

La Niña effects expected to be more pronounced toward late 2024

THE government weather service, known as PAGASA (Philippine Atmospheric, Geophysical and Astronomical Services Administration), said on Thursday that rains associated with La Niña may become more pronounced towards the end of the year, even though the weather phenomenon's onset could come as early as June.

"We are seeing a higher possibility of La Niña to develop in June, but its effects may be seen during the later parts of the year," Nathaniel T. Servando, PAGASA administrator, said in a briefing.

Mr. Servando added that the likelihood of La Niña occurring is 55% in June, July, and August, triggering the issue of a La Niña Watch bulletin.

According to PAGASA, La Niña is characterized by "unusually cooler than average sea surface temperatures (SSTs) in the central and eastern equatorial Pacific (CEEP)."

He added that El Niño has started to weaken as it transitions to an ENSO-neutral (El Niño-Southern Oscillation) state in April, May, and June.

Weather conditions that are neither El Niño nor La Niña are considered to be ENSO-neutral.

"Despite the weakening of El Niño, we are expecting its effects to still be felt in the next few months," he said.

In an advisory, PAGASA said 25 provinces in Luzon and five in the Visayas have the potential to develop

drought conditions, while 22 may potentially experience dry spells. A further 15 may experience dry conditions.

"The warm and dry season will commence in March... The rainfall forecast for March shows that most parts of the country will likely experience way below to below-normal rainfall conditions," PAGASA said.

The effects of drought and dry conditions threaten agricultural production, with a follow-on impact on food security.

Agricultural damage resulting from El Niño has topped P1.06 billion, with Western Visayas hit hardest, according to a report by the National Disaster Risk Reduction and Management Council. — **Adrian H. Halili**

India AI crackdown expected to steer IT investment to PHL

By Justine Irish D. Tabile
Reporter

MORE artificial intelligence (AI) investment could find its way into the Philippines if the Indian government continues to stiffen regulations on the deployment of AI tools, the Information Technology and Business Process Association of the Philippines (IB-PAP) said.

"Basically, if the Indian government makes it harder for AI to be deployed, the Philippines, as the second-largest destination for outsourcing, can get a larger share of the AI investment," Dominic Vincent Ligot told *BusinessWorld* via Viber.

In an advisory issued March 1, the Indian government asked

technology firms to seek approval before releasing AI tools to the public, Reuters reported.

Mr. Ligot said that the Philippines ranks first in terms of monthly search volume for AI tools and fourth in terms of AI usage, which suggests a potential opportunity should other jurisdictions make things difficult for AI developers.

"We have encouraging statistics on interest in and usage of AI. We should step up our own position to be open and supportive of AI innovation but also be wary of risks," he said.

"Misuse of AI is the top risk, such as deepfakes and fake news," he added. "There are also other discussions like copyright infringement, privacy, and, of course, the fear of job displacement."

"We're supportive of risk management regulation and incen-

tives, but we are worried about a blanket ban," he said, citing Rep. Juan Carlos C. Atayde's House Bill 9448, which aims to regulate the use of AI and automation to protect jobs.

"That's a little bit more worrisome because it seems like a blanket ban that you can't use AI for HR or something like that, or you can't necessarily replace people with automation, which is already being done," he added.

He said the industry is seeking incentives for developing AI tools or for technological innovation.

"There are no incentives, which is what created the BPO (business process outsourcing) industry, which, with tax breaks and the lifting of the foreign ownership limit, suddenly created a middle class."

"If you want to do AI, you cannot get funding, and even one of our members was complaining that the Bureau of Customs would even give you a hard time importing GPUs (graphics processing units) and data center equipment," he added.

"I don't know if the India thing will stick... but since that's the signal right now, the number two Philippines can swoop in to take the AI jobs," he added.

Mr. Ligot said that around 45% of IBPAP members already experimenting with the use of AI, while less than a third are at deployment cases.

"Most of the use cases are Agent Assist (technology). So what that does is it doesn't eliminate the agent; it just allows the agent to do five to 10 times more calls faster," he added.

Last subway deals targeted for 3rd quarter award

THE Department of Transportation (DoTr) said it is evaluating the remaining contract packages for the Metro Manila Subway, with the award target set for the third quarter.

"Bids have been submitted. The consultants are now in the process of evaluating the bid submissions," Transportation Undersecretary Jeremy S. Regino said in a briefing on Thursday.

The three remaining contract packages were originally set to be awarded in the first quarter of 2024.

These include contract package 105 for Kalayaan Avenue and Bonifacio Global City underground stations, contract package 108 for the Lawton and Senate-Department of Education stations, and contract package 109 for the Terminal 3 station.

The subway will connect 17 stations. It is initially scheduled to start full operations by 2027, but was then delayed to 2029 due to right-of-way acquisition issues.

