Marcos orders buy-local for infra construction materials

THE PRESIDENT has ordered the Department of Trade and Industry (DTI) to draft a list of construction materials required by the infrastructure program ahead of the imposition of a buy-local policy on such building materials, the Palace said.

President Ferdinand R. Marcos, Jr. was acting on the recommendation of advisors to make domestic building materials preferred for use in the infrastructure program, according to a statement issued by Malacañang.

Following a meeting with the Private Sector Advisory Council's (PSAC) infrastructure cluster, Mr. Marcos ordered the DTI to compile the list of building materials, in collaboration with the PSAC.

Mr. Marcos also ordered the Department of Budget and Management, through the Government Procurement Policy Board, to operationalize the "policy of giving preference to local materials" through procurement guidelines.

"The chief executive stressed the need to specify which materials will be procured by the government to avoid any conflict in the future," the Palace said.

The PSAC advised Mr. Marcos that Philippine manufacturers make cement, steel and other building materials that conform with national standards, and are "designed to withstand the country's climate and other natural disasters."

"Our advocacy is really to promote our buy local, Filipino-made products for Filipinos," PSAC head and Aboitiz Group CEO Sabin M. Aboitiz was quoted as saying. "It's just fair for our government to take the lead in also patronizing our own locally made product."

Trade Secretary Alfredo E. Pascual was at the meeting, along with PSAC members Joanne De Asis, founder of Globe Capital Partners LLC; Manuel V. Pangilinan, CEO of PLDT Inc.; Eric Ramon O. Recto, chairman of Philippine Bank of Communications, Inc.; Enrique K. Razon, president of International Container Terminal Services, Inc.; Ramoncito S. Fernandez, CEO of Maynilad Water Services, Inc.; and Reinier H. Dizon, president of the Cement Manufacturers Association of the Philippines. — **Kyle Aristophere T. Atienza**

BoC counting on yearend surge to beat revenue target

THE Bureau of Customs (BoC) said it expects to exceed its revenue target this year with collections expected to improve in the runup to the holidays.

On the sidelines of a forum last week, Customs Assistant Commissioner Vincent Philip C. Maronilla told reporters that the BoC is on track to hit its internal projections, which will carry it past its target.

"In fact, our goal is not just to hit that (target). We have an internal goal of trying to hit more than the target. We're trying to maximize as much as possible the surplus that we want to collect, knowing fully well we're in the position to contribute more," he said.

The BoC is tasked to collect P874.166 billion this year.

The Bureau of the Treasury (BTr) reported that Customs collections totaled P660.4 billion in the first nine months, exceeding the goal for the period by 2.52%.

Mr. Maronilla said that the last quarter's collections are usually strong due to the holidays.

"The '-ber' months (are when) we usually hit our largest surpluses. Historically, November has been very good to us. We've hit very large surpluses in November. We're looking into October and November to help catch up with our internal goal of reaching a certain surplus," he added.

Mr. Maronilla also noted that the surplus may be "significant" judging from current trends. "Right now, we're at about a little over P10 billion in surplus from the target set to us for this year," he added.

Though the BIR has been on track to hit its targets, BTr data indicate that monthly collections have been tracking lower year on year since June.

Mr. Maronilla noted a slowdown in the volume of imports during the period.

"Oil, not just in terms of volume, but sometimes in terms of value, fluctuated as well. Overall, the data would show there might be lower actual collections compared to last year, but then revenue-efficiency wise, we're still up there," he said.

Finance Secretary Benjamin E. Diokno has said that declines in the BoC's monthly results were due partly to the reduction in collection days due to inclement weather.

The BIR loses as much as P3 billion to P4 billion when it misses a day of collection, Mr. Maronilla said.

"When you give us our targets, we compute it per day. If you provide us with three days (of collection) where there's a holiday or suspension of classes, we might (operate with a skeleton workforce) but the other participants in the release of goods might not be there," he said.

"We can't force importers to tell their companies to operate on that particular day. Even if we're open and some of our stakeholders are not, that really affects our collections," he added.

Mr. Maronilla said that the agency remains "on track" with its October collection target.

"We have a few more days to go. We're preparing for some holidays. On Tuesday (Oct. 31) we might get a boost because some might be trying to complete their transactions before the long holidays," he said.

"As you all know, long holidays translate to no transactions and the longer the holiday is, the cost of their goods being stored in the ports doesn't lower at all. I hope we get that boost on that day and recover whatever it is we're going to miss on the previous day," he added.

