

Villar backs economic sabotage treatment for tobacco smuggling

THE chair of the Senate agriculture and food committee said tobacco smuggling needs to be an economic sabotage-level offense, amid proposals to amend the Anti-Agricultural Smuggling Act of 2016.

"We are amending the law which shall be known as the 'Anti-Agricultural Economic Sabotage Act of 2023.' This will include the acts of hoarding, profiteering and cartelization in agricultural products as economic sabotage," Senator Cynthia A. Villar said during the International Tobacco Agricultural Summit on Thursday.

"Tobacco is (to) be included in the agricultural products covered by this law," she added.

Republic Act 10845 classifies large-scale agricultural smuggling as economic sabotage, a non-bailable offense.

The current threshold for economic sabotage is smuggling P1 million worth of sugar, corn, pork, poultry, garlic, onion, carrots, fish, and cruciferous vegetables. The threshold for rice is P10 million.

Seizures of cigarette and tobacco products hit P1.89B

THE Bureau of Customs (BoC) said it seized illicit cigarette and tobacco products valued at P1.89 billion as of the end of July.

The BoC's collections from such seizures this year have so far exceeded its year-earlier proceeds of P1.13 billion by 67%.

"The BoC is confident that we will have more seizures. We will continue to strengthen our efforts against smuggling," Director of the Customs Intelligence and Investigation Service (CIIS) Verne Y. Enciso told reporters on Thursday.

Mr. Enciso said that a raid in Sulu accounted for much of the growth this year.

Carried out in March, the raid on a Sulu warehouse resulted in the seizure of 19,000 cases or 190 million sticks of illicit cigarettes valued at P1.4 billion.

Since 2019, Customs said such seizures have amounted to P13.18 billion from 756 separate operations.

The National Tobacco Administration said that foregone revenue due to the illicit tobacco trade are expected to exceed P30 billion this year. — **Luisa Maria Jacinta C. Jocsion**

Ms. Villar said the Senate is also considering a bill establishing specialist courts to try agricultural smuggling, hoarding, profiteering, and cartelization cases.

"We hope to pass these laws before the year ends so we can finally witness the apprehension of smugglers and effectively combat the illicit trade in agricultural products, including tobacco," Ms. Villar said.

"The tobacco industry plays a substantial role in the national economy, accounting for approximately 6% of tax revenue (in 2020)," she said.

Citing Euromonitor, she said illicit trade in tobacco is expected to account for 18.5% of the industry in 2023.

The National Tobacco Administration (NTA), an arm of the Department of Agriculture, is expecting foregone revenue from illicit tobacco trading to top P30 billion this year.

"It's better that tobacco (is) included to minimize the decrease in taxes generated from the lawful trading of tobacco," according to Giovanni B. Palabay, officer-in-charge deputy administrator at the NTA.

Better regulation of tobacco smuggling "could bring down (foregone revenue) for the government," he said.

Mr. Palabay said that the NTA is working with the Bureau of Internal Revenue and the Bureau of Customs to curb the illicit tobacco trade. — **Sheldeen Joy Talavera**

MUP pension budget for 2024 set at P164B

THE GOVERNMENT is proposing to allocate around P164 billion for the pension and gratuity benefits of military and uniformed personnel (MUP) next year, according to the Department of Budget and Management (DBM).

According to the 2024 National Expenditure Plan (NEP), next year's proposed allocation is 3.5% higher than the funding for MUP benefits this year.

The Department of Finance (DoF) is currently working on reforming the MUP pension system on the instructions of President Ferdinand R. Marcos, Jr.

MUP pension reform is on the Legislative-Executive Development Advisory Council list of 20 priority measures targeted for approval by December.

Budget Secretary Amenhaf F. Pangandaman said that the government plans to maintain its intended MUP funding level for next year.

"Our budget is still the same, we will still provide the funds for the MUPs," she said in a briefing on the People's Television Network on Thursday.

Ms. Pangandaman said that even though a pension reform law may pass before the end of the year, she expects a transition period before the reforms kick in. The government hopes to gradually increase MUP members' share of pension contributions.

"Even if we pass the law this year, the change will not be abrupt. There is a transition before they start to contribute and it can also be in tranches so it won't be too heavy for our MUPs. Assuming everyone will contribute — again, it will depend on the bill that is being finalized now and it will go through the legislative process," she added in a Viber message.

Under the NEP, the proposed allocation for pension benefits of MUPs and veterans

is P140.68 billion, against this year's budget of P139.5 billion.

