EU GSP+ terms for PHL still subject to revision

By Justine Irish D. Tabile
Reporter

EUROPEAN UNION (EU) legislators are looking to update the Generalised Scheme of Preferences Plus (GSP+) available to the Philippines, after the current deal had been extended for four years with no changes.

"It is the current scheme which has been extended. We will continue to discuss within the EU on the follow-up scheme, but for the time being, there has been this extension," Philip Dupuis, head of trade of the EU Delegation to the Philippines, said on the sidelines of the EU-Philippines Partnership Conference on Tuesday.

"The extension means that we will continue with exactly the current rules. Once we have a follow-up regulation, then we may have new or additional conditionalities," he said.

Asked why has the EU decided to extend the current scheme, Mr. Dupuis said: "The reason is that this follow-up regulation is still under discussion within the EU and between the legislators — the Council and the Parliament."

"And the reason why the current one was prolonged is because everybody realized that this discussion will need more time," he added.

Mr. Dupuis said that the four-year extension of the GSP+ was formally approved by the EU one or two weeks ago.

"Since the current GSP regulation would have expired at the end of December, there would have been no legal basis for preferential exports from the Philippines and other countries; therefore, it was necessary to have prolongation," he said.

The Philippines participates in the EU's GSP+, a special incentive arrangement for low and lower middle-income countries. It charges zero duty on 6,274 Philippine-made products.

Under the current scheme, eligible countries such as the Philippines will have to sign on to 27 international conventions on human rights, labor rights, climate action and good governance.

The Philippines was threatened with the loss of its GSP+ status during the Duterte administration due to European concern over extrajudicial killings and alleged human rights violations.

The Duterte "war on drugs" was condemned by the European Parliament in a resolution passed in February 2022. It asked the country to act on human rights abuses under threat of losing GSP+ privileges.

With the four-year extension, Philippine participation in the GSP+ scheme will run through 2027.

Meanwhile, Mr. Dupuis said that there is still room for the country to expand its utilization of the trading scheme.

"Utilization by the Philippines... has been relatively good. I think we are utilizing two-thirds of the eligible exports, more or less, if I remember well, but it could be better," he said.

He said Philippine exporters must examine whether exporters have the capacity to tap European markets, as against other markets that they may be nearer to or more familiar to them.

"There is a lot of work for us to do in terms of making the European buying market better known, but the companies also need to inform themselves because all the materials are there," he said.

"Obviously, if you are satisfied with your exports to Japan and the US then you don't necessarily look at the EU market. But I think the potential is there, there is a potential to grow for Philippine companies in Europe," he added.

He said that the extension would not necessarily mean greater use of the scheme.

"We hope that the current users will have an improved sense of security in continuing to use it... we have some sectors where (GSP+) is quite important, like electronics and tuna, so they should be able to continue to use it," he added.

UAE investments could double with IPPA ratification

INVESTMENTS from the United Arab Emirates (UAE) could double next year after the ratification of the Philippines-UAE Investment Promotion and Protection Agreement (IPPA), according to the Department of Trade and Industry (DTI).

"Just the mere fact that we have ratified the IPPA would significantly increase our investments from the UAE. I think we can expect that investments could easily double by next year," Trade Undersecretary and Board of Investments (BoI) Managing Head Ceferino S. Rodolfo said at a briefing on Monday.

President Ferdinand R. Marcos, Jr. signed the Philippines-UAE IPPA on Nov. 29. The agreement had been signed by the UAE on June 9, 2022 in Dubai.

Trade Secretary Alfredo E. Pascual called IPPAs modern, business-friendly and comprehensive agreements to protect and facilitate investment.

"I look forward to the implementation of the agreement, especially as both sides are exploring other possible investments and cooperation in areas like renewable energy, research and development, and skills development," Mr. Pascual said.

The IPPA is expected to create favorable conditions for UAE investment. It covers national treatment, most-favored nation treatment, transfers, freedom from expropriation, and access to investor-state dispute settlement mechanisms, among others.

The Philippines is also expected to tap the $680-billion sovereign wealth fund run by the Dubai Investment Authority, according to BoI Governor Marjorie O. Ramos-Samaniego.

"With the ratification, our investment promotions are now in full swing. It is important to note as well that the sovereign wealth fund of the UAE, which is under the Dubai Investment Authority, is almost $680 billion in assets. It is now high time that we go for it to place investments in the Philippines," she said.

Special Envoy of the President to the UAE for Trade and Investments Norman Vincent L. Wee said the UAE is currently moving invest in developing countries.

"The Emiratis have a very positive experience with Filipinos in their country. They have welcomed our countrymen in their businesses and homes, and consider us the country they are closest to in Asia," he said in a statement.

"In the last few years, the UAE has been investing in other developing countries, and the Philippines has to take advantage of this trend so that more than just a destination for our OFWs; the UAE can become a source of investment funds and financing," he added.

