DoE: EV registrations could rise 30% this year

REGISTRATIONS of electric vehicles (EVs) could rise 30% this year, the Department of Energy (DoE) said, citing projections from preliminary data.

Patrick T. Aquino, director of the DoE's Energy Utilization Management Bureau, said at a briefing in Taguig City on Wednesday that according to Land Transportation Office data EV registrations totaled 9,666 in 2022.

"We're looking at the possibility of having EVs annually growing 30% based on rough estimates from preliminary figures," Mr. Aquino said.

According to Mr. Aquino, 2022 registrations consisted of 8,105 motorcycles and tricycles, 1,168 sport utility vehicles and other utility vehicles, 347 cars, 44 buses, and two trailer trucks.

He said the government has an EV registration target of around 100,000 by the end of the Marcos administration.

"We hope the number will be 100,000 more or less by 2028," Mr. Aquino said, with most of the total consisting of electric motorcycles.

The Electric Vehicle Association of the Philippines (EVAP) reported that 2,536 EV units were sold during the first quarter, exceeding the 426 sold in the entirety of 2022.

EVAP President Edmund A. Araga estimated the current EV count at over 16,000 units.

"Right now, the A and B (consumer) markets are more inclined (to adopt the technology) because they really understand the benefits of EVs. And during the pandemic, they were the ones who had the purchasing power," Mr. Araga said.

Mr. Araga said the needs of the C, D, and E segments are being addressed by the entry of more affordable EV models and more payment options.

"That's why there is a model that is lower (priced). It is a small car for daily use priced at between P700,000 and P800,000. The dealers are now open and have come up with financing schemes. (Previously), e-tricycle and e-jeep buyers had to pay cash," he added.

EVAP expects EV numbers to hit 6.61 million units by 2030, with two-wheeled vehicles accounting for 5.50 million units. — **Revin Mikhael D. Ochave**

PHL to issue permits for 35,000 MT worth of imported fish

THE Department of Agriculture (DA) signaled plans to import 35,000 metric tons (MT) of fish by outlining the procedures for obtaining sanitary and phytosanitary import clearances (SPSICs) and certificates of necessity to import (CNI) in those volumes, which it intends to distribute to commercial fishing companies and fishing associations affected by closed fishing seasons in various parts of the country.

In a memorandum circular dated Aug. 15, the DA said that the species to be imported are frozen round scad or *galunggong*, bigeye scad, mackerel, bonito, and moonfish for sale in wet markets.

"The fish to be imported under the CNI 35,000 MT 2023 shall be reported to and consolidated by BFAR (Bureau of Fisheries and Aquatic Resources). All fish must arrive within the validity period of the SPSIC and in no case later than Jan. 15, 2024," according to the memo signed by Agriculture Senior Undersecretary Domingo F. Panganiban.

Under the memo, importers were given seven working days to register with the Philippine Fisheries Development Authority and submit complete requirements to participate.

Some 28,000 MT will be allocated to commercial fishing companies, while the remainder will go to fisheries associations and cooperatives.

Only those whose operations are affected by the closed fishing season are qualified to participate.

The import clearances will be issued in two tranches in which the first 50% going out on Oct. 1-30 and the remaining half releasing on Nov. 6-30.

"The importer must have a cold storage facility or cold storage warehouse lease agreement before the issuance of SPSIC," the DA said.

Asis G. Perez, former BFAR director and co-convenor of advocacy group Tugon Kabuhayan, said in a Viber message that "we think that the volume is reasonable and the process used in coming up with the decision is acceptable."

The import plan comes on the heels of an 11% decline in fish production during the second quarter.

In a report, the Philippine Statistics Authority (PSA) said production was 1,082.22 thousand MT during the period.

"Annual declines in production were noted in commercial fisheries, marine municipal fisheries, and aquaculture subsectors," the PSA said.

In the three months to June, production by the marine municipal fishery, which accounted for 21.7% of total output, fell 16.8% to 234.90 thousand MT.

Commercial fisheries output fell 14.5% to 235.24 thousand MT. This accounted for 21.7% of overall fisheries production.

Aquaculture production, which accounted for 53% of total output, declined 8.3% to 573.85 thousand MT during the quarter.

Production by the inland municipal fishery rose 4.4% to 38.23 thousand MT. This accounted for 3.5% of the total.

Of the 20 major species, declines were noted in skipjack or *gulyasan* (49.3%), fimbriated sardines or *tunsoy* (42.2%), yellowfin tuna or *tambakol/bariles* (23.2%), milkfish or *bangus* (19.2%), and seaweed (4.9%). — **Sheldeen Joy Talavera**

NEDA: Imports temporary, focused on raising output

THE National Economic and Development Authority (NEDA) said the government's strategy for the economy is ultimately geared towards raising domestic production, adding that it is temporarily resorting to imports to stabilize prices.

NEDA Secretary Arsenio M. Balisacan, speaking before a Senate panel, was addressing remarks by Senators on the need to reduce reliance on imports.