Oct. 30 (Monday) was declared a holiday for the Barangay and Sangguniang Kabataan Elections. — **Luisa Maria Jacinta C. Jocson**

Metro Pacific Agro Ventures bullish on dairy business led by ice cream

By Adrian H. Halili
Reporter

METRO PACIFIC Agro Ventures, Inc. (MPAV) said it expects the group's dairy business to drive growth after a strong revenue performance by one of its partners, the Carmen's Best ice cream brand.

"Carmen's Best (is now) doubling revenue... the greenhouse (gardening business) will start next year, so no earnings from that yet," MPAV President and Chief Executive Officer Jovy I. Hernandez told *BusinessWorld* on the sidelines of a forum last week.

The company's parent, Metro Pacific Investments Corp. (MPIC), has a partnership with the Carmen's Best group, which consists of Carmen's Best Dairy Products, Inc., Carmen's Best International Dairy Co., Inc., Real Fresh Dairy Farms, Inc., and The Laguna Creamery, Inc.

"At the dairy farm we are now expanding the number of cows, but if you recall we announced last year that we are breaking ground on a large dairy facility that is being constructed," Mr. Hernandez added.

He said the dairy facility is set to begin commercial operations by the fourth quarter of 2025.

"The total capacity of that would be about 2,000 cows. We will probably start with 1,000," Mr. Hernandez added.

The company announced earlier this year that it aims to build a dairy facility in Laguna which will produce about six million liters of milk per year. The facility will be operated via a P2-billion partnership with Israel's LR Group.

The National Dairy Authority said that it is aiming to grow dairy production to 80 million liters per year by 2028.

Mr. Hernandez said that the P1-billion greenhouse project will begin operations by the fourth quarter of next year. The greenhouse is expected to produce about 1,600 metric tons of vegetables annually.

He added that MPAV is looking at other possible investments.

"There is a lot of things in the pipeline that we are looking at, but we are (still) studying. But so far, we are zeroed in and focused on the dairy and greenhouse," he said.

"We are trying to see whether we can do something in other industries," he added.

MPAV recently purchased a 34.76% stake in Axelum Resources Corp., a coconut processor, for P5.32 billion.

MPIC is one of three key Philippine units of First Pacific, the others being Philex Mining Corp. and PLDT Inc.

Clark Dev't Corp. expects to remit P1.5-B dividend

THE Clark Development Corp. (CDC) said it expects to remit P1.5 billion to the National Government next year after booking 43% revenue growth in the first half of 2023.

"The dividends that we remitted to the National Government in May (totaled) P1.2 billion... for 2024, we are targeting to remit P1.5 billion," CDC President and Chief Executive Officer Agnes VST Devanadera said on Thursday.

Under the Republic Act No. 7656 or the Dividends Law, government-owned and -controlled corporations (GOCCs) are required to remit at least 50% of their net earnings to the National Government.

She said that the revenue increase in the first half was unexpected.

"We did not target it to be that big, we did not expect that," said Ms. Devanadera, adding that the CDC may double revenue from first-half levels by the end of the year.

She added that the CDC is seeing locators carrying out expansion projects that had been put off in recent years.

She said the challenges to making the Clark Freeport Zone more business-friendly are policy consistency and ease of doing business.

As such she welcomes proposals in Congress to amend the rules on tax incentives. — **Justine Irish D. Tabile**

DoF's Diokno discusses possible collaboration with Belgian wealth fund

THE Department of Finance (DoF) said it met with Belgium's sovereign wealth fund and other companies to explore public-private partnerships (PPPs) and sustainability projects.

In a statement, the DoF said that Finance Secretary Benjamin E. Diokno met with La Société Fédérale de Participations et d'Investissement (SFPIM), or the Federal Holding and Investment Co., Belgium's sovereign wealth fund, to discuss investment opportunities.

Areas of possible collaboration included PPPs in infrastructure and renewable energy.

SFPIM Chief Executive Officer Koenraad Van Loo was also quoted saying that the fund is interested to "explore partnerships in their priority sectors: finance, aeronautics, health, energy & utilities, transport & mobility, and impact investing."

Mr. Van Loo also "expressed interest in learning more about the Maharlika Investment Fund once operational."

In a separate statement, the Finance department said Mr. Diokno also met with Belgian Investment Company for Developing Countries (BIO) Chief Executive Officer Luuk Zonneveld for projects related to sustainable development, such as gender equality, climate action, and dignified work.

Mr. Diokno also discussed possible investments with the state-owned European credit insurance group Credendo and the Belgian Export Credit Agency.

