NEDA sees nickel resources as key to green transition

THE PHILIPPINES needs to better exploit its nickel resources to advance its transition to green industries, National Economic and Development Authority (NEDA) Secretary Arsenio M. Balisacan said.

"The Philippines could also leverage its favorable position in the green metals industry regarding the green transition. The country is a top supplier of nickel, which is integral in manufacturing electric vehicle batteries," he said in a pre-recorded speech at a Philippine Institute for Development Studies conference.

The Mines and Geosciences Bureau reported that metal output grew 8.06% by value in the first half.

Nickel ore and nickel byproducts generated P57.32 billion, accounting for almost half or 46.57% of the industry's total.

The Philippines "is also one of the top cobalt producers in the world and possesses a steady supply of copper," he added.

In the first half, copper output rose 6% to 133,072 dry metric tons.

Mr. Balisacan said going green and digital will be an "integral strategy" for the economy.

"The challenge now lies in simultaneously harnessing the green transition and digitalization for sustainable development. This process, called 'twin transition' or 'dual transformation,' entails the integration of digital technologies and the adoption of green processes for sustainability," Mr. Balisacan said.

Between 1990 and 2018, global greenhouse gas emissions more than doubled in the Asia-Pacific region, he said.

"Digitalization and a green transition are interconnected because digitalization plays a significant role in accelerating such a transition and mitigating the effects of climate change," he added.

Citing the World Economic Forum, digital solutions could "reduce global emissions by 20 percent by 2050."

Mr. Balisacan said that the digital economy has "contributed significantly to the country's income in the last five years."

The digital economy's gross value added was about 9 to 10% of gross domestic product.

"The sector is also an important source of jobs for Filipinos, constituting around 12-13% of the country's workforce," he said.

"Digitally deliverable services accounted for 77.8% of the country's services exports and 54% of services imports in 2021," he added. — **Luisa Maria Jacinta C. Jocson**

Domestic mineral processing expected to benefit electronics, construction industries

The Department of Trade and Industry said the electronics and construction industries are expected to benefit from domestic mineral processing.

At the Mining Philippines International Conference and Exhibition, Trade Secretary Alfredo E. Pascual said the Philippines' "abundance of natural resources… hold the promise of both economic development and sustainable progress."

"With a local supply of essential metals like gold, copper, and rare earth minerals, we can climb up the value chain from merely assembling products to producing intricate components, thereby capturing more value within our borders," Mr. Pascual said.

He said the construction industry could also benefit when given access to domestically produced materials.

"Access to domestically produced steel, copper, and other materials could bring down costs, making it more affordable to build the infrastructure needed to sustain our growing population and the economy," he added.

Mr. Pascual said that the Philippines must recognize that despite the growing demand for minerals, the added value that can be generated from processing these minerals cannot be overlooked.

"As we all know, extracting minerals is just the first step in a long chain that ultimately brings prosperity to a nation. The real wealth lies in the value-added processes — refining, smelting, and further manufacturing — that can dramatically increase the economic value of these raw materials," he said.

He said exporting raw ores gives away the opportunity to add significant value to the resource.

"Refined metals can be worth three to ten times more than their raw, unprocessed forms. By establishing our own processing plants, we could create thousands of high-skilled jobs, encourage technological innovation, and build competitive industries serving domestic and international markets," he added. — **Justine Irish D. Tabile**

11,000 target set for advanced manufacturing training

The Advanced Manufacturing Workforce Development Alliance (AMDev) Program is expected to take in 11,000 trainees, expanding beyond the initial intake of electronics and pharmaceuticals workers, an official said.

"While we started with electronics and pharmaceuticals, we want to spread the wealth, we want to spread the technical competence (to other industries)," Danilo C. Lachica, chief of party of the AMDev Program, said Tuesday at the Advanced Manufacturing Stakeholder Forum 2023.

The AMDev is a five-year public-private partnership that aims to build up the capacity of the education system to meet the changing industry requirements.

It was initiated by the US Agency for International Development and Unilab Foundation in 2022.

"Our target for the first year was only 300 trainees and we've actually exceeded that by 35%; we are now up to 405 individuals. We hope to expand that to 1,000 by year two all the way to 11,000," said Mr. Lachica.