Meanwhile, Mr. Rodolfo added: "It is now time to establish the Joint Committee on Investment for collaboration on investment areas of mutual interest," he said. — **Justine Irish D. Tabile**

Rice import deadline reduced to 30 days

THE Department of Agriculture (DA) said rice traders must now observe a 30-day deadline to bring in their rice imports, counting from the date of the issuance of the Sanitary and Phytosanitary Import Clearance (SPSIC).

Memorandum Circular (MC) 53 signed by Agriculture Secretary Francisco Tiu Laurel, Jr. amends MC 43, which had given most ASEAN imports 60 days to arrive in the Philippines, and 90 days for grain from Myanmar and other countries.

The new deadline is "30 days, regardless of the country of origin," according to MC 53.

The DA said all the grain shipments are still subject to plant quarantine procedures upon arrival at Philippine ports.

The DA projects rice imports to come in under the 3.8 million metric tons (MT) forecast of the US Department of Agriculture.

In October, the Indian government allocated a 295,000 MT quota for non-basmati white rice to the Philippines.

The DA said importers must fully utilize their SPSICs under threat of sanction for non-compliance.

"Low or no utilization of SPSICs may result in sanctions and penalties in accordance with the guidelines, as this can create discrepancies in the forecasting being done in relation to the availability of rice," it added.

Mr. Laurel told a House of Representatives committee earlier that he had instructed traders to use up permits for an additional 1 million MT of rice, also within 30 days, to bolster supply.

As of Nov. 16, rice imports amounted to 2.93 million MT, according to the Bureau of Plant Industry.

"The (DA) recognizes the need to ensure enough supply and buffer stock to ensure availability, accessibility and affordability of safe rice," it said.

The rice inventory was 2.04 million MT in early October, according to the Philippine Statistics Authority.

The DA estimates a rice harvest this year of 20 million MT, which would exceed the 19.76 million MT posted in 2022.

Sought for comment, Samahang Industriya ng Agrikultura Executive Director Jayson H. Cainglet said that the memorandum will "weed those importers with low or no utilization."

"The real problem is that prices where we import most of rice (Thailand and Vietnam) continue to increase... The folly of relying on the vagaries of the world market has once again been exposed," Mr. Cainglet said in a Viber message. — **Adrian H. Halili**

DTI signs creative industry development agreement with Ayala Malls, SeeMeCV

THE Department of Trade and Industry (DTI) said on Monday that it signed a memorandum of understanding with Ayala Malls and recruitment solutions provider SeeMeCV Pte Ltd. to support the department's programs to develop the creative industry.

The partnership was signed at this year's Mindfacturing and Creativity Summit.

SeeMeCV is a Singapore-based software as a service company that provides recruitment and candidate management solutions to employers, recruiters, and educators.

"Central to the DTI's industrial transformation agenda is the need for upskilling and reskilling initiatives and innovative programs that would address the job-skills mismatch," Trade Secretary Alfredo E. Pascual said.

"SeeMeCV has long experience in Singapore in matching talent with jobs and jobs with talent. So, that successful experience in another country gives us the assurance that they will be able to replicate the success in the Philippines," he said.

Under the partnership, SeeMeCV will provide a platform for job matching to help both job seekers and employers.

Trade Undersecretary Rafaelita M. Aldaba said that the department is targeting for the platform to come online next year.

"As early as possible of course but we still have to discuss a lot of things, like how it will be funded," Ms. Aldaba said.

She said that the project will be funded through a public-private partnership and that the DTI is currently in discussions for funding. — **Justine Irish D. Tabile**

NGCP sees Cebu-Bohol 230-kV link project completed in 2024

THE National Grid Corp. of the Philippines (NGCP) is targeting operations by next year for the Cebu-Bohol 230-kilovolt (kV) interconnection project.

"Right now, we have completed the laying of the submarine cable, and we are working towards completion of the substation and transmission lines. So, the target is by next year, 2024," Michael R. Baylosis, head of the Visayas System Planning Division of NGCP, said in a virtual energy investment forum on Tuesday.

In June last year, the Energy Regulatory Commission approved Option 1 of NGCP's proposed project worth P19.61 billion.

The Cebu-Bohol interconnection project connects the two islands via double-circuit 230-kV submarine cables.

The link will head off overloading of the Leyte-Bohol 138-kV submarine cable and provide Bohol Island with another source of power. — **Sheldeen Joy Talavera**

New PCCI head pledges to work to improve investment climate

ENUNINA MANGIO, the newly elected president of the Philippine Chamber of Commerce and Industry (PCCI), said she is committed to improving the investment climate for both domestic and foreign investors.

"I am honored by the trust and confidence that my colleagues in the PCCI have entrusted in me. I will do my best to serve the chamber movement and represent the organization in the local and global arena," said Ms. Mangio in a statement on Tuesday.

