

Indonesia assures PHL of continued access to coal

THE Department of Energy (DoE) said that the Philippines has received assurances from Indonesia of continued access to the latter's coal exports.

"Indonesia reiterated to us its assurance that the Philippines will get a continued supply for coal-fired power plants," Energy Secretary Ra-

phael P.M. Lotilla told reporters last week.

The commitment was made after the 41st ASEAN Ministers on Energy Meeting hosted by Indonesia in August.

The Philippines imports 80% of the coal needed by its coal-fired power plants, Mr. Lotilla said, with Indonesia the top source country.

The DoE estimated that the Philippines imported 31.24 metric tons (MT) of coal in 2021, up from 29.52 MT in 2020.

In January, Indonesia imposed a month-long ban on coal exports after its state power utility announced low stockpiles of coal at Indonesian power plants.

"They had a two-tiered pricing system where the prices for domestic use of coal was much lower than the export price. So, Indonesian miners (ended up selling) to the international market, the export market," Mr. Lotilla said.

"It reached a point that they were running out of supply for

their domestic coal-fired power plants and that's why they had to impose a moratorium," he added.

Mr. Lotilla said the Philippines and Indonesia have agreed to discuss an "emergency response or assistance" mechanism in case supply constraints arise again, in their capacity as members of the Brunei Darussalam-Indonesia-

Malaysia-Philippines East ASEAN Growth Area (BIMP-EAGA) aggragation.

"In other words, for a BIMP-EAGA member like the Philippines that is importing coal from Indonesia, then we can have arrangements whenever there are constraints," he said. — **Sheldeen Joy Talavera**

OPINION

Reimagining the digital supply chain

In recent years, there has been a substantial change in the global landscape of supply chains. Companies are dealing with a wide range of challenges that are changing the way they see supply chain strategy, from geopolitical conflicts to digital disruptions and pressures from climate change and the sustainability agenda. A new paradigm reimagining supply chains is emerging in reaction to these disruptions, forcing businesses to reconsider their existing strategies and adopt a comprehensive approach to capitalize upon new opportunities while ensuring resilience.

Because of this, traditional and analog supply chain strategies may no longer be capable of effectively responding to supply chain shocks. Instead, an agile, digital supply chain consisting of intelligent monitoring, real-time data visibility and management, and crisis and exception management frameworks, among other things, can be a massive game-changer. However, there are no shortcuts to the digital transformation of the supply chain, as merely adding technology to existing supply chain management systems and processes for the sake of supply chain digitalization will not deliver the real value that businesses desire.

This is the second article in a supply chain series that previously looked at integrated supply chain planning.

SUPPLY CHAIN CHALLENGES

According to an EY report, exponential data growth is another fundamental problem that continues to overwhelm most businesses at an accelerated pace. Companies that can effectively navigate

the increasing complexity of new digital business models will be able to maintain a competitive advantage, but companies that are unable to do so will inhibit their ability to derive meaningful insights, leading to a barrier to achieving automation and efficiency.

The disruption brought about by digital technology has significantly reshaped supply chains, accelerating supply chain digitalization. According to the Evolution to Revolution: MHI Annual Industry Report, 78% of supply chain executives in the study acknowledge the revolutionary value of digital technologies. The whole supply chain will benefit from the new opportunities for efficiency improvements as well as improved decision-making brought forth by this shift toward digitalization.

Digital supply chain reimagination has also become defined by the mounting demand to improve resiliency, combat climate change, and promote sustainability. Consumers are more aware of how products affect the environment, with 75% of US consumers voicing worries in this area, according to an article titled "Majority of US Consumers Say They Will Pay More for Sustainable Products" by Sustainable Brands, a community of brand innovators shaping the future of commerce. In order to meet these changing customer expectations, businesses are adopting supply chain redesign driven by sustainability.

THE FOUR PILLARS OF SUPPLY CHAIN REIMAGINATION

In order to navigate these complexities and seize opportunities, companies have

to embrace a comprehensive approach to supply chain reimagination, utilizing a framework that revolves around the following four key pillars.

Supply chain sustainability and resiliency. This pillar emphasizes tech-led process excellence to build resilient supply chains through enhanced visibility and improved agility. To guarantee continuous operations and satisfy customer demands, integrated business planning, manufacturing reliability, and secure alternative bill of materials (BoMs) and sources of supply all play critical roles.

End-to-end (E2E) cost optimization. For a company to stay competitive, better cost management along the entire supply chain is essential. Among the key levers necessary to achieve long-term cost reductions and operational efficiency are strategic sourcing, the elimination of manufacturing waste, and maximizing logistics expenditures. Adopting a centralized operating model for supply chain through Global Business Services (GBS) or Shared Services Center (SSC) solutions can also create significant cost savings.

Supply chain process digitalization. The digitalization of supply chains opens up new opportunities for agility and efficiency. Real-time decision-making and enhanced collaboration are made possible by autonomous planning, digital factories, and procurement analytics. E2E visibility and quality management through the use of the Control Tower system also allow seamless integration between functions, enhancing the effectiveness and response of the supply chain as a whole. Leveraging a Digital Twin (a virtual model of the physical supply chain that includes a digital counterpart of every piece of the process) enables companies to run a parallel version of the supply network

and simulate scenarios for better insights before making transformative changes.

