DoJ reviewing ecozone plan for Palawan penal colony

THE Philippine Economic Zone Authority (PEZA) said that its proposal to construct an economic zone in Puerto Princesa, Palawan is under review by the agency controlling the land, the Department of Justice (DoJ) said.

"We have a draft memorandum of agreement. It is being reviewed by the DoJ... we are excited to go into this," PEZA Director General Tereso O. Panga told reporters last week.

PEZA had proposed the construction of a major public ecozone within the 26,000-hectare Iwahig Prison and Penal Farm in Puerto Princesa.

"It's about time we ventured into our fifth public economic zone," Mr. Panga added.

PEZA currently has public ecozones in Cebu, Baguio, Cavite and Pampanga.

Earlier, Mr. Panga said that the Palawan site will focus on manufacturing, specifically targeting car and electric vehicle companies.

Mr. Panga said PEZA could also contribute to the reform of prisoners within the correctional facility.

"If you make these people productive, it can be part also of their (rehabilitation)," he added.

He said PEZA is also planning to engage subdevelopers for the 26,000-hectare site.

Separately, PEZA said it currently has six pending ecozones waiting the approval of President Ferdinand R. Marcos, Jr.

These include the Suyo Economic Zone in Ilocos Sur and the MetroCas Industrial Estates-Special Economic Zone in Cavite, which will be mainly focus on manufacturing. — **Adrian H. Halili**

Palace extends low-tariff regime on rice, other key commodities

PRESIDENT Ferdinand R. Marcos, Jr. has issued an executive order extending the low-tariff regime for imports of rice and key food commodities until the end of next year, citing the need to take action against inflation and any shortages caused by El Niño.

The Palace said on Tuesday that Executive Order 50, signed by Executive Secretary Lucas P. Bersamin on Dec. 22 in the President's name, kept the tariff for imports of pork at 15% for shipments within the minimum access volume (MAV) quota. The rate is 25% for those over the quota.

The tariff for rice imports will stay at 35% regardless of source or volume. The 35% rate had originally applied only to grain from Southeast Asia.

Rates for corn will be kept at 5% for imports within the MAV quota and 15% for those exceeding the quota.

"The present economic condition warrants the continued application of the reduced tariff rates on rice, corn, and meat of swine (fresh, chilled or frozen) to maintain affordable prices for the purpose of ensuring food security, manage inflationary pressures," the President said in the order.

He added that the extension will help diversify the source markets for these commodities and stabilize food prices ahead of any droughts and dry spells that may emerge next year and as the hog market continues to recover from the African Swine Fever outbreak.

The order calls for a review of tariff rates on pork, corn and rice would be reviewed every six months.

The Committee on Tariff and Related Matters will also review the tariff rate on coal on an annual basis, instead of every six months.

The National Economic and Development Authority on Dec. 14 endorsed the one-year extension of the lower tariff rates to Mr. Marcos during a Cabinet meeting, citing the need to contain inflation.

Headline inflation in November eased to 4.1%, the 20th straight month that it breached the Bangko Sentral ng Pilipinas (BSP) target band.

Inflation averaged 6.2% in the first 11 months of 2023, still above the BSP's 6% full year forecast.

In September, rice inflation surged to 17.9%, the highest rate since March 2009, which led to the government's imposition of a price ceiling for a month.

Calixto V. Chikiamco, president of the Foundation for Economic Freedom, said the government should also lower tariffs on both in-quota and out-quota volumes of products since higher tariffs would still apply on other food items.

"We need a vigorous response to the onset of El Niño by encouraging more imports to address the increasing malnutrition of Filipino children and to arrest food inflation," he said in a Viber message.

Science and Technology Secretary Renato U. Solidum, Jr. has said that a strong El Niño is expected to set in from the end of December to January, adding that its effects would be felt until May.

The peak of El Niño is expected to hit in April, with about 63 provinces to feel its effects in the form of droughts or dry spells, he said.