Credendo Chief Executive Officer and Chairman Dirk Terweduwe was quoted as saying that the company's risk outlook on the Philippines is stable due to "low external debt, adequate liquidity, and continued prudent government policies are supportive buffers in an uncertain climate."

Mr. Diokno attended the inaugural Global Gateway Forum in Brussels between Oct. 25 and Oct. 26. — **Luisa Maria Jacinta C. Jocson**

OPINION

Tax conversations with C-Suites

SUITS THE C-SUITE
FABIAN K. DELOS SANTOS

In a world that has to address the risks posed by climate change, social inequity, financial instability and other disruptions, companies are becoming increasingly conscious about the importance of corporate responsibility, with a particular focus on the sustainability agenda. Companies have recognized the need to take urgent social and environmental action and have started laying down a long-term sustainability strategy interwoven with building long-term value.

Investors are now looking at the sustainability policies of target companies when deciding where to invest. Regulators have become more critical, intending to encourage businesses to genuinely green their operations. Consumers are beginning to consider the sustainability-related activities of companies when flexing their purchasing power, actively choosing more sustainable options despite higher price points.

Sustainability is defined as the balance between the economy, environment, and equity and is usually referred to as the ability to maintain or support a process continuously over time. The UN World Commission on Environment and Development defines sustainable development as progress that "meets the needs of the present without compromising the ability of future generations to meet their own needs." In today's business world and in the process of being sustainable, companies ought to make use of scarce resources responsibly.

This is why sustainability, and how a sustainable and effective tax ecosystem can advance it, was a key focus for the recently held 2nd SGV Tax Symposium. We see that Tax and Sustainability are critically connected in achieving our Tax Vision, where we foster transparency, inclusivity, and responsible tax practices, working with the regulators to create a level playing field that benefits businesses, individuals, and our communities.

With a strong and efficient tax system, governments and regulators have the resources to promote incentives, policies and regulations that strengthen the country's sustainability programs. In turn, when the country moves along a more sustainable and efficient socio-economic path, it creates more opportunity for increased tax revenue and compliance from responsible private and corporate citizens.

We can already see this in some jurisdictions where governments are encouraging citizens and businesses to make the necessary changes in lifestyle, manufacturing, packaging, and purchasing decisions that help meet sustainability targets. At the same time, governments have been leveraging indirect tax policies to help achieve sustainability targets. It is not uncommon for governments to use both the policy stick (i.e., carbon levies, plastic packaging, excise taxes, waste management fees) — and carrot (i.e., incentives) for sustainable development.

During the Conversation with C-Suites panel at the 2nd SGV Tax Symposium, executives from the real estate, investment management, and mining sectors emphasized how their respective industries promote sustainability.

Robinsons Land Corp. (RLC) Chief Financial, Risk, and Compliance Officer, Kerwin Tan, discussed how the real estate business spearheads sustainable solutions in its operations. In RLC, this includes integrating solar and other renewable energy across all Robinsons malls, transitioning to LED lights, revolutionizing workspaces, and embracing digital transformation by developing mobile applications and portals that will provide easy access to Robinsons' products and services. Their stakeholders, which include customers, tenants, and employees, are at the forefront of providing these strategic, sustainable solutions. To measure the positive impact of these projects, RLC has a data management system that allows it to effectively record the changes in its energy consumption.

Meanwhile, President and Chief Executive Officer of Global Ferronickel Holdings, Inc. Dante Bravo said that the mining sector, on a macro level, is currently focused on sustainability. Mr. Bravo said Global Ferronickel has embedded environmental management solutions in its mining operations, from the clearing of vegetation, stripping of topsoil, mining, truck loading and hauling, and stockpiling, among others. He added that the company continues to adhere to global environmental standards (e.g., ISO certifications) and continues to develop and support host and neighboring communities with health assistance, educational and livelihood programs, and employee welfare, among others.

While the panelists appreciate and recognize the current actions of the government in promoting sustainability, they also felt that more can be done to promote sustainability goals in various sections of the economy. The panelists agreed that the government should consider granting even more incentives, in addition to the current benefits already granted by current law, to encourage more businesses to invest in sustainable projects. It was further emphasized that this initiative should be viewed as a long-term investment that will make the country more competitive, attracting more investment, which in turn will translate to revenue via compliance and payment of taxes.

The sustainability journey itself may be challenging, but the required results must be delivered sooner rather than later. Many have taken the first steps to design tax frameworks and risk management methodologies to accelerate the transition. Organizations should adjust their strategies, stay abreast of policy uncertainty, and ensure that they drive corporate sustainability to create long-term value.

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 author and do not necessarily represent the views of SGV & Co. or EY.

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