Strategic interventions. This final pillar includes supply chain redesign driven by sustainability, carbon footprint optimization, and segmentation and portfolio optimization. Companies can future-proof their operations and align their supply chains with shifting market dynamics by carefully reevaluating their operations and implementing asset-light solutions.

Companies may significantly affect their profit and loss statements by concentrating on these four supply chain reimagination areas.

UNLOCKING BENEFITS FOR BUSINESSES

According to an assessment of prior supply chain engagements conducted by EY, adopting a supply chain reimagination framework has had a substantial positive impact on customers in four areas.

First, implementing strong resilience measures can result in gains in total revenue of 3% to 5%, a forecasting accuracy of 5%, supplier lead times of 50% to 60%, and overall equipment efficiency (OEE) of 15% to 30%.

Second, through route optimization and freight rate benchmarking, focusing on cost optimization can result in reductions of 4% to 6% in direct material costs, 5% to 10% in manufacturing expenses, and 6% to 10% in transportation costs.

Third, embracing digital transformation in the supply chain can lower production costs by 5% to 10%, inventory carrying costs by 10% to 15%, and warehouse and distribution center operating expenses by 6% to 10%.

Last, through network redesign, strategic interventions can reduce transportation costs by 10% to 25% and increase on-time-in-full (OTIF) performance so that it reaches 95% or higher.

REIMAGINING THE FUTURE OF SUPPLY CHAIN MANAGEMENT

The supply chain landscape is rapidly changing as a result of a convergence of major disruptions and the demand for sustainability and resilience. However, businesses that use the framework for supply chain reimagination can elevate themselves to a leading position during this change. Enhancing digitalization, building robust supply chains, controlling costs, and aligning operations with shifting market dynamics are all possible for firms that take a comprehensive approach and make full use of technology, process excellence, and strategic interventions.

Reimagining the digital supply chain is no longer a choice — it is imperative for businesses seeking long-term success as the business climate continues to evolve. Organizations may maximize the potential of their supply chains and succeed in a complex and dynamic world by reevaluating their strategies and embracing these four pillars, charting a path to increased resilience, sustainability, and autonomous supply networks.

The next article in this series will discuss why green supply chains are the key to long-term value.

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Teeing off to success: OA Global Dominion Cup 2023



Photo from the OA Global Dominion Golf Cup 2023 on Aug. 17, 2023

The first-ever golf event organized by Global Dominion Financing, Inc., the "OA Global Dominion Cup 2023!" was held at Valley Golf Antipolo in Rizal. Beyond the captivating greens and serene landscapes, this event was a tribute to partnerships and shared passions. With the added allure of celebrity presence, business liaisons, thrilling raffles, and a heartfelt birthday tribute to Global Dominion's Brand Ambassador, Singer-Songwriter Ogie Alcasid, the day was etched into the memories of all who were part of it.

"Welcome to the very first OA Global Dominion Cup! We are blessed with wonderful weather and, of course, they're so excited to spend this very first OA Global Dominion," said Ogie Alcasid, birthday celebrant and Global Dominion Brand Ambassador, while welcoming the event's guests.

The OA Global Dominion Cup 2023 unfolded as a meeting ground for visionaries and entrepreneurs. More than a sports event, it served as a crucible of innovation, where 20 thought leaders came together to exchange insights and

discover pathways to mutual growth, with the support of sponsors who believed in the event's vision. Their contributions made the day an unforgettable spectacle.

"I'd like to thank all our guests and our sponsors for coming here today. I wish Ogie the happiest birthday, and I'd like to greet Global Dominion on its 20th anniversary!" exclaimed Robert B. Jordan, Jr., Global Dominion Chief Executive Officer.

Spotted during the event are Michael V. and his wife, Boboy Garrovillo, Ella Nympha, Kiara Montebon, Daniela Uy, Emilio Garcia, Epi Quezon, Ronnie Henares, Bearwin Meily, Jong Cuenco, Monsour Del Rosario, Tonton Gutierrez, Glydel Mercado, Shie Lanuza, Samantha Lopez, Mylene Salonga, and Nani Pazcoguin among the flock of celebrities who attended.

"I'd like to greet a warm happy birthday to my brother, dear friend, our ambassador Ogie Alcasid, *pare* happy birthday! Happy, happy 20th Anniversary of course to Global Dominion — 20 years *na tayong tumutulong sa marami nating mga*

kababayan sa kanilang pag-angat," said Ruben Y. Lugtu II, Global Dominion Chairman of the Board.