The government weather service, known as PAGASA (Philippine Atmospheric, Geophysical and Astronomical Services Administration), defines a drought as three consecutive months of below-normal rainfall or two straight months of significantly below-normal rainfall. A dry spell means two straight months of below-normal rainfall.

"Importing food is a solution when domestic supplies finally falter from bad drought due to El Niño," Jose Enrique A. Africa, executive director of the think tank Ibon Foundation, said in a Viber message.

"Such imports should only be a last resort especially for our staple foods, and the real issue is what the Marcos administration is doing to improve domestic agricultural productivity."

He said cheaper imported food might "disincentivize" producers from boosting production and would further "erode self-sufficiency."

Earlier this month, Mr. Marcos ordered the Department of Agriculture to study the potential effects of El Niño on the prices of agricultural products to allow agencies to prepare countermeasures.

The data would be put in an online interagency database to aid in the government's efforts to address the effects of El Niño.

The President had also ordered the country' task force on El Niño to come up with measures to effectively manage energy and food supplies to brace for the impending dry periods. — **John Victor D. Ordoñez**

Farmers see rice output falling next year due to El Niño impact

By Adrian H. Halili *Reporter*

FARMERS are expecting a decline in rice production next year due to the expected dry spells arising from El Niño.

"The biggest factor affecting next year's output will be El Niño (depending on) severity and timing," Leonardo Q. Montemayor, chairman of the Federation of Free Farmers, told *BusinessWorld*.

Rizal Commercial Banking Corp. Chief Economist Michael L. Ricafort added that the resulting dry spells could have inflation implications.

"Reduced rainfall could reduce the production of rice and agricultural products, thereby leading to some pick up in prices," Mr. Ricafort said in a Viber message.

El Niño is projected to enter a stronger phase in January, persisting until May, according to the government weather service, known as PAGASA (Philippine Atmospheric, Geophysical and Astronomical Services Administration).

PAGASA has said that drought or dry spells may be experienced by about 63 provinces during the period.

"The first three out of four months of the crop production cycle for palay needs a lot of water, so a dry episode during this period will affect yields and output," Mr. Montemayor added.

He said dry season crops would mainly benefit from the dry spells brought about by the weather phenomenon.

"If the drought episode occurs during the 2nd quarter as announced by PAGASA, it will be good for the dry season crop that is harvested in March-April, but bad for the wet (main) crop that normally starts in May and is harvested in October to December," he added.

He said that unlike dry season crops which are mostly irrigated, "a significant portion of the wet season crop is dependent on rain."

Production of palay or unmilled rice is expected to come in at 7.32 million metric tons (MT) during the fourth quarter, according to the Philippine Statistics Authority.

The Department of Agriculture has projected palay production in 2023 of 20 million MT.

Mr. Montemayor said that the government should have earlier invested in water impounding and rain harvesting projects to mitigate the effects of the El Niño.

"Right now, some dams are releasing excess water, and this could have been saved for future needs. In areas where water availability is low, farmers will have to be assisted in growing alternative crops," he added.

The Department of Environment and Natural Resources said last week that water in reservoirs like Angat Dam is expected to be sufficient until May or June of next year, citing a need to conserve water resources.

'Green' aircraft fuel prices likely to remain elevated

THE price of sustainable aviation fuel (SAF) will remain elevated in the coming years as production remains limited, the Department of Energy (DoE) said.

"SAF output is very tight. The aspiration of IATA (International Air Transport Association) is to increase the production to eventually reach net zero," Rino E. Abad, director of the Oil Industry Management Bureau at the DoE, told *BusinessWorld* by phone.

According to a recent IATA report, SAF production next year is expected to triple to 1.88 billion liters or 0.53% of aviation fuel demand. Production was 600 million liters in 2023 and 300 million liters in 2022.

"The doubling of SAF production in 2023 was encouraging as is the expected tripling of production expected in 2024," William M. Walsh, IATA director general of the IATA, said in a statement.

