

NAIA 9-month passenger traffic surpasses 2022 full-year tally

DOMESTIC and international passenger volume at the Ninoy Aquino International Airport (NAIA) surged to 33.76 million in the first nine months, exceeding 2022's full-year tally, the Manila International Airport Authority (MIAA) said.

"With this consistent growth, MIAA remains on track to achieve our year-end projections of 45 million passengers and 275,000

flights by the end of 2023," Bryan Andersen C. Co, MIAA officer-in-charge, said in a statement on Sunday.

The passenger tally at the end of the period surpassed the 30.94 million full-year total in 2022. It was up 59% against the year-earlier period.

"These projected flight estimates are poised to surpass the pre-pandemic levels of 2019,

reflecting the resilience and recovery of the aviation industry in the Philippines," Mr. Co said.

MIAA said its domestic and international aircraft movements, or takeoffs and landings, amounted to 206,050, up 31% from a year earlier.

NAIA's flight on-time performance (OTP) also improved to 80% in September.

"This result represents a major improvement from the OTP low of 60% in early June. This decline was attributed to hurdles such as the suspension of all flight and ground operations at NAIA during a Red Lightning Alert, as well as issues with aircraft maintenance and spare parts that disrupted major airline operations," MIAA said. — **Ashley Erika O. Jose**

Limited gov't funding for franchise trade shows seen as constraint on small business growth

THE Philippine Franchise Association (PFA) said limited government support for small businesses seeking to participate in international trade shows is one of the challenges for micro-, small- and medium-scale enterprises (MSMEs) planning to go international.

Asked whether he sees more brands going international, PFA President Chris Lim said: "Definitely. This is why we're investing so much money, time and effort

into running this because some of them might go international five years from now."

"This year we were able to go to Singapore but we still had limited funding. In the coming years we want to join a lot of these franchise shows internationally and bring our delegations there," he told reporters.

He said the governments of South Korea, Indonesia, and Thailand provide ample support for trade show participation.

"A lot of that is heavily government subsidized which makes it easier for MSMEs to enter the shows," he added.

"We want to work more with the government to be able to support this because they know if they support us, we are going to be exporting entire brands, not just one or two SKUs (stock keeping units)," he said.

"That is something we'd love to work with the government on, in terms of getting that funding to

go to some of these new markets," he added.

He said that PFA has engaged the Department of Trade and Industry (DTI) and trade attaches overseas regarding the help the industry needs but noted that funding remains "the missing piece."

"At the end of the day, you do just need plain and simple funding to be able to attend some of these shows to really make an impact," he added. — **Justine Irish D. Tabile**

Hydrogen eyed for power generation in draft Energy dep't exploration rules

THE Department of Energy (DoE) said it drafted a policy that will set the guidelines governing the exploration and development of hydrogen resources for use in power generation.

In a draft circular posted on its website, the DoE said that the "prospective uses of hydrogen in the energy sector shall be divided into power generation and electricity storage applications and non-power applications."

"Power generation and electricity storage applications shall include the use of electricity produced from hydrogen energy supplied to the grid or as backup and off grid power supply, industrial scale energy storage, co-firing with hydrogen derivatives in existing fossil fuel power plants, and hydrogen and its derivatives cogeneration systems," the DoE said.

According to the proposed circular, the DoE said that a hydrogen storage facility must function as an energy storage system, using hydrogen gas to store energy for later use in power generation.

This excludes facilities that produce hydrogen and directly convert it to electricity for

power generation in "a linear process."

Non-power applications, on the other hand, include the use of hydrogen as an alternative fuel in industrial, commercial, and transportation applications.

According to the draft policy, the DoE also hopes to allow the import and export of hydrogen resources to "contribute to decarbonization," as well as to service the domestic demand.

The DoE will also organize a hydrogen energy industry committee that will oversee the implementation of the circular.

Its function would include developing the roadmap for the hydrogen energy industry, forming a technical working group, collaborating with organizations to conduct research and development, and preparing the budget for such operations, among others.

"The potential of utilizing hydrogen resources, if optimally developed, will play a major role in improving the country's energy security by reducing dependence on imported fossil fuels, and in achieving the country's goal for a low-carbon future," the DoE said. — **Sheldeen Joy Talavera**

Australia sees further opportunities in PHL agriculture, tech, education

By **Justine Irish D. Tabile**
Reporter

AUSTRALIA's investment and education promotion agency said it considers the Philippines a promising market for its agriculture, cybersecurity, and education companies.