"Our trade policy is used to enhance the workings of the economy in such a way that we can stabilize prices, create employment, and make our local products more competitive," he said before the chamber's finance committee as he delivered a Development Budget Coordination Committee (DBCC) briefing on the proposed 2024 budget.

"Looking longer-term and for the rest of this medium-term plan, our priority is to improve productivity," he added.

Senators Ana Theresia N. Hontiveros-Baraquel, Maria Lourdes Nancy S. Binay, and Juan Edgardo M. Angara, who chairs the committee, had asked Mr. Balisacan to explain the government's efforts to encourage domestic production.

Mr. Balisacan said the government supports enhanced research and is coordinating agency efforts to raise productivity.

"We need to supply our domestic producers with the equipment and farming materials they need," Ms. Hontiveros-Baraquel said during the DBCC session before the committee.

"We just have to do it and take out the other blocks and exacerbating factors along the way including smuggling."

She said the proposed P5.768-trillion national budget for 2024 should also incorporate "safety nets" for producers and those vulnerable to the effects of inflation.

Mr. Balisacan said the government must not see imports as a permanent solution, citing the need to invest in logistics and provide technological support to farmers.

"This is a time of crisis, and the 2024 national budget should reflect that fact in the form of greater assistance to our people," Ms. Hontiveros-Baraquel said.

Finance Secretary Benjamin E. Diokno, also at the briefing, disputed Ms. Hontiveros-Baraquel's characterization that the economy is in crisis.

"The International Monetary Fund and the World Bank admire the way we have handled the Philippine economy," he said.

"The credit rating agencies, despite the massive downgrades of economies all over the world, have maintained the Philippines' credit rating."

Last week, Japan-based Rating and Investment Information, Inc. (R&I) upgraded its investment rating outlook on the Philippines to "positive" from "stable."

According to R&I, the Philippine economy has been performing well in the face of global uncertainty. Gross domestic product grew 7.6% in 2022, and 6.4% in the first quarter of 2023.

The Philippines currently falls short of an "A"-level rating, with Moody's Investors Service rating the country at "Baa2," S&P Global Ratings "BBB+," and Fitch Ratings at "BBB."

Mr. Angara said the government should take advantage of its resources to empower its industries, especially agriculture.

In July, Senate President Juan Miguel F. Zubiri said Congress will focus on passing a measure that will devise a multi-year strategy enhancing the global competitiveness of Philippine companies.

The Tatak Pinoy Bill, written by Mr. Angara, is expected to help the Philippines achieve its goal of becoming a middle-class economy by 2040.

"Let's use the government and its vast resources over markets to help industries be more competitive," he told the same briefing.

Senator Cynthia A. Villar, who heads the Senate agriculture committee, called for the modernization of agriculture via collaboration with the farm machinery manufacturers.

"That's the idea of mechanization; we have to modernize," she said, calling the days of manual farming over. — **John Victor D. Ordoñez**

Three agri terminals planned for NCR

THE Department of Trade and Industry (DTI) said it hopes to establish three agricultural terminals around Metro Manila which will consolidate produce from the hinterland and reduce the gap between farmgate and retail prices.

"We plan to establish these (agricultural) terminals around Metro Manila and we're thinking of three of them now," Trade Secretary Alfredo E. Pascual said at a briefing in the City of Manila on Wednesday. He said the terminals will address "the big gap between farmgate and retail prices."

Mr. Pascual did not say where the terminals will be located.

The intent is to make the linkage between farms and consumers more direct by making available "terminals where farmers can bring their produce," Mr. Pascual said.

According to Mr. Pascual, the Asian Development Bank (ADB) recently finished a study containing recommendations on establishing terminals for agricultural goods.

"We are assuming responsibility for implementing this because logistics, as an industry, falls within the mandate of the DTI. The purpose of the ADB study is to be able to benchmark with other countries... we need to study our own unique situation here and adapt whatever they have included in their recommendations," Mr. Pascual said.

"We need to smoothen the supply chain (to make) delivery would be fast and efficient," he said, thereby reducing logistics costs. — **Revin Mikhael D. Ochave**

Trials for contactless toll set for September

THE Toll Regulatory Board (TRB) has directed tollway concessionaires and operators to conduct a dry run of contactless toll collection at selected toll plazas starting Sept. 1.

The two-month long dry run is intended to comply with a resolution passed by the House of Representatives calling for the reimplementation of contactless tolls.

"The dry run is necessary to ascertain the readiness of the tollway concessionaires and operators for the smooth and efficient reimplementation of the contactless program," the TRB said in an advisory on Tuesday.

"As agreed between TRB and the Toll concessionaires and operators, a first batch of qualified toll plazas will initially form part of the dry run to ensure smooth and efficient implementation. Other qualified toll plazas will gradually be included during the dry run period," it added.

