## Philippine garment exports entangled in US sanctions vs China

THE Department of Trade and Industry (DTI) said it approached the US Commerce Department on the issue of market access by Philippine garment exports, which have been caught up in US sanctions directed at China.

"There are specific market access issues where Secretary Alfredo E. Pascual sought (Commerce Secretary Gina Raimondo's) support," Trade Undersecretary and Board of Investments Managing Head Ceferino S. Rodolfo told reporters on Tuesday.

"While these are not directly within the purview of the Department of Commerce, we are deeply thankful for the personal commitment of Secretary Raimondo to closely collaborate with us in finding a clear way forward to address the issues," he added.

On Monday, the DTI said it brought up market access issues with the visiting US Trade and Investment Mission.

It said garments from the Philippines were reportedly detained in connection with the ban on cotton products produced in the Xinjiang region of China.

Under the Uyghur Forced Labor Prevention Act, the US prohibits the entry of goods manufactured wholly or in part with forced labor in China, especially from the Xinjiang Uyghur Autonomous Region.

Mr. Pascual said that most of the cotton used in the Philippine garments exports is from Brazil, Turkey, and the US.

It was also said that Philippine garment companies use raw materials like cotton that is specified by the buyers themselves.

The DTI also raised the issue of certification hurdles in admitting Philippine shrimp paste products (*bagoong*) to the US.

US law regulates the shrimp catch to protect sea turtle populations. — **Justine Irish D. Tabile**

# 'Informal' talks ongoing with ADB after loss of China railway funding

THE PHILIPPINES is in "informal" talks with the Asian Development Bank (ADB) to seek support for the P14.38-billion South Long Haul rail project, after Chinese loans failed to materialize, the National Economic and Development Authority (NEDA) said.

"We are now informally discussing with the Asian Development Bank whether they will be able to glide into the project to ensure continuing effort here," NEDA Assistant Secretary Jonathan L. Uy told a congressional oversight hearing looking into the status of projects funded by official development assistance (ODA) on Tuesday.

"We really need to start working on the implementation phase and we are hoping that ADB will provide us technical support to leapfrog the project from detailed engineering directly to bidding out both design and building."

NEDA has also asked the Department of Transportation (DoTr) for updates on whether the detailed engineering phase of the project can be fast-tracked.

The South Long Haul railway project consists of a 639-kilometer rail line connecting Metro Manila to southeastern Luzon. The project was given P3 billion in funding from this year's national budget.

"DoTr has indicated that they are not going to push through with Chinese ODA for the next stage and that's why we are looking at ADB as sliding in whether it will be an ADB investment loan or technical assistance for a design-build implementation," Mr. Uy said.

Transport Secretary Jamie J. Bautista has said that the government might tap ODA from Japan, South Korea, or India to fund the railway after the Philippines withdrew its request for assistance from China, citing lack of progress on the financing decision.

He has said the government expects to finish South Long Haul, the Mindanao Railway and the Subic-Clark Railway by 2028.

Finance Secretary Ralph G. Recto said last month that NEDA is looking into implementing the Mindanao Railway project as a public-private partnership.

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. — **John Victor D. Ordoñez**

# Senior, PWD discounts will hurt small retailers, association says

RETAILERS said the plan to increase the monthly discounts on basic goods and prime commodities enjoyed by senior citizens and persons with disabilities (PWDs) need to be "economically sustainable," citing the potential to harm smaller businesses.

In a position paper released on Monday, the Philippine Retailers Association (PRA) said the government should carefully consider the plan to increase the senior and PWD monthly discount cap to P500 as small retailers may struggle to offer the new level of benefits.

"While we commend these well-intentioned efforts, we also believe it is essential to strike a balance between social welfare and economic sustainability," PRA President Roberto S. Claudio said in the paper.

The expanded benefits, floated in a draft joint administrative order, constitutes a financial burden on small and medium enterprises that are already operating on "thin profit margins" and may "struggle to absorb the costs" that the mandated discounts could introduce.

