Strong investor demand forecast for setting up PHL BPO operations

THE information technology and business process management industry sees sustained demand for investment in its industry, injecting an element of confidence in its staffing and market share forecasts, the industry association said.

The IT and Business Process Association of the Philippines (IBPAP), whose members are also known as business process outsourcing (BPO) companies), described interest in the Philippines as "continuing," both for prospective and current BPO operators.

IBPAP President Jack Madrid said in a briefing on Wednesday that the major metrics for industry growth are within reach.

"We have achieved our annual targets so far. We are confident that we will cross 1.8 million this year and fairly confident, based on our present trajectory that we will cross 2 million," Mr. Madrid added.

The organization has said that the industry is poised to grow its workforce to 2.5 million by the end of 2028.

In 2023, the industry grew its staffing levels to 1.7 million, producing $35 billion in revenue.

The industry is targeting 7-8% growth in headcount this year, with revenue of $39 billion.

"It is really the demand that we can barely keep up with, but also the very positive demographics that we have," he said. "We will grow, but the question is, can we maximize our growth?"

Mr. Madrid said that the industry is continually facing skills challenges servicing its markets.

"We grew 8% this year maybe we could have grown a little more if we had more talent," he added.

"Our challenge is in supplying the badly needed talent for us to defend and increase our market share," he said.

The market share of Philippines is currently 18% as of the end of 2023, behind India.

"This only highlights how major an economic pillar we are; if we achieve all our goals, we will increase from an 8% contribution (to the economy) to 9%," Mr. Madrid said. — **Adrian H. Halili**

Bid to void Japan trade deal fails as SC rejects waste import claim

THE Supreme Court (SC) has dismissed a petition seeking to void the Senate's concurrence in the Japan-Philippines Economic Partnership Agreement (JPEPA), rejecting claims that the trade deal will facilitate imports of toxic waste.

In a 95-page decision, the High Court said the provisions contained in the Senate-ratified free trade agreement did not violate the Constitution, adding that JPEPA's provisions were above board.

The Initiatives for Dialogue and Empowerment through Alternative Legal Services, Inc. (IDEALS), one of the groups that filed the petition, argued that JPEPA violated the right to health and to a balanced and healthful ecology under the Constitution by allowing the "indiscriminate importation of toxic and hazardous wastes in the country."

"Contrary to the contention of petitioners, the preferential tariff treatment given to these products (scrap and waste, raw materials derived from manufacturing) does not equate to the indiscriminate importation of toxic and hazardous wastes into the Philippines," the SC said.

"JPEPA acknowledges that the parties are entitled to adopt and implement policies necessary to protect the health of their people and the environment."

The tribunal added that former Japanese Foreign Minister Taro Aso had committed not to export toxic waste to the Philippines.

The group said the free trade deal also violated Executive Order No. 156, which governs the motor vehicle development program, for allowing the entry of used four-wheeled motor vehicles into the Philippines.

The court disagreed, saying JPEPA abides by the Land Transportation Office's emissions standards when allowing the entry of used vehicles.

Public consultations were also alleged to be insufficient, failing to consider the views of various stakeholders, the petitioners said.

"These are questions of fact that require a formal trial," the High Court said, referring to the consultation argument.

In a 2002 visit to the Philippines, former Japanese Prime Minister Junichiro Koizumi proposed a framework for a bilateral trade agreement that would lead to the removal of tariffs on certain fruits, vehicles, steel products, electric appliances, and garments.

Negotiations for the trade pact started in February 2004 during the administration of former President Gloria Macapagal-Arroyo. The deal was signed two years later.

The Senate concurred with JPEPA's ratification in 2008 after several hearings conducted by the committees on foreign relations, trade and commerce. — **John Victor D. Ordoñez**

Funding for protective services exceeded P47B in 2023

THE Department of Budget and Management (DBM) said it released P47.5 billion for social aid programs targeted at vulnerable individuals and families in 2023.

The funds supported the Protective Services for Individuals and Families in Difficult Circumstances (PSIFDC) program last year.

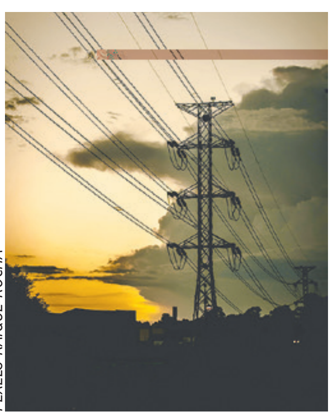
"This substantial funding aimed at providing crucial support to the implementation of the PSIFDC program, which encompasses a range of services intended to alleviate the burdens faced by individuals and families in crisis," the DBM said.

Under the program, medical, funeral, educational, transportation, food, and cash assistance is provided to individuals in crisis situations. It aims to "help Filipinos who find themselves in dire circumstances whether due to illness, loss, or other challenges."

This year's budget allocates P34.27 billion for the program, which is expected to benefit around 3.9 million people.

"We will remain committed to uplifting the lives of our countrymen, especially the most vulnerable, through supporting targeted social assistance programs," Budget Secretary Amenah F. Pangandaman said. — **Luisa Maria Jacinta C. Jocson**

Power generators asked to explain high level of unscheduled outages


PEXELS-KAIQUE-ROCHA

THE Energy Regulatory Commission (ERC) said on Wednesday that it has asked some generation companies (GenCos) to explain why their unplanned outages have exceeded allowed levels.

In a statement on Wednesday, the ERC said it issued 65 notices of noncompliance with orders to explain (NNCOE) on Dec. 29 against some GenCos which had exceeded acceptable limits for unplanned outages.