The 33-kilometer subway aims to cut travel time from Valenzuela

to Ninoy Aquino International Airport from 1 hour and 30 minutes to 35 minutes, and carry over 500,000 passengers a day.

"We are expecting to have partial operations by maybe 2028 — from Valenzuela to Ortigas... but for the section from Ortigas up to Bicutan, the schedule is to complete it by 2029," Transportation Secretary Jaime J. Bautista said.

The loan agreement for the third tranche of the financing, which is worth around P55.7 billion (150 billion yen), is expected to be approved sometime this March.

This will be funded by the Japan International Cooperation Agency (JICA). The loan agreement is targeted for completion this month, according to the Department of Finance (DoF).

"DoF is working with us, working with JICA, and so far, we don't see any problem with the financing," Mr. Bautista said.

The loan deal for the first tranche worth around P38.8 billion (104.5 billion yen) was signed in 2018, while the deal for the second tranche worth P94.1

billion (253.3 billion yen) was signed in 2022.

The loan agreements for the fourth and fifth tranches, worth a combined P151 billion (406.6 billion yen), are still under discussion.

The government has officially lowered the tunnel boring machine in Quezon City to build the subway's North Avenue station.

"(We are) expecting that the fourth tunnel boring machine will start operations three months from now and hopefully, we should be able to finish tunneling up to Tandang Sora within 12 months," Mr. Bautista said.

The tunnel boring machine will work on contract package 101, which includes the East Valenzuela, Quirino Highway, Tandang Sora and North Avenue stations.

The machine can dig up to 300 to 600 cubic meters per day which is equivalent to 6 to 12 meters in length.

Two more tunnel boring machines are expected to be delivered in 2024, Mr. Bautista said. There are currently five tunnel boring machines working on the project.

The country's first subway system is currently making progress estimated at 40%, according to the DoTr, on works related to design, right-of-way, procurement, and construction.

The construction progress was estimated at 11%.

Mr. Bautista said that the project is facing major right-of-way issues.

"One of our stations will pass through a building owned by the Department of Education and that building is considered a heritage site... so we need to fix how to move the building or possibly move the station," he said.

He added that some property owners do not want the project to pass under their properties.

"We're negotiating with them to allow the government to operate under their properties... we're expecting that we should be able to resolve all these right-of-way issues," he said.

The government has acquired 55% of the right of way for the project, he said. — **Sheldeen Joy Talavera**



THE Asian Development Bank (ADB) said it is set to authorize consulting contracts to study the redevelopment of ports for use by the offshore wind power industry, adding that 10 candidate sites have been identified.

"I am to issue notice to proceed for selected consultants towards the end of the month or early next month so that I can meet the tight government deadline by October," ADB Principal Energy Specialist Shigeru Yamamura said in a virtual forum on Thursday.

The bank provides technical assistance to the Department of Energy (DoE) to determine via a pre-feasibility study port readiness for offshore wind projects.

"We recently completed offshore wind regulatory framework development for the DoE and ERC (Energy Regulatory Commission)," he said. "We are also going to supply recommendations for environment and social safeguard standards for offshore wind sometime next month."

For the study, the DoE has identified 10 sites — the Port of Currimao, Ilocos Norte; Port Irene, Sta. Ana, Cagayan; Port of Subic; Port of Tabaco, Albay; Bulalacao RORO Port, Oriental Mindoro; and Pulupandan and Banago Ports in Negros Occiden-

tal; the International Container Port Complex in Iloilo; the Batangas Energy Supply Base port facility of the Philippine National Oil Co.; and Bauan International Port, also in Batangas.

"The 10 ports we've submitted for ADB technical assistance are ports we've earmarked as marshaling ports — ports that require the highest investment," Energy Undersecretary Giovanni Carlo J. Bacordo said.

Mr. Bacordo said the study will likely include the estimated cost of repurposing of ports, as well as the investment's potential "considering there are already existing service contracts."

To date, the DoE awarded a total of 82 offshore wind energy service contracts, with a potential capacity of about 63.36 gigawatts (GW).

At least 10 offshore wind projects with 6.72 GW are expected to generate power by 2028.

Mr. Yamamura said that the ADB will also propose "the optimal financing arrangement" for each selected port in the final report.

Action plans will be prepared to facilitate the private-public investment in the port "for earlier deployment of offshore wind in the government-designated timeframe," he said. — **Sheldeen Joy Talavera**

Gov't funding may be needed to address Philippine skill gap

GOVERNMENT funding for upskilling and reskilling and collaboration among agencies are needed to address the Philippine job market's skills gap and job mismatch issues, an Accenture official said.

Ambe C. Tierro, country managing director at Accenture Philippines, said that the government can help address the talent gap, particularly in technology, if it provided more funding for reskilling and upskilling.

"It will be funding for more upskilling and reskilling, just like when we previously got support for healthcare business process outsourcing (BPO)," Ms. Tierro said at a Michael Page and Page Executive Philippines forum on Wednesday.