The first batch of toll plazas to join the trials includes NAIA Main A of NAIA Expressway, Nichols Entry and Exit on South Metro Manila Skyway Stage 1 & 2, Del Monte Northbound A on the Metro Manila Skyway Stage 3, and Mamplasan Northbound and Silangan Southbound on the South Luzon Expressway.

The first batch also includes users of the Autosweep system like Tanauan Northbound Entry on the STAR Tollway, the Muntinlupa-Cavite Expressway, and the Rosario Toll Plaza on the Tarlac-Pangasinan-La Union Expressway. — **Justine Irish D. Tabile**

OPINION

RCEP: Access to the world's largest free trade area

TAXWISE OR OTHERWISE
JOHNSEN ALEJANDRO

On June 2, the Regional Comprehensive Economic Partnership (RCEP) agreement finally came into force in the Philippines.

The RCEP agreement, which was adopted by other signatories as early as Jan. 1, 2022, is an ASEAN-led initiative that creates the world's largest free trade area in terms of combined Gross Domestic Product (GDP) and market size, accounting for almost one-third of the world's population. The RCEP's signatories include the 10 ASEAN member states plus Australia, China, Japan, South Korea, and New Zealand.

So, what's the big deal? Since it is a free trade agreement, one of the standout features of RCEP is the harmonization of the rules of origin (ROO). Think of ROO as a passport for products — a means of determining a product's nationality and its eligibility for preferential tariff treatment. This is a game-changer for businesses, helping them reduce costs and boost their competitiveness within the regional market.

Why does this matter? These new rules are simpler and more flexible than those provided under existing agreements, such as the ASEAN Trade in Goods Agreement (ATIGA). RCEP has thrown open the doors for full cumulation, meaning that any production or material originating in an RCEP country can count as originating from any other member country. The RCEP is a cooperative effort to open up wider product coverage, lower Regional Value Content (RVC) thresholds, and longer transition periods for some goods.

In the Philippines, the benefits granted by RCEP can be enjoyed by importers and exporters by following the guidelines under Customs Memorandum Order (CMO) No. 12-2023 on proving the products' origin, obtaining preferential tariff treatment, and verifying procedures under RCEP.

As for proving the products' origin, CMO No.12-2023 provides for the two main types of origin criteria under the RCEP: (1) A Change in Tariff Classification (CTC), or (2) RVC. A CTC means that the non-originating materials used to produce the final product have undergone a change in their tariff classification at a certain level (e.g., chapter, heading, or subheading) in the Harmonized System (HS) of tariff nomenclature. An RVC, on the other hand, means that the value of the originating materials, labor, and overhead involved in producing the final product is at least a certain percentage of its total value.

To illustrate these origin criteria, in the case of garments, such as shirts, trousers, or dresses, the product-specific rules of origin under the RCEP require either a CTC at the four-digit level (HS heading) or an RVC of 40% or more.

Let's take for example, a shirt that has an HS code of 6205. If the non-originating fabrics used to make the shirt have a different HS heading (e.g., 5208 for cotton fabrics), then the shirt satisfies the CTC criterion. Alternatively, if the value of the originating fabrics, labor, and overhead involved in making the shirt is at least 40% of its total value, then the shirt satisfies the RVC criterion.

In addition to meeting any of these origin criteria, CMO No. 12-2023 requires that the garments must also be accompanied by a proof of origin to claim preferential tariff treatment under RCEP. The proof of origin can either be a certificate of origin issued by an authorized body, or a declaration of origin made by an exporter or producer. It must also contain information such as: (1) the name and address of the exporter or producer, (2) the description and HS code of the product, (3) the origin criteria met by the product, and (4) a signature or electronic authentication by the exporter or producer.

Therefore, a Philippine garment manufacturer using fabrics from Vietnam, buttons from Thailand, zippers from China and labels from Indonesia, can still enjoy lower tariffs when exporting to Australia, as long as the garments meet either CTC or RVC criteria and have a valid proof of origin. The same is true if a Philippine importer buys a shirt from Thailand.

CMO No. 12-2023 also addresses tariff differentials, which refer to the difference between the RCEP preferential tariff rate and the applied rate at the time of import. In cases where the RCEP preferential tariff rate is higher than the applied rate, the importer can apply for a refund of any excess duties and taxes paid for originating goods within one year from the date of payment.

Finally, the CMO also outlines a verification process to ensure that importers and exporters alike comply with the rules and do not abuse the process. Exporters will be required to submit an application with the Export Coordination Division (ECD) of the Bureau of Customs, which is responsible for conducting verification upon request of the RCEP importing party or based on risk analysis criteria. The verification can be accomplished through documents requested from the exporter or producer or by inspections at their premises. Verification requests may occur up to three years from the date of import.

In sum, RCEP and CMO No. 12-2023 offer importers and exporters real perks like lower costs and greater market access. But it's not all smooth sailing — importers and exporters should be wise to the differences between RCEP and other agreements like ATIGA, pick the right options for their goods, and follow the rules for preferential tariff treatments.

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.

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