It added that Australian industries long established in the Philippines like mining are also positive on the country's prospects.

"We are very bullish about the prospects for Philippine economic growth and correspondingly, we are also very focused

and also very hopeful about increasing links between Australia and Philippines in terms of trade, economic, and education ties," Austrade Senior Trade and Investment Commissioner Christopher Lim said in a briefing on Friday.

He said the Australian government and companies have seen the potential of upgrading the economic relationship between the two countries.

"We have seen a huge uptick in terms of the number of Australian companies coming into the Philippines and these Australian companies range from agrifood, education institutions, also mining firms, technology companies

and cybersecurity companies," he said.

The value of two-way trade between the Philippines and Australia totaled 6 billion Australian dollars last year, representing growth of 18% from 2021.

"The Philippines is Australia's 15th largest export partner so, I think there is room for improvement there," Mr. Lim said.

Australia also currently has around 30,000 Filipino students, much larger than the 18,000 students before the pandemic.

"This is an example of how where we think the relationship is going," said Mr. Lim.

He added that the start of mango exports to Australia, which ar-

rived in Perth and Sydney last month, is also one trade item in which the Australian government sees strong prospects.

"The first shipments were oversold so, everything points to a very robust bilateral economic relationship between Australia and the Philippines," he said.

"I reckon there is a lot of demand and with any luck I think this is something which Filipino farmers should really look forward to focusing on — ensuring quality, timeliness, and making sure that it gets to Australia," he added.

He said there remains a need to address supply chain issues, competition, and unclear policy

to help support further growth of bilateral trade.

"We would love to see more Philippine exports into Australia but the thing is, because of the structure of your economy, supply chain issues, and also competition, it's very hard to actually raise it," Mr. Lim said.

He said Philippine mangoes have had access to Australia for some time, but there was not enough supply.

"It's just that there isn't enough supply and consistent quality to come to Australia, so I think more effort has to be put in to actually ensuring good quality and supply and timely delivery," he added.

He sees a possible opportunity to bring pineapple to Australia as their own crop is considered sour, and not sweet like Philippine pineapple.

In terms of regulations, Mr. Lim said that the Australian government and companies would like to see a lot more clarity, simplification, and consistency in the imposition of policies.

"We do know that there are challenges here in the Philippines in that regard, but on the other hand that there are countering forces such as the President's Anti-Red Tape Authority has been extremely helpful in making sure that they get the right people together ... and sort out the issues," he said.

OPINION

How green supply chains create long-term value

Historically, sustainability was a "nice-to-have" item for executive boards. However, in recent years, environmental, social, and governance (ESG) considerations have gained considerable momentum. ESG is now far from being mere boxes to check for compliance purposes, with topics like sustainability becoming ever prominent and essential agenda items in boardroom discussions.

A focus on ESG is imperative for organizations as it enables them to effectively manage risk, meet stakeholder expectations, drive cost savings and efficiency, and gain a competitive advantage. By integrating ESG practices into their supply chains, business leaders can navigate risk and disruption, future-proof their organizations, and create a positive impact on the environment.

Most of a company's carbon emissions commonly stem from its supply chain, primarily through manufacturing and logistics operations. As a result, this crucial aspect of business faces mounting pressure to meet progressively ambitious sustainability goals.

This is the third article in a supply chain series that previously looked at reimagining the integrated supply chain. This article will discuss how green supply chains can help create long-term value.

ESG AND GREEN SUPPLY CHAINS

Green supply chains refer to the implementation of sustainable and environmentally responsible practices throughout the supply chain process. The process involves integrating eco-friendly initiatives into various stages — including sourcing raw materials, manufacturing, packaging, and distri-

bution. "Green" here pertains to the environmental considerations of the supply chain, and "sustainable" covers the social and economic perspective of the business.

ESG and green concepts in the product design up to end-of-life management should also be incorporated to enhance environmental sustainability. By integrating ESG principles, companies prioritize environmental impact, social responsibility, and strong governance throughout their operations.

ESG and green supply chains are closely related, with ESG considerations forming the base of developing and implementing sustainable practices within supply chain operations. Although a green supply chain addresses only the environmental side of ESG, a sustainable supply chain encompasses the environmental, social, and governance principles of ESG. Green supply chains embody the practical implementation of ESG principles by reducing carbon emissions, minimizing waste, and adopting sustainable technologies and practices.