In its second year, Mr. Lachica said that AMDev will be taking in chemical and food manufacturing workers.

"At the end of the day, this is not just about the pharmaceuticals and electronics industries, this is advanced manufacturing for all industries in the Philippines," he said.

Mr. Lachica said that the program might end up training more than the 11,000 target with the expansion of its advanced manufacturing institutes (AMIs).

"We are confident that we will exceed that because we're going to expand the AMIs… essentially nationwide in a number of sectors or industries," he said.

Gonzalo C. Serafica, executive director for Center for Integrated STEM Education, Inc., said that only about 15% of surveyed companies are engaged in advanced manufacturing, adding that a previous survey showed that the proportion is high in the CALABARZON region where the electronics industry is concentrated.

"They are mainly involved in cybersecurity, supply chain management, data science, big data, and cloud computing," he said.

Mr. Lachica said that a survey of the Semiconductor and Electronics Industries in the Philippines Foundation, Inc. (SEIPI) indicated that 52% are at the Industry 4.0 level, a phase of manufacturing evolution incorporating robotics, analytics, automation, and big data, among others.

He said that the still low adoption levels are due to lack of understanding, and financial challenges in implementing automation.

"What we hope to do from SEIPI's perspective is to help educate the rest of the industries on the benefits of getting into advanced manufacturing… the end goal is not only to help specific industries but to help the whole economy raise the level of manufacturing activity," he added. — **Justine Irish D. Tabile**

Trade boost expected from partnerships forged by ASEAN business organizations

The recently signed memorandum of partnership and cooperation (MPC) among the management organizations of the Philippines, Singapore, and Thailand could open up opportunities for liberalizing trade, an Association of Southeast Asian Nations (ASEAN) official said.

"The future of integration in ASEAN should be characterized by strong partnerships, development driven by innovation, as well as an inclusive approach that gives priority to the people," ASEAN Secretary-General Kao Kim Hourn said in a statement.

Last week, the Management Association of the Philippines (MAP) signed the MPC with the Singapore International Chamber of Commerce and the Thailand Management Association which seeks to "deepen business linkages within the region."

Under the MPC, the organizations will be sharing management practices, undertaking education, information activities and training programs, and advocating for reform.

MAP President Benedicta Du-Baladad said that the common goal for all remains recovery from recent economic setbacks.

"By enabling these linkages at the business and industry level, we can bypass the bureaucratic impediments and go straight to building partnerships and forging long-term relationships," Ms. Du-Baladad said.

According to MAP, the three organizations plan to expand the alliance to their other ASEAN counterparts.

"(This will) help promote greater regional cooperation and joint undertakings that will help the players thrive in the post-pandemic world," it added. — **Justine Irish D. Tabile**

RICARDO GOMEZ ANGEL-UNSPLASH

Margin-based mining tax bill in line with industry guidance

MINING companies said a proposed tax regime based on margins earned plus a charge on windfall profits is consistent with the input the industry provided to legislators during consultations.

At a forum organized by the Chamber of Mines of the Philippines on Monday, St. Augustine Gold and Copper Ltd. Chief Operating Officer Michael G. Regino said, "the politicians talked to us, the mining industry, and they said there is a need for us to increase our taxes. We agreed to it and what came out is an acceptable deal."

Philex Mining Corp. Chief Executive Officer Eulalio B. Austin added: "We at the Chamber of Mines… have been participating in the discussions (ahead of the drafting of the mining tax bill)… if there are additional taxes they should be profit-based and not charged against gross income."

On Monday, the House of Representatives approved on second reading the New Mining Fiscal Regime Bill or House Bill No. 8937.

"The gist of that bill is, as long as the taxes will be on net income and not on gross revenue, it's okay for the miners," Mr. Regino added.

Mr. Austin added that further mining taxes should also "be profit-based and not be based on gross."

"We were able to make some headway on that. It is why the new mining taxes are now profit-based or margin-based royalties," he added.

The bill also imposes a tax on windfall profits depending on their size.

Operators with margins of more than 35% but less than 40% are liable for taxes of 1%, while those with margins of more than 80% will be charged 10%.

"If you have a windfall you will be taxed more, if you don't have a windfall its basically regular income; you won't be taxed as much," Mr. Regino added.