The budget for MUP retirement gratuities and terminal leave is P23.41 billion, up from P18.87 billion for this year.

Currently, MUPs do not contribute to their pension fund. The funds are instead taken from the national budget.

Finance Secretary Benjamin E. Diokno has said that the latest version of the reform bill will require active-duty MUPs to contribute gradually while new recruits will pay the full premiums for their pension benefits. Retirees will not be required to contribute to their pensions.

The DoF is hoping to present a bill to Congress this month. It also expects the bill to be passed before the end of the year.

Bienvenido S. Oplas, Jr., president of a research consultancy and of the Minimal Government Thinkers think tank, said that the pension system should require contributions from new entrants and active-duty MUPs.

However, he said that retirees' pensions should at least be taxed if they are not required to contribute.

"Retirees not contributing (is) wrong. (It's) okay if their pensions will be taxed," he said in a Viber message.

Accumulating pension liabilities may increase public debt by as much as 25% by 2030, according to a DoF estimate.

The Bureau of the Treasury also reported that unfunded pension liabilities have hit P9.6 trillion.

The MUP pension program covers members of the Armed Forces of the Philippines, Bureau of Jail Management and Penology, Bureau of Fire Protection, Philippine National Police, the Public Safety College, Coast Guard, and Bureau of Corrections. — **Luisa Maria Jacinta C. Jocsion**

Nearly a third of PHL workforce expecting to switch jobs over next 12 months — study

SOME 29% of the workforce is considering switching jobs over the next 12 months, with a large majority likely to seek promotion or a salary increase, according to a survey conducted by consulting firm PwC.

According to PwC Philippines' 2023 Hopes and Fears Global Workforce Survey, which launched in the Philippines on Thursday, 29% of survey participants said they expect to change jobs, with 35% of potential job-switchers considering industries such as engineering and construction, with 31% eyeing hospitality and leisure.

PwC added that 70% of respondents are likely to seek a

pay raise, with 59% are seeking a promotion.

The global survey, carried out in April, covered 53,912 individuals across 46 countries and included 1,000 Filipinos. Globally, 26% of employees are considering a change of employment.

"There are different factors that drive an employee to consider changing employers. The most immediate one usually is a pay rise or possibly a different role or promotion," PwC Philippines Managing Principal Veronica R. Bartolome said at a briefing in Makati City on Thursday.

The survey also found that 74% of Filipino respondents whose jobs require specialist training are likely to ask for a pay raise, while 64% are seeking promotions, while 27% stated they are not looking to change employers.

The survey also found that 39% of Filipino respondents do not expect their organization to remain in operations beyond 10 years.

Martijn Schouten, PwC Southeast Asia consulting partner, said the Great Resignation has yet to run its course.

"There is still a massive restlessness in the workforce. What is hindering people from moving

around is the global crisis, which makes them want a little bit more security," he added.

According to Ms. Bartolome, employers should prepare for "workers (that are) more assertive, more demanding, and more ambitious. The Great Resignation is far from over, so employers need to brace themselves."

"It is not just about the salary or the promotion. They place equal importance on how they can thrive, how they can achieve work-life balance, and their overall wellbeing at the workplace," she added. — **Revin Mikhael D. Ochave**

Property insurer profits expected to deteriorate

THE profitability of property and casualty (P&C) insurers in the Philippines could weaken this year despite strong topline growth, S&P Global Ratings said, citing inflation pressures and higher costs.

Eileen Tay, an analyst with S&P Global Ratings, said in an e-mail to *BusinessWorld*: "We consider the higher claims (stemming from continued high inflation) and expenses (higher reinsurance costs and capacity challenges) to impact overall profitability."

"The insurers' ability to pass through higher reinsurance rates to consumers could be constrained amid strong market competition," she said.

Inflation in the Philippines has been declining since peaking at 8.7% in January. A *BusinessWorld* poll of 17 analysts last week returned a median estimate of 4.9% for July inflation, settling at the upper end of the central bank's 4.1-4.9% forecast for the month.

If realized, inflation would have likely slowed from the 5.4% reading in June and the 6.4% logged in July 2022.

The central bank has said inflation could ease further in the next few months and be within the 2-4% target band by the fourth quarter. It sees inflation averaging 5.4% for the year and 2.9% for 2024, before picking up to 3.2% in 2025.

According to Ms. Tay, the rising frequency of natural catastrophes could impact P&C insurers.