SAF accounted for 3% of all renewable fuel production, with 97% going to other industries, IATA said, adding that this resulted in limited SAF supply while also pushing prices higher.

IATA said SAF output is weighed down by much renewable fuel production capacity being allocated to other fuels.

It said aviation needs at least 25% of renewable fuel production for SAF, which is the level deemed needed to reach net zero carbon emissions in aviation by 2050.

"Until such levels are reached, we will continue missing huge opportunities to advance aviation's decarbonization. It is government policy that will make the difference. Governments must prioritize policies to incentivize the scaling-up of SAF production and to diversify feedstocks with those available locally," Mr. Walsh said. — **Ashley Erika O. Jose**

FULL STORY

Read the full story by scanning the QR code with your smartphone or by typing the link
<tinyurl.com/yr9kbn7x>

Sugar industry seeking to resume exports to US

THE Sugar Regulatory Administration (SRA) is considering allowing sugar exports to the US due to requests from the industry.

"Those producers, millers and traders who are volunteering to export are saying that they can deliver about 30,000 or 60,000 metric tons (MT) of (raw sugar to the US)," SRA Administrator Pablo Luis S. Azcona told reporters last week.

The US has a sugar allocation for the Philippines amounting to 145,235 metric tons raw value for the crop year Oct. 1, 2023 to Sept. 30, 2024.

Mr. Azcona added that about six to eight traders, millers, and producers are currently in talks with the regulator to meet the US quota.

"They think that it is really necessary that the US quota not be lost," he said.

He said farmers have been unwilling to sell their sugar for export to the US, where prices are lower than what they can realize by trading in the domestic market.

"Since it is voluntary, the traders and exporters volunteered. The farmers are not affected here," he added.

Earlier, Mr. Azcona said that the SRA is studying whether to meet the US quota for raw sugar, with industry policy currently geared towards serving the domestic market.

He added that the US quota has not been used in the past three years.

The Philippines shipped about 112,008 MT of raw sugar to the US during the 2020-2021 crop year, according to the SRA.

The regulator has projected a possible 10-15% decline in raw sugar production due to El Niño. Official estimates place production at 1.85 million MT for the crop year.

The SRA issued Sugar Order No. 1 in September reserving the entire crop for domestic use only.

A strong El Niño is projected to continue until January and is expected to persist until May 2024, according to the government weather service, known as PAGASA (Philippine Atmospheric, Geophysical and Astronomical Services Administration). — **Adrian H. Halili**

ANTI-MONEY LAUNDERING COUNCIL

REGULATORY ISSUANCE NO. 2
Series of 2023

Subject : **Amendments to Titles I and VI of the 2021 Anti-Money Laundering/Counter-Terrorism Financing Guidelines for Designated Non-Financial Businesses and Professions**

By the authority vested upon the Anti-Money Laundering Council (AMLC) to implement measures as may be necessary and justified to counteract money laundering, in accordance with Section 7(7) of Republic Act No. 9160, also known as the Anti-Money Laundering Act of 2001, as amended, the Council, in its Resolution No. 242, dated 10 November 2023, approved the following:

Section 1. Title I, Section 2 of the 2021 Anti-Money Laundering/Counter-Terrorism Financing Guidelines for Designated Non-Financial Businesses and Professions (DNFBP Guidelines) is hereby amended to read as follows:

"**Section 2. Scope. –** These Guidelines shall apply to the following DNFBPs:

...

b. Company service providers which, as a business, provide any of the following services to third parties:

1. acting as a formation agent of juridical persons;
2. acting as (or arranging for another person to act as) a director or corporate secretary of a company, a partner of a partnership, or a similar position in relation to other juridical persons;
3. providing a registered office, business address or accommodation, correspondence or administrative address for a company, a partnership or any other legal person or arrangement; and
4. acting as (or arranging for another person to act as) a nominee shareholder for another person;

For this purpose, "business" means engaging in or offering the foregoing services, whether to the public or select customers, on regular or continuing basis, whether for a fee or for free, or as means of livelihood."

