise of our local sugar industry and affect millions of Filipinos — mostly in the rural areas — that are dependent on sugar for livelihood, income, and employment," he said.

The PASRI said sugar consumption per capita declined to 28.98 kilograms last year from 35.99 kilograms, before the imposition of SSB tax.

The DoF and the Department of Health plan to tax "junk food" — packaged foods with limited nutritional value — and sweetened beverages to generate revenue and address diseases related to poor diet.

It is aiming to increase the SSB tax to P12 per liter for all kinds of sweetener, a tax which used to apply only to products sweetened with high-fructose corn syrup (HFCS).

The Tax Reform for Acceleration and Inclusion law of 2019 imposed a tax of P6 per liter for drinks containing caloric or non-caloric sweeteners. It taxed HFCS-sweetened drinks at P12 per liter.

The proposed tax is projected to raise up to P76 billion in revenue in the first year of implementation, according to Finance Secretary Benjamin E. Diokno.

Mr. Cabati said that despite lower sugar consumption, noncommunicable diseases remain a major problem in the Philippines.

He said that government health programs have not addressed other causal factors contributing to such diseases.

"There is no evidence that the implementation of an SSB tax has helped improve consumer access to nutritious foods, or reduced obesity and diabetes," he said.

"Thus, increasing yet again the excise tax on beverages using sugar unfairly and erroneously singles it out as the cause and solution to a health challenge in need of multidimensional interventions," he added. — **Sheldeen Joy Talavera**

Meat imports down 1.56% in first 6 months

MEAT imports dropped 1.56% year on year in the six months to June, lead by weaker pork, beef, and turkey shipments, according to the Bureau of Animal Industry (BAI).

The BAI tallied imports of 590.77 million kilograms of meat during the first half, against 600.14 million kilos a year earlier.

In June, meat imports totaled 112.44 million kilos, down from 122.31 million kilos in May and 139.23 million kilos a year earlier.

Pork accounted for 286.28 million kilos of imports or 48.46% of the total over the first six months. Pork shipments fell 10.97% year on year.

Spain was the primary source country for pork, accounting for 78.55 million kilos, followed by Canada (50.25 million) and Brazil (40.18 million).

Jesus C. Cham, president emeritus of the Meat Importers and Traders Association (MITA), said the volume of imports was coming off a low year-earlier base.

"To put things into context, 2022 still had lockdowns, so the flat performance would indicate that imports are below expectations. This could be attributed perhaps to the carrying over of unsold inventory from the previous year," he said in a Viber message.

"Additionally, the uncertainty over the duty rates most likely contributed to hedging on imports in the previous year, a scenario which may repeat this year," he said.

The MITA has asked the government to further lower tariffs to 5% across the board for all meat products and offal.

The current tariff rates are 15% for imports within the minimum access volume (MAV) quota and 25% for those in excess of the quota. These rates are due to expire at the end of 2023. If they revert to their original levels, the rates would become 30% for imports within the quota and 40% for those exceeding the quota.

Beef and turkey imports fell 16.69% to 65.68 million kilos and 58.53% to 112.92 million kilos, respectively.

Higher shipments were recorded for chicken, buffalo, lamb, and duck.

Chicken imports, which accounted for 36% of the total during the six months, hit 212.81 million kilos, up 20.81% from a year earlier.

Some 66.61% or 117.34 million kilos of chicken imports came in the form of mechanically deboned meat (MDM). MDM imports were up 17.12% during the period.

Brazil was the primary source of chicken, accounting for 121.72 million kilos, followed by the US (74.04 million) and Canada (8.11 million).

Buffalo meat shipments rose 9.94% year on year to 25.30 million kilos, while those of lamb rose 46.54% to 422,137 kilos. Duck imports rose by four times to 163,343 kilos.

Brazil accounted for 184.74 million kilos of meat overall, followed by the US (100.13 million), Spain (79.17 million), and Canada (58.89 million). — **Sheldeen Joy Talavera**

GDP growth 6-7% if FDI, agri output pick up

THE Philippine economy could grow by 6-7% over the rest of the current government's term, assuming that momentum develops in foreign direct investment (FDI) and agriculture output, a leading economist said at the EastWest Banking Corp. Priority Midyear Economic Outlook.

"Our GDP (gross domestic product) will grow 6-7% annually for the rest of the administration. It will be one of the highest in the region for some time," University of Asia and the Pacific (UA&P) Economics Professor Bernardo M. Villegas said on Wednesday at the bank-organized briefing.

The economy expanded 6.4% in the first quarter, slowing from the 8% posted a year earlier.

Mr. Villegas said the government should target investment levels approaching those of East Asian economies, which are equivalent to 25-40% of their GDP. The Philippine investment level is currently at 21-22%.