"Particularly, in the face of hardening reinsurance prices and more selective risk appetite by reinsurers, the margin compression for insurers could intensify. Concurrently, global macro headwinds could also impact the insurers' growth momentum," she said.

The Insurance Commission (IC) reported that net premiums written

by nonlife insurance companies rose 0.09% to P15.88 billion in the first quarter.

Total premiums earned rose 15.68% to P15.99 billion, while gross premiums written rose 14.68% to P26.17 billion. The segment's net income rose 137.32% to P2.63 billion at the end of March.

Robust economic growth may support the insurance industry this year, as the Philippine economy is expected to expand 5.9% in both 2023 and 2024, she said.

"We see the government's ongoing efforts to address infrastructure gaps and improvements in the business climate, through regulatory and tax reforms, should support growth in economic productivity," Ms. Tay said.

"Particularly, we view that the insurance sector will benefit from the government's continued focus on infrastructure development and the public-private partnerships to narrow the catastrophe protection gap," she said.

The government is planning to spend the equivalent of 5-6% of gross domestic product (GDP) on infrastructure until 2028.

"This will contribute positively to revenue growth for the property and casualty insurers in the longer term, particularly property and engineering lines," Ms. Tay said.

She expects more demand for fire and engineering insurance coverage alongside more infrastructure projects. The market for workers' compensation insurance may also grow.

"However, as with most infrastructure projects, such projects are time-intensive and dependent on execution. The immediate contribution to insurance premiums for the insurers could take time," she said. — **Keisha B. Ta-asan**

Environment dep't backs waste-to-fuel processing operations to keep solid waste volumes in check

THE Department of Environment and Natural Resources (DENR) said waste-to-fuel co-processing could be a sustainable solid waste management solution.

The DENR issued the statement after Environment Secretary Maria Antonia Yulo-Loyzaga toured the new shredder platform of Republic Cement in Taysan, Batangas.

Republic Cement maintains a waste-to-fuel co-processing operation under a joint venture between the Aboitiz Group

and Irish building materials company CHR.

Co-processing converts waste into an alternative fuel for cement manufacturing plants.

Republic Cement uses alternative fuels and raw materials in cement manufacturing.

It can reuse or recover the thermal and mineral properties of waste materials, such as residual plastic or rice husk, as alternative fuels.

"Over 890 dump trucks filled with plastic waste have been processed through strong multi-stakeholder collaboration with materials collection and recovery groups and local government units," the DENR said.

"Using solid waste as fuel enabled the company to avoid potential methane emissions at landfill sites while at the same time decreasing the carbon intensity of its cement products," it added. — **Sheldeen Joy Talavera**

June wholesale price growth eases to 20-month low

GROWTH in the bulk prices of general goods eased to a 20-month low in June, the Philippine Statistics Authority (PSA) said, as food price growth moderated.

According to preliminary data, the general wholesale price index (GWPI) rose 4% year on year in June, slowing from the 5% posted in May and 9% from a year earlier.

The reading was the lowest since the 3.9% logged in October 2021.

In the first half, the national GWPI averaged 5.3%, decelerating from the 7.2% reading a year earlier.

Domini S. Velasquez, chief economist at China Banking Corp., said base effects are a factor apart from easing global commodity prices and softer demand from manufacturers.

"Favorable base effects from last year's price highs also likely helped bring down the inflation print," she said in a Viber message.

Inflation in June eased to 5.4% from 6.1% in May, the lowest level in 14 months. Year to date, inflation averaged 7.2%, exceeding the revised 5.4% projection issued by the central bank.

The PSA attributed the slowdown in index growth to the downtrend in the heavily-weighted food segment, where growth slowed to 8.5% in June from 10.4% in May. Growth in prices of manufactured goods classified chiefly by materials also eased, to 5.1% from 5.8% the prior month.

Commodity groups that experienced accelerated price growth were beverages and tobacco (7.6% from 7.3% a month earlier) and machinery and transport equipment (1.6% from 1.5%).

Luzon's GWPI exceeded the national average, rising 4.1% in June, against 4.9% in May and 9.4% in June 2022. Luzon price movements were also driven by the food index, where growth was 8.8% in June against 10.6% in May, the PSA said.

In the Visayas, growth in the GWPI eased to 3.5% in June from 3.9% in May. The year-earlier reading had been 5.2%.

Mindanao price growth also slowed to 3.4% in June from 5.7% in May. In June 2022, the increase in bulk prices had been 4.6%.

Ms. Velasquez is projecting an uptick in wholesale prices due to higher input costs going forward.