As participants left with trophies, memories, and newfound friendships, the event's impact continued to reverberate. Leaving as winners are as follows:

- Nearest to the Pin, 8ft — Bong Fernando
- Longest Drive, 235 yards — Kiara Montebon
- Most Accurate Drive — Bong Fernando and Paolo Martinez
- Guest Division Champion Class A: with gross score 70,

handicap 3 and net score 67 — Juanito Chua

• Guest Division Champion Class B: with gross score 91, handicap 19 and net score 72 — Michelle Packing

• Team Division Champion with 273 points — White Team

Global Dominion team's dedication and commitment to the event are at the core of its success. With the spirit of this year's celebration in mind, everyone eagerly awaits the next chapter of the OA Global Dominion Golf Cup.

"Congratulations to all the winners of the OA Global Dominion Cup, the first in history. We do hope you enjoyed it. It was a fun and perfect day; even the weather cooperated, and we hope to see you again in all future projects and events of Global Dominion Financing," Global Dominion President and COO Patricia Pocco-Palacios stated in an interview.

Global Dominion has been empowering families in achieving their goals and dreams for 20 years now through car collateral loan (Sangla OR/CR), car and truck financing, doctors' loan, and real estate mortgage loan for business owners, with competitive interest rates and convenient payment options.



In photo are Global Dominion Chairman Ruben Lugtu II and Global Dominion Brand Ambassador Ogie Alcasid.

Inflation, from SI/1

However, China Banking Corp. Chief Economist Domini S. Velasquez said higher electricity rates from Meralco may have been offset by lower rates in other provinces like Batangas, Pampanga, and Bohol.

She noted that prices of fish and fruits remained elevated last month and increases in cooking gas prices may have also added to upward inflationary pressures in September.

Cooking gas prices rose by P6.65 per kilogram in September, marking the second straight month of price hikes.

"On a positive note, rice and vegetable prices, which were the primary drivers of food inflation in August, eased due to the mandated rice price cap and relatively favorable weather (i.e., no strong typhoons this month)," Ms. Velasquez said.

Sarah Tan, an economist from Moody's Analytics, noted that rice prices have cooled due to the imposition of a price ceiling in early September. The spike in rice prices was one of the main drivers of inflation in August.

"Notably, the average price of locally produced regular milled rice in Metro Manila has fallen about 20% from its end-August peak," Ms. Tan said.

Starting Sept. 5, the Marcos administration imposed a price ceiling of P41 per kilo for regular milled rice and P45 per kilo for well-milled rice.

Meanwhile, core inflation may have settled at 5.9% in September, Ms. Velasquez said.

If realized, this would be lower than the 6.1% print in August. It would also be the first-time core inflation fell below the 6% level since the 5.9% print in October 2022.

"We won't be surprised if higher oil prices have spilled over to core (inflation) already," Bank of the Philippine Islands Lead Economist Emilio S. Neri, Jr. said.

For the rest of the year, ANZ Research economist Debalika Sarkar said global oil prices may remain elevated amid tight supply.

"While some effort has been made to stabilize domestic food prices, domestic retail pump prices continue to adjust to global oil price movements," she said. "The low oil inventory also implies a faster pass-through in the absence of adequate fiscal controls."

Ms. Sarkar said another round of transport fare hikes, which may be implemented in November, could further add upward pressure on inflation.

"Overall, we do not see the monthly inflation print falling back below 4% year on year this year," she said.

The BSP earlier said it still sees inflation falling within the 2-4% target in November, but raised its average inflation forecast for 2023 to 5.8% (from 5.6% previously).

Philippine National Bank economist Alvin Joseph A. Arogo said it is still possible for the headline print to fall within the target by fourth quarter if inflation will not accelerate past 5.5% in September.

"However, the risk to this view is elevated due to El Niño, typhoons, oil production cuts, and prolonged Russia-Ukraine war," Mr. Arogo said.

On the other hand, Patrick M. Ella, economist at Sun Life Investment Management and Trust Corp., said inflation may return to the 2-4% target range by the first quarter next year instead, and not in the fourth quarter as previously expected.

A surge in consumer spending ahead of the holiday season in the fourth quarter may put the 2-4% target range out of reach, Colegio de San Juan de Letran Graduate School Associate Professor Emmanuel J. Lopez said.

Barring any new shocks, Ms. Velasquez said inflation is still on track to return to the 2-4% target band in the fourth quarter.

"Hence, we think that the BSP can still keep its policy rate on hold at 6.25% this year, especially if third-quarter GDP (gross domestic product) comes out weaker than anticipated," she said.

The PSA will release the third-quarter GDP data on Nov. 9.

The Monetary Board has kept its key interest rate at 6.25% for a fourth straight meeting last month. This was after it hiked policy rates by 425 basis points from May 2022 to March 2023.

Ms. Velasquez noted that recent supply shocks to inflation could be addressed by non-monetary measures.

"However, we are cognizant that another rate hike in November is a live possibility if the peso weakens further given another Fed rate hike," she added.

The US Federal Reserve earlier signaled it would keep rates higher for longer, even as it opted to keep the target Fed funds rate unchanged at 5.25-5.5% at its meeting last month.

The Fed's next meeting is from Oct. 31 to Nov. 1, while the BSP is scheduled to discuss policy on Nov. 16.