"I think the continuous funding and also getting bigger funding will be helpful, and I don't think that is a personal thing; the information technology and business process management (IT-BPM) industry, at a scale, is advocating for more funding for skilling," she added.

She said that the private sector mostly shoulders the cost of reskilling and upskilling as technology evolves.

Grace M. David, chief executive officer at EdTech company Edukasyon.PH, said that the conversation should be focused on talent development rather than job creation.

"Before the pandemic, only half of our college graduates entered the workforce, and only half of those who entered the workforce actually practiced what they studied," Ms. David said.

"What is nice is that the Philippines has (available individuals);

now let's make sure that their talents and their skills are in alignment with the jobs that are needed by industry."

She said that the issue should not only concern the education industry and the Department of Education but also other agencies.

"It is really working hand in hand with our economic sector to identify what those future jobs are because that should be the kind of training happening in the schools right now," she said.

"Unfortunately, what is happening now is that after graduation, organizations like us... have to train the graduates so that they can actually match the jobs, and that's where the gap is," she added.

Asked about opening education to foreign investment, she said that the Philippines should be open to looking at how education has been innovated in other countries.

"We need bigger innovation to come in here in the Philippines, and it is not yet practiced amongst our competitors. We've got to look outside the Philippines," she said.

"We need foreign innovation to really bring up the quality of education. I cannot touch on ownership at this stage, but we could touch on something that we could quickly adopt outside the Philippines and bring it here," she added.

Congress has been debating resolutions proposing constitutional change to ease restrictions on foreign investment. The proposals seek to open the Philippines to foreign investment in public utilities, education, and advertising. — **Justine Irish D. Tabile**

100 US firms express interest in Clark investment

THE Bases Conversion and Development Authority (BCDA) said that over 100 US companies have expressed interest in establishing connective infrastructure, information and communications technology, and critical minerals operations in the Clark area.

"From a former US air base, Clark has grown into the top tourist destination and investment hub in Central Luzon," BCDA President and Chief Executive Officer Joshua M. Bingcang said in a statement on Thursday.

"With significant developments happening in Clark, many US companies are taking notice. This is why they want to have a big role in Clark developments," Mr. Bingcang added.

The BCDA said that the US companies expressed interest during the Senior Leaders Seminar in Washington, DC, last month.

During the event, the BCDA pitched investment opportunities in New Clark City, Clark Freeport Zone, and Clark International Airport.

"These investment promotion efforts are consistent with Secretary (Frederick D.) Go's push to attract more foreign capital and business expertise in critical sectors, including infrastructure, pharmaceuticals, and logistics," Mr. Bingcang said, referring to the Cabinet official who heads the Office of the Special Adviser to the President on Investment and Economic and Affairs.

Among the projects the BCDA pitched were the 296.5-acre Filinvest Innovation Park in New Clark City, the \$3.17-billion Subic-Clark-Batangas Railway System, and the \$152-million Clark National Food Hub.

It also presented the \$60-million expansion of the airside facilities at Clark Interna-

tional Airport, the \$2-billion data center collocation facility, the \$172-million solid waste management and waste-to-energy project in New Clark City, the \$17.9-million solar photovoltaic power plant in New Clark City, and the \$100-million Clark Integrated Public Transport System.

Mr. Bingcang and BCDA Chairman Delfin N. Lorenzana also met US Secretary of Commerce Gina Raimondo, who committed to pitching Clark as an ideal investment hub for US companies looking to expand in the Philippines.

Ms. Raimondo is set to lead a US trade and investment mission to the Philippines on March 11-12.

Clark currently hosts US companies like Texas Instruments, FedEx, Hilton, UPS and Marriott. — **Justine Irish D. Tabile**

Senate subcommittee to review mining tax regime proposals

THE SENATE has formed a ways and means subcommittee to tackle proposals to simplify and amend the fiscal regime for the mining industry.

"Upon the instruction of the committee on ways and means chairperson Senator Sherwin T. Gatchalian, I manifest for the creation for the record of

a subcommittee to deliberate on House Bill No. 8937... and other such bills which may be referred to the committee covering the same topic," Senate Majority Leader Joel J. Villanueva said on the Senate floor late Wednesday.

Senator and Finance Committee Chairman Juan Edgardo M.

Angara will head the subcommittee, he added.

The House of Representatives in September approved House Bill No. 8937 on final reading. It seeks to establish a new fiscal regime for the mining industry through margin-based royalties and a windfall profit tax on large-scale miners.

The Department of Finance (DoF) on Wednesday pushed for a simpler mining regime with fewer tax tiers and lower rates to boost compliance.

It is proposing that large-scale miners operating within mineral reservations pay the equivalent of 5% of gross output, up from the 4% proposed in the House bill. — **John Victor D. Ordoñez**