The reliability index in force since 2020 sets a maximum number per year for planned and unplanned outages, subject to variation by generating plant technology.

A power plant running on pulverized coal has an outage allowance of 44.7 days a year — 27.9 days planned outages and 16.8 days unplanned.

A circulating fluidized bed power plant should not be out of service for more than 29.2 days — including 6.5 days planned and 22.7 days unplanned.

Under a resolution issued by the ERC in 2020, GenCos are required to submit an event report to the Commission for planned and unplanned outages of generating facilities/units, within 48 hours from the event.

GenCos are also required to submit a weekly summary report to the ERC every Tuesday of the following week declaring outage events at their facilities.

"The ERC Resolution was issued pursuant to the Philippine Grid Code that requires a system of recording and reporting of Grid Reliability determined through a set of indicators," the Commission said.

According to the ERC, it has imposed approximately P60 million in penalties against GenCos for violating the reliability index.

"If the generation companies served with 65 NNCOEs are later found non-compliant, the ERC will likewise impose appropriate sanctions and penalties against the erring power firms in accordance with the rules of the Commission," the ERC said.

Separately, ERC Chairperson Monalisa C. Dimalanta has called for amendments to Republic Act No. 9136 or the Electric Power Industry Reform Act of 2001 "to allow the application of penalties imposed on erring power firms as refunds to consumers inconvenienced by the power outages." — **Sheldeen Joy Talavera**

Taxes,
from S1/1

"What we can do for the reform is all new entrants, for example, by Jan. 1, 2025, will have a different pension system similar to what civilians have, that they will contribute now to, let's say, the Government Service Insurance System. There will be a contribution system moving forward," he said.

Mr. Diokno had previously pushed for requiring all MUPs to contribute due to the risk of a "fiscal collapse" from the current system.

Instead of raising taxes, the Finance secretary said the department will be focusing on optimizing the performance of the BIR and BoC through "creativity, transparency, and efficiency in tax and customs administration."

"We have to increase our revenues by 15% this year. That's part of the plan, to be able to finance the National Development Plan or to finance the budget for that matter and to follow our fiscal consolidation plan," he added.

The DoF said it is targeting to raise P4.3 trillion in revenues this year. Broken down, the BIR is expected to generate P3 trillion, the BoC is tasked to collect P1 trillion, and the Bureau of the Treasury (BTr) is expected to raise P300 billion.

Mr. Recto called on the BIR to expedite the implementation of the Ease of Paying Taxes Act; ensure efficient taxpayer service and intensify its tax enforcement and compliance efforts.

To further boost revenue generation, he said that both agencies must "put an end to corruption" and accelerate digitalization programs.

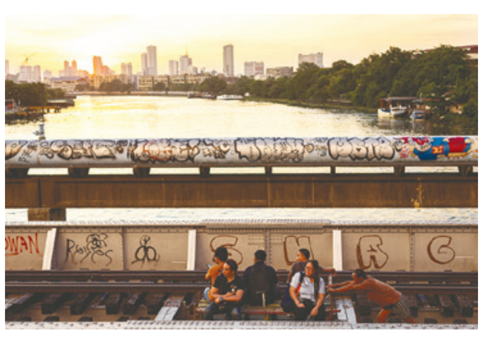
ADDRESSING INFLATION

Inflation remains the "most urgent concern" that the government must address, Mr. Recto said, citing growing geopolitical tensions and trade restrictions.

"It's imperative that we find ways and means to reduce inflation. Now, there are two ways of doing that. One is the Monetary Board, to address demand inflation... the other is the response of the government, particularly in food and agriculture. We have to increase our productivity in agriculture to address inflation," he added.

Mr. Recto took his oath as a member of the Monetary Board on Monday, filling the last spot on the central bank's seven-member policy-making body.

The Monetary Board will hold its first policy meeting this year on Feb. 15. The benchmark rate is currently at a 16-year high of 6.5%, after the BSP hiked rates by 450 basis points since May 2022.


REUTERS

PEOPLE ride a trolley on a train track in Manila, Philippines, July 6, 2023.

"I'm not saying that the central bank will reduce interest rates, but if inflation does go down, then naturally, the central bank will reduce interest rates," Mr. Recto said.

'MANAGEABLE' DEBT

Mr. Recto said he is "not that much concerned" about the current level of the National Government's (NG) outstanding debt.

"It's not the size of the debt, but your ability to pay (that is important). Nominally, the debt looks high (but) it's roughly 60% of gross domestic product (GDP), but which is very manageable," he said.

The NG's total outstanding debt hit P14.51 trillion as of end-November. Debt as a share of GDP stood at 60.2% at the end of the third quarter, still slightly above the 60% threshold considered by multilateral lenders to be manageable for developing economies.

"I think we're on track to bringing that debt-to-GDP ratio down. But I don't think we should sacrifice growth in the process. I think the best way to grow the economy, or the best way to raise revenue, is to grow the economy and to expand the tax base. So, we will endeavor to do that," he said.

Asked about his thoughts on calls for Charter change, Mr. Recto, a former congressman and senator, said that he supports the rationale behind the push to open up more segments of the economy.

"Frankly speaking, that is a prerogative of Congress. If you look at the Constitution, the Executive branch has no role there. Having said that, there are segments in society that think that you need to further liberalize the economy. That's why they're pushing for amendments in the economic provisions of our Constitution. I support that initiative," he said.

"Personally, I've not gotten instructions from the President, but I think the President, to attract more investments, would be amenable to amend the Charter, to liberalize further the economy," Mr. Recto added.