The proposed new tax on miners is one of the priority measures of President Ferdinand R. Marcos, Jr. as outlined in his State of the Nation Address in July.

According to the Department of Finance, revenues generated from mining taxes may hit P12.4 billion in 2025, P12.9 billion in 2026, P13.4 billion in 2027, and P13.9 billion in 2028.

Philex Mining is one of three Philippine units of Hong Kong-based First Pacific Co. Ltd., the others being Metro Pacific Investments Corp. and PLDT Inc.

Hastings Holdings, Inc., a unit of PLDT Beneficial Trust Fund subsidiary MediaQuest Holdings, Inc., has interest in *BusinessWorld* through the Philippine Star Group, which it controls. — **Adrian H. Halili**

Meat imports decline 4.06% in eight months to August

MEAT imports fell 4.06% year on year in the eight months to August, with the declines broadly based as shipments of beef, pork, buffalo, and turkey all declined, the Bureau of Animal Industry (BAI) reported.

The BAI said that in volume terms, imports amounted to 817,278.24 million kilograms (kg) during the eight months. The total for August was 115.11 million kg, down from 111.48 kg in July and 116.95 million kg a year earlier.

Beef shipments decreased 16.78% to 91.65 million kg during the period. This accounted for 11.21% of total shipments during the eight months.

Brazil remained the top beef supplier at 69.71 million kg, followed by Australia with 45.26 million and Ireland 23.67 million.

Pork accounted for 49.67% of meat imports with 59.13 million kg in the eight months, down 12.7% from a year earlier.

The top supplier of pork for the period was Spain, with 222.08 million kg, followed by Canada with 127.31 million and Brazil 79.11 million.

Shipments of turkey fell 44.6% to 168.7 million, while buffalo imports dropped 6.29% to 29.31 million.

Chicken shipments rose 18.3% year on year to 289.52 million kg, accounting for 35.4% of all meat imports.

Brazil supplied about 235.26 million kg, followed by the US with 122.93 million and Canada 11.93 million. — **Adrian H. Halili**

Debt service on foreign obligations up 155% in H1

THE debt service bill on foreign borrowing rose 155% in the first half (H1), as debt came due while interest was driven up by high borrowing costs.

The Bangko Sentral ng Pilipinas (BSP) said the Philippines paid $7.46 billion in debt service during the period, against $2.92 billion a year earlier.

"The increase in the external debt service is a function of larger amounts of matured foreign debts as manifested by the bigger year-on-year increase in principal payments," Rizal Commercial Banking Corp. Chief Economist Michael L. Ricafort said.

According to the BSP, principal payments rose 125.6% year on year to $4.18 billion.

Interest payments grew 73.4% to $1.85 billion in the first half.

The rise in external debt was due to the rise in global interest rates since 2022, "as manifested by the much higher interest payments on foreign debts on a year-on-year basis," Mr. Ricafort said.

Central banks have tightened monetary policy to curb inflation, including the Federal Reserve.

The Philippines' own Monetary Board has raised borrowing costs by 425 basis points (bps) to a near 16-year high of 6.25% between May 2022 and March 2023.

The Fed has hiked its own policy rates by a total of 525 bps to 5.25-5.5%, since March 2022.

Mr. Ricafort also noted that government borrowing has significantly increased since the pandemic. The debt was used on various financial assistance and other pandemic-related programs, all of which widened the budget deficit.

The Treasury estimated that the budget deficit narrowed 18.17% to P551.7 billion in the first half of the year.

"This is a similar challenge for many countries around the world especially at the height of the pandemic and lockdowns from 2020-2021. Thus, higher levels of both domestic and external debt led to the sharp increase in debt servicing costs," Mr. Ricafort added.

The Philippines' outstanding external debt was $117.918 billion at the end of June, up 9.5% from a year earlier. It was down 0.8% from the record $118.812 billion at the end of March.

This brought the external debt ratio, or foreign debt as a percentage of gross domestic product, to 28.5%, against 29% in the previous quarter.

Meanwhile, the debt service ratio, or principal and interest payments as a fraction of export receipts and primary income, rose to 11% at the end of June from 4.6% a year earlier.

External debt includes all types of borrowing by residents from nonresidents. — **Keisha B. Ta-asan**