PEZA
from S1/1

Economic managers are targeting 6-7% gross domestic product (GDP) growth this year.

The PEZA also expects four more economic zones, with a total investment of P773.96 million, to be proclaimed before the end of the year.

To date, the PEZA hosts 422 economic zones and 4,352 locator companies and projects.

CREATE AMENDMENTS

Meanwhile, Mr. Panga said the agency is working with several business groups on the proposed amendments to the CREATE law.

At the IT & Business Process Association of the Philippines (IBPAP) Infrastructure Series at LIMA Estate, he said that PEZA is still seeking to have work-from-home (WFH) eligibility for its locators.

"We need to do something about the WFH... We are asking for PEZA locators to be given the chance to do WFH," said Mr. Panga. "But also, to support the IT developers putting up costly IT centers, our business model is 70% on-site and 30% WFH for our locators to be able to enjoy the incentives."

Under Section 9 of the CREATE law, a qualified registered project or activity under an IPA administering an economic zone shall be exclusively operated within the geographical boundaries of the zone. Any project or activity conducted outside the geographical boundaries of the zone shall not be entitled to the incentives.

Mr. Panga said that there is a need to update the CREATE law in order for PEZA to be given an "equal footing" as the Board of Investments (BoI) can provide incentives for IT and business process management firms with up to 100% WFH scheme.

From January to October, PEZA-approved locator investments under the IT sector reached P7.13 billion which comprised 36 projects and 1.05 million direct employment. It also approved 13 developer projects under the IT sector with total investments worth P36.07 billion.

Mr. Panga said PEZA is consulting the IBPAP, Semiconductor and Electronics Industries in the Philippines Foundation, Inc., and Philippine Ecozones Association on the proposed CREATE amendments that will be given to Congress.

He said the proposed changes to the law would include a longer sunset period, separate Customs territory status, removal of the cap for tax- and duty-free importation and investment threshold of IPAs, and longer fiscal incentives period.

"The 10-year sunset period is so short for existing locators, even the 17 years for existing registered business enterprises," Mr. Panga said.

"Imagine if that time comes, it will be graduated to the regular corporate income tax (CIT) rate and we are up against ASEAN (Association of Southeast Asian Nations) economies offering a much lower CIT rate. That would surely signal exodus of our existing locators," he added.

On the investment threshold for IPAs, he said that PEZA has been approving projects with investments far bigger than the current cap.

"It is delaying the process, it takes longer to approve big-ticket projects, so these have to be addressed by the government," he added. — **Justine Irish D. Tabile**

Foreign borrowings,
from S1/1

Latest data from the central bank showed the country's outstanding external debt increased by 9.5% to $117.918 billion at end-June from $107.692 billion a year ago.

However, it dipped by 0.8% from the record $118.812 billion seen at the end of March.

This is equivalent to 28.5% of the country's gross domestic product, easing from the 29% ratio as of end-March.

The government plans to borrow P2.207 trillion this year, of which 75% will be sourced locally. Broken down, P1.654 trillion will be sourced domestically and P553.5 billion will come from overseas. — **Keisha B. Ta-asan**

Maharlika,
from S1/1

Under BSP regulations, all investments of banks, be it to allied or non-allied undertakings, will be fully charged against a bank's capital. This means the investment of DBP and LANDBANK in the MIF will be deducted from the banks' capital when they compute their capital adequacy ratio.

This ratio compares the available capital that a bank has on hand to its risk-weighted assets, which measures the risk profile of the lender's lending and investing activities. The more risk a bank is taking, the more capital it will be required to have to protect depositors.

"The MIF implementation is also starting on the wrong foot, with contributing GFIs already asking for capital relief this early in the game. It reflects the lack of foresight of government," Enrico P. Villanueva, senior lecturer of economics at the University of the Philippines Los Baños said in a text message.

Filomeno S. Sta. Ana III, coordinator of Action for Economic Reforms, said that the consequences of the fund are now becoming apparent.

"Sound, prudential banking practice is sacrificed. National Government spending is sacrificed. But how society will benefit from funds transferred to Maharlika remains muddled," he said via Facebook Messenger chat.

Sonny A. Africa, executive director of think tank Ibon Foundation, said that requiring the state banks to contribute to the fund is "fundamentally problematic" since it diverts them from fulfilling their primary mandate of providing financing to rural producers and smaller enterprises.

"The promise of financial returns from the Maharlika fund is a specious justification that, moreover, raises the risk profile of these government financial institutions. It is unlikely that, before the Maharlika fund, they would have invested in similarly risky instruments. Their ability to absorb financial losses is being compromised," Mr. Africa said in an e-mail.