Ms. Mangio is the owner of several businesses such as the Samgyeop Masarap chain of restaurants and is the current vice-president for Regional Affairs of the trade group, which has 30,000 members.

She was unanimously elected by the incoming 20-member board at the organization's annual meeting on Friday.

Ms. Mangio, who is also an Honorary Consul of the Republic of Liberia, will be the third woman president of the business group since its inception in 1978.

According to the PCCI, the next president also promised to "continue the work that her predecessor started and committed to proactively work with the National Government in attracting local and foreign investors."

She will support programs that will create more business and generate jobs. — **Justine Irish D. Tabile**

Alternative railway loans still pending after stalled China ODA

THE Department of Transportation (DoTr) said on Tuesday that it is still seeking out funding partners to develop three railway projects initially set to be financed by Chinese loans.

"We are exploring other development partners for each of these three projects so that we have an alternative considering that we were not able to get financing from the Chinese side on these three rail projects," DoTr undersecretary Timothy John R. Batan told a joint congressional hearing looking into delays in projects funded by official development assistance (ODA).

The Philippines withdrew its request for ODA from China for the three railway projects due to a lack of progress on the financing decision.

Transport Secretary Jamie J. Bautista has said the government might tap ODA from Japan, South Korea, or India to fund the Philippine National Railways (PNR) South Long-Haul line, the Mindanao Railway, and the Subic-Clark Railway — to replace Chinese funding.

Despite delays in funding, Mr. Bautista has said the DoTr expects to complete these railway projects by the end of 2028.

Mr. Batan noted that the delayed Chinese loans are worth about $1.7 billion. The DoTr has an ongoing P10-billion loan for a consultancy contract for the P142-billion South Long-Haul project.

The DoTr said last month the government will wait until the end of December for the Chinese government to decide on approving the loan for the South Long-Haul line.

"Since we already have one loan with China for the South Long-Haul, the direction is to give a little more time to China to act on and approve our loan application," Mr. Batan said.

In February 2022, the previous administration awarded to China Railway Design Corp. a contract to construct the PNR project. State-owned Export-Import Bank of China has not confirmed whether it will approve the loan request.

The project consists of a 560-kilometer rail line that will connect Metro Manila to Southern Luzon. — **John Victor D. Ordoñez**

Breeding program, tech upgrades urged for dairy industry

FARMERS said the dairy industry requires a breeding program and technical upgrades to service growing demand, which is currently overwhelmingly met by imports.

The Philippine Chamber of Agriculture and Food, Inc. (PCAFI) said "there is an urgent need to fund a comprehensive breeding program and hiring of technical personnel and support imports of high-quality parent stock to build up the herd."

The Philippines currently imports about 99% of its dairy requirements.

"For the past 45 years we have been at 1%. Maybe we need to focus (more on dairy) especially on the budget," PCAFI President Danilo V. Fausto said.

According to the National Dairy Authority, the Philippines imported 4.46 million metric tons (MT) of dairy products during the first half.

The US Department of Agriculture estimates that imports of dairy will continue to rise 3% to 3.5 million MT in liquid milk equivalent in 2024, in line with the continued increase in demand.

During the third quarter, dairy animal numbers rose 2.3% to 98.88 thousand head, according to the Philippine Statics Authority. Dairy goats accounted for 36.6%, followed by carabaos with 33.2% and cattle 30.1%.

"The dairy sector is a low hanging fruit. It has the highest performance in the agriculture sector with 15.35% average growth for 2022," PCAFI said.

"With appropriate support from (the) government through more funding, it can contribute tremendously to the growth of the economy," it added.

The dairy industry development program has been allocated P218.03 million for next year.

Additionally, Mr. Fausto said milk feeding programs have been frozen during the second half.

"There is a problem with the milk feeding program, which is the main market of dairy farmers. It has not been implemented for the second half. There's been zero programs," he added. — **Adrian H. Halili**

Regional central banks warned of possible inflation resurgence

CENTRAL BANKS must calibrate their policies to ensure price stability with a possible resurgence in inflation, the ASEAN+3 Macroeconomic Research Office (AMRO) said.

"It is still too early to claim victory over inflation in the region. Upside risks to inflation remain. A tight labor market and the lagged effects of high inflation could push up wages and in turn spur inflation. The recent uptick in commodity prices poses another risk that could keep inflation high for longer," it said in its Asean+3 Financial Stability Report 2023.

Headline inflation in the Philippines eased further to 4.1% in November, against the 4.9% posted in October and 8% a year earlier.

However, this marked the 20th straight month of inflation breaching the central bank's 2-4% target band.

"The pace of this inflation has been differentiated across economies with some countries still seeing inflation picking up recently. Some are seeing inflation still above target and some are seeing sticky core inflation," AMRO Group Head and Lead Economist Kevin Cheng said in a webinar on Tuesday. — **Luisa Maria Jacinta C. Jocson**

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