Section 2. Title VI, Section 43 of the 2021 DNFBP Guidelines is hereby amended to read as follows:

"**Section 43. Reporting of Covered and Suspicious Transactions. –**

DNFBPs shall file all CTRs and STRs, in accordance with the registration and reporting guidelines of the AMLC. STRs shall cover all transactions, whether completed or attempted.

Lawyers shall report to the AMLC any transaction or unlawful activity that is required to be reported under the AMLA and TFPSA, including CTRs and STRs, pursuant to Section 12, Canon 2 of the Code of Professional Responsibility and Accountability. Lawyers who are engaged in any of the covered services enumerated under Title I, Sections 2(b) and (c) hereof are required to file CTRs and STRs to the AMLC. The same rules apply to the transaction reporting requirements of accountants.

DNFBPs shall report to the AMLC all covered transactions within five (5) working days, unless the AMLC prescribes a different period not exceeding fifteen (15) working days, from the occurrence thereof.

DNFBPs shall promptly file STRs, including attempts thereof, to the AMLC within the next working day from the occurrence thereof.

For suspicious transactions, "occurrence" shall refer to the date of establishment of suspicion or determination of the suspicious nature of the transaction.

DNFBPs shall, through the duly designated approving authority and within the appropriate determination period provided under the ARRG, decide with finality whether to file an STR with the AMLC should the suspicion or suspicious nature of the transaction or activity be duly established or determined, or otherwise to document the non-filing thereof.

Should a transaction be determined to be both a covered transaction and a suspicious transaction, it shall be reported as a suspicious transaction."

Section 3. Title VI, Section 47 of the 2021 DNFBP Guidelines is hereby amended to read as follows:

"**Section 47. Safe Harbor Provision. -** No administrative, criminal or civil proceedings shall lie against any person for having made a covered transaction or suspicious transaction report in the regular performance of his/her duties and in good faith, whether or not such reporting results in any criminal prosecution under the AMLA or any other Philippine law.

When disclosing or reporting covered and suspicious transactions to the AMLC, lawyers engaged in the services covered under Title I, Sections 2(b) and (c) hereof shall not be deemed to have violated the lawyer's duty of confidentiality, pursuant to Section 12, Canon 2 of the Code of Conduct of Professional Responsibility and Accountability."

Section 4. Title VI, Section 48 of the 2021 DNFBP Guidelines is hereby amended to read as follows:

"**Section 48. Exemption from Reporting of Lawyers and Accountants Not Engaged in the Covered Services.–** Lawyers and accountants who are: (a) authorized to practice their profession in the Philippines; and (b) engaged as independent legal or accounting professionals, as defined herein, are not required to file CTRs and STRs with regard to services not covered under Title I, Sections 2(b) and (c) hereof."

For this purpose, "**independent legal or accounting professionals**" refer to lawyers or accountants working in a private firm or as a sole practitioner who, by way of business or occupation, provides purely legal or accounting services to their clients.

"**Purely legal or accounting service**" refers to:

(1) Rendition of purely litigation, notarial, legal counseling, and/or other services not covered under Title I, Sections 2(b) and (c) hereof that can only be undertaken by a lawyer, as a professional; or

(2) Rendition of purely accounting, auditing and/or other services not covered under Title I, Sections 2(b) and (c) hereof that can only be undertaken by a certified public accountant, as a professional."

Section 5. Repealing Clause. All guidelines that are inconsistent with this regulatory issuance are hereby repealed, amended, or modified, accordingly.

Section 6. Effectivity. This regulatory issuance shall take effect immediately after the completion of its publication in the Official Gazette or in a newspaper of general circulation and filing before the Office of the National Administrative Register, University of the Philippines, Diliman, Quezon City.

For the AMLC:

ORIGINAL SIGNED
MATTHEW M. DAVID
Executive Director

10 November 2023