In a statement on Sunday, the LANDBANK said it remains "strong, adequately capitalized, and compliant with regulatory requirements of the BSP."

As of June, the bank's capital adequacy ratio (CAR) stood at 16.61%. LANDBANK noted this was a "very healthy level" and above the 10% minimum requirement of the BSP.

LANDBANK also said that it will meet its CAR requirements even with its P50-billion contribution to the MIC.

"Our Common Equity Tier 1 (CET 1) ratio stands at 15.73%, also compliant with the 10.25% CET 1 requirement," it added.

Last week, President Ferdinand R. Marcos, Jr. signed an executive order slashing LANDBANK's remittances to the National Government to 0% of its net earnings from 50% previously.

DBP's Mr. De Jesus said that the bank is also requesting for a similar dividend relief.

"We need to reduce the mandated dividends to the National Government to 0% so we can use the funds to build up our capital position. This will allow us to book more loans and fulfill our mandate of developmental financing," Mr. De Jesus said in a Viber message.

Finance Secretary Benjamin E. Diokno earlier said that the MIC is expected to be operational by the end of the year and will begin market activities by the first quarter of 2024.

SEC 'actively monitoring' any market links to insider trading

THE SECURITIES and Exchange Commission (SEC) has called on the public to report suspected instances of insider trading as it scrutinizes market activities to further strengthen investor protection, an official of the agency said.

"I can relay that the SEC's Enforcement and Investor Protection Department (EIPD) is actively monitoring the markets. We have the appropriate machines, among other things," SEC Commissioner Kelvin Lester K. Lee said during a roundtable in Makati City last week.

He made the statement when asked about the matter, to which he said the commission has people monitoring and studying any activities linked to insider trading.

"We would welcome if the public has any complaint or formal report. Please do send us. That would help move across any investigation on our part," he added.

Mr. Lee added that the probe on telecommunications giant PLDT Inc. continues, under Capital Markets Integrity Corp. (CMIC), the independent audit, surveillance and compliance arm of the Philippine Stock Exchange.

"As I understand, it is still being studied at the CMIC level. But the SEC's Markets and Securities Regulation Department (MSRD) is coordinating with them or at least it is being updated," Mr. Lee said.

In December last year, the SEC started its investigation on possible insider trading after PLDT disclosed an estimated P48-billion budget overrun over a four-year period, as well as the "selloff in shares" prior to the disclosure.

PLDT attributed the overspending to site rollout, transport projects, and ports rollout.

SCAM ADVISORIES

Meanwhile, SEC Chairperson Emilio B. Aquino said SEC warning advisories have increased in recent years. He did not give specific numbers.

"In 2018 when I came in, we averaged 25 advisories per year. In 2019, it went up to 50. In 2020 to 2021, the average was about 150 advisories. This is not because there is a rise in actual scams. It is just because our enforcers are more vigilant," Mr. Aquino said.

According to Mr. Aquino, the increase in the investment scam advisories was due to the SEC's stronger monitoring as well as a wider coverage to protect overseas Filipino workers (OFWs).

"The [number of] advisories have gone up because we are not just monitoring local [scammers] but also global scammers to protect our OFWs who are dollar earners. We do regular sweeps of the internet just to make sure. It doesn't mean that if the SEC did not issue an advisory, there are no scammers," Mr. Aquino said. — **Revin Mikhael Ochave**

Data service provider Lingaro keen on PHL expansion

DATA SERVICES provider Lingaro targets to expand its presence in the Philippines, its top official said, as he outlines the company's plan to sustain growth.

"2021 and 2022 were pivotal for us. We expanded globally and acquired over 20 new clients," Sam Mantle, chief executive officer of Lingaro said in a media briefing last week.

The company said it is aiming to help companies in their digital transformation journey, Mr. Mantle said, adding that Lingaro is also diving into sustainability in line with the United Nations' goals on sustainability.

"We have several new initiatives and projects in the pipeline, including a focus on sustainability in alignment with the United Nations' Sustainable Development Goals," he said.

Lingaro is also seeking to establish a data platform tapping artificial intelligence, which describes as a data warehousing solution that processes data for companies.

"We have always been driven by a strong sense of purpose — to deliver innovative and award-winning solutions to our global partners," Mr. Mantle said.

Headquartered in Warsaw, Mazowieckie in Poland, Lingaro is an end-to-end data services partner to brands and enterprises.

It offers technology solutions such as supply chain analytics, consumer analytics, digital commerce, green enterprise analytics and consulting services to companies. — **Ashley Erika O. Jose**