He also urged the government to target FDI of $15-20 billion, approaching Vietnam's performance.

"Until last year, (foreigners could only own 40% of many businesses) and that's why foreigners were not excited to come here. Forty percent is not enough for them to control their businesses," Mr. Villegas said.

Net inflows of FDI fell 14.1% year on year to $876 million in April.

The Maharlika Investment Fund, if organized correctly, could be an instrument for ramping up FDI, Mr. Villegas added.

"I foresee the Maharlika Investment Corp. as a partner of foreign direct investors in infrastructure, renewable energy, and large-scale agribusiness," he said.

Mr. Villegas added that higher FDI in the long run could lead to higher infrastructure spending.

"One reason why we have to get FDI (is that) our debt-to-GDP ratio is very high at over 60%. That's unbearable. We have to bring that down," he added.

Meanwhile, improving agricultural productivity and achieving food security will be another growth driver, he said.

Mr. Villegas said agriculture output will have to grow 2-3% to match the performance of other agricultural countries like Thailand and Vietnam.

"Vietnam is exporting five to six times the amount of agricultural produce than the Philippines. Vietnam, in 10 years, became the second-largest exporter of coffee in the world, surpassing Colombia and next only to Brazil," he said. — **Aaron Michael C. Sy**

Tax perks for shipyards proposed in House

A BILL supporting the shipyard industry has been filed at the House of Representatives, featuring a program of incentives for companies that undertake shipbuilding and repair operations here.

"The country is widely regarded as the fourth-biggest shipbuilding nation," Cagayan De Oro Rep. Rufus B. Rodriguez said in House Bill No. 8374. "Despite this, there is still tremendous potential for the ship building industry to grow."

The measure would authorize value-added tax (VAT) exemptions on the purchase or import of capital equipment, spare parts, and raw materials such as steel plate for shipbuilding companies registered with the Maritime Industry Authority.

Income tax breaks will be available for shipbuilders and repair companies that export 70% of their production. The eligibility criteria include four years as a registered entity and a workforce of at least 4,000. The company must also work on vessels of at least 700 gross tons.

Shipbuilders and repair companies with a mainly domestic market are required to have been registered for four years, employ at least 1,000 workers, and do work on vessels of at least 250 gross tons.

The bill also authorize an income tax deduction of 50% of its wage bill for the first five years.

"It is important that the Philippine maritime industry also develop and enhance the quality of its capacity and capability for mass water transportation as well as for maritime and naval (products)," Mr. Rodriguez said.

The Maritime Page website puts the number of registered Philippine shipyards at 118 in 2021, with 17 classified as medium-scale. — **Beatriz Marie D. Cruz**

World Bank says time is ripe for TVET reform in developing countries

THE reform of technical and vocational education and training (TVET) in developing countries will help address barriers hindering employment and productivity, the World Bank said.

"The current moment is ideal for reform, and it offers numerous opportunities to leapfrog barriers to progress. Technology — if accompanied by complementary investments — has the potential to transform TVET in low- and middle-income countries," it said in a report issued jointly with the International Labor Organization and the United Nations Educational, Scientific and Cultural Organization.

"In many countries, TVET systems underperform in terms of their potential contribution to employment and productivity due to challenged learners, unsupported teachers, and inadequate incentives," it added.

The World Bank cited the need to strengthen basic education, by providing accelerated remedial support for learners, among other methods.

"Foundational skills are important per se because employers seek them, but they are also needed for further learning and for adaptability. Enrolling in TVET students who are not ready or who do not have an aptitude for technical and vocational education can waste the resources of both the learner and the system," it said.

"Making TVET more accessible and equitable will continue to be a priority for TVET systems given demographic trends and expected continued progress in secondary school enrollment and completion in lower- and middle-income countries," it added.

Other barriers to access to TVET must also be addressed, especially for disadvantaged groups, it said.

Governments must improve the affordability of TVET programs via subsidies, scholarships and financing for vulnerable youths, the World Bank said.

"Early warning systems that build capacity among institution leaders and teachers on how to support students at risk of dropping out or not learning, identify these students, and support them with targeted interventions are in widespread use in high income countries," it added.

The World Bank report also showed that public TVET institutions still rely mainly on government funding, including those in the Philippines.

"In the Philippines, public TVET providers receive almost 95% of their funding from the Technical Education and Skills Development Authority (TESDA); private providers receive 4-6% of their resources from TESDA but rely mostly on student fees," it added.

Other gaps that must be addressed include information constraints and gender inclusivity.

In the Philippines, graduates of post-secondary TVET programs are more likely to be employed and have significantly higher wages than those who complete secondary education or lower.

"In the next two decades, demographic trends, coupled with higher completion rates at lower levels of education, are likely to cause an exponential increase in the number of TVET students," it added. — **Luisa Maria Jacinta C. Jocson**