A key part of ESG performance is to commit and take action toward a sustainable supply chain. This starts with ensuring interconnectedness and transparency in the whole of operations as well as collaboration with suppliers in adhering to green and ethical standards. Greening the supply chain brings value not just by reducing environmental pollution and waste but also by enhancing operational performance through improved production costs and asset utilization. This also builds positive brand awareness and reputation as consumer behavior shows a preference for companies or products that value their impact on the environment and society.

The relationship between ESG and green supply chains is symbiotic. ESG provides the framework and guiding principles, and green supply chains concretize those principles within the supply chain to drive sustainable and responsible outcomes.

SUSTAINABILITY POLICIES

Since the Philippine SEC mandated sustainability reporting, companies that identify supply chains as one of their material topics are required to disclose their ESG initiatives in compliance with their reporting framework/standards used. This promotes transparency and accountability, empowering employees, customers, suppliers, investors, business partners, local communities, legislators, regulators, policymakers, and other stakeholders to make informed decisions as well as contribute to the management of companies' economic, environmental and social impacts.

In addition, Republic Act No. 11898, also known as the Extended Producer Responsibility (EPR) Act of 2022, requires obliged enterprises to establish their own EPR programs. Obligated enterprises have been given the responsibility of managing their products throughout their lifecycles, starting with plastic packaging covered in the Act, with a potential expansion of coverage in the future. The EPR Act was covered more extensively in a previous C-Suites article titled "Understanding the implications of the EPR Law."

The Philippines also has the Green Jobs Act of 2016, which promotes the creation of "green jobs" or employment that contributes to environmental preservation. Under RR No. 05-2019, businesses that offer green jobs are granted an additional deduction equal to 50% of the total expenses for skills training and research development. Moreover,

the law provides that capital equipment that is directly and exclusively used in the promotion of green jobs may be imported free of taxes.

Treating ESG as secondary can deter organizations from meeting their strategic objectives, including the potential loss of business opportunities and investment capital. Companies can improve their operational processes and drive cost reductions by enhancing environmental sustainability and overall ESG performance across the supply chain.

KEY ESG INITIATIVES

Creating a green supply chain is a manifold process. First, assessing the materiality of sustainability issues at the outset is essential, focusing on the most pressing concerns. This systemic approach allows for a targeted way to address these issues. Second, organizations should establish their strategic objectives — aligning resources, structures, and processes to sustainability imperatives identified in the initial assessment.

Leadership buy-in and board oversight are crucial for consistent direction and support throughout the business. Management and suppliers should receive training in market practices, expanding sustainability goals beyond direct operations to encompass all levels of the supply chain.

Deploying technology can enhance accountability and transparency, allowing for better monitoring and reporting. Moreover, leveraging buying power and influence can facilitate supply chain sustainability.

Finally, organizations should consider disclosing supply chain information beyond siloed sustainability reporting mechanisms, promoting transparency, and encouraging industry-wide progress.

THE FUTURE OF SUSTAINABLE SUPPLY CHAINS

Green supply chains have emerged as a critical driver of long-term value for organizations. Companies can reap a snowball effect of benefits by prioritizing sustainability and integrating environmentally responsible practices and technologies into their supply chain operations. Internal ethical leadership and support, as well as considerations of different external drivers such as customers, suppliers, and social and regulatory requirements are vital factors in integrating sustainability in an end-to-end supply chain.

Not only do green supply chains help address disruption, mitigate risk, and enhance reputation, but they also drive operational efficiency, cost savings, and access to capital. Integrating a social and economic perspective to transition to a sustainable supply chain also contributes significantly to the competitiveness, long-term profitability, innovation, differentiation, and societal impact of companies.

By taking this holistic approach to sustainable supply chains, organizations can pave the way toward a greener, more resilient future.

The next article in this series will discuss how the Regional Comprehensive Economic Partnership (RCEP) may impact supply chains in ASEAN.

This article is for general information only and is not a substitute for professional advice where the facts and circumstances warrant. The views and opinions expressed above are those of the authors and do not necessarily represent the views of SGV & Co.

BENJAMIN N. VILLACORTE is a climate change and sustainability services partner and MARY ANDREA T. BACANI is a Supply Chain and Operations (SCO) senior manager of SGV & Co.