The joint administrative order will be issued by the Departments of Trade and Industry, Agriculture, and Energy.

The PRA recommended that the government consider extending direct subsidies or tax incentives to retailers to "alleviate the financial burden" of establishments providing discounts to seniors and PWDs.

"We advocate for the adoption of government-supported funding mechanisms to ensure the continued provisions of discounts to SCs and PWDs without unduly burdening the retail sector," Mr. Claudio added.

Speaker Ferdinand Martin G. Romualdez last month met with Trade officials to discuss the plan to increase the weekly discounts for senior citizens to P125 per week from the current P65.

The proposed discount hikes would result in a 92% increase in discounts on basic goods such as rice, bread, meat, fish, chicken, eggs, and vegetables. Manufactured goods such as processed meat and sardines may also be purchased with the expanded benefit. — **Kenneth Christiane L. Basilio**

# Buy-local quota needed to support PHL dairy producers, industry says

THE GOVERNMENT needs to impose a buy-local quota for companies dealing in dairy products to support domestic milk producers, an industry association said.

The Philippine Chamber of Agriculture and Food, Inc. (PCAFI) proposed a buy-local quota of at least 5% for milk processors and traders.

PCAFI said that its recommendation is in line with Section 17 of Republic Act (RA) No. 7884, which requires commercial milk processors and traders to procure a fixed portion of their requirements from the local milk supply, with volumes to be determined by the National Dairy Authority (NDA).

"Under this condition, we recommend requiring the commercial sector to secure their milk supply from local sources for at least 5% of their total requirement, either in full or on a staggered basis, over a certain fixed period," it added.

Section 17 of RA 7884, the law that created the NDA, states that dairy cooperatives and the commercial sector must mutually agree on a level of local milk sourcing three years after the law becomes effective.

In the absence of an agreement, the NDA will determine the local-purchase level.

"Processors who purchase locally produced milk from dairy cooperatives in excess of the volume prescribed by the Authority shall be accorded tax credits equivalent to 10% of the value of the excess volume purchased," according to the law.

PCAFI said the Philippines imported $1.6 billion worth of milk, mostly in powder form, from the US, New Zealand, and Australia last year.

"The Philippines continues to produce less than 1% of its requirement, 44 years after the congressional passage of a law known as the Dairy Industry Development Act and followed by the National Dairy Development Act of 1995," it added.

If it is impossible to comply with the law, PCAFI said that the government may require the commercial sector to establish its own dairy farms or impose a special safeguard duty on imported milk products.

"If the argument is that the local production is not enough to supply such a volume of milk as required, the commercial processor or user shall establish their own dairy farm in the Philippines to supply their requirements and not import from other countries," PCAFI said.

"Or if the imported milk is not sourced locally as required under RA 7884, a special safeguard duty should be imposed on imported milk products by commercial importers as provided for under RA 8800 (Safeguard Measures Act) in order to allow the development of the dairy industry," it added. — **Justine Irish D. Tabile**

## Marked fuel program generates P234B in 2023 collections

THE Bureau of Customs (BoC) said it generated P234.18 billion last year as a result of the fuel marking program.

"The Bureau remains steadfast in combating fuel smuggling. In 2023, the Bureau was able to mark 18.97 billion liters of fuel, resulting in the collection of P234.18 billion worth of taxes," it said.

In 2022, the BoC marked 51.112 billion liters of fuel and raised P373.699 billion.

The program was launched in September 2019 as a component of the Tax Reform for Acceleration and Inclusion law.

Under the program, fuel is marked with a special dye in order to signify tax compliance, while the absence of the dye is considered an indication that the fuel may be smuggled.

The BoC estimates that it collected P73.329 billion in duties in January, up 3.88% from a year earlier and 2.16% higher than its target for the month. — **Luisa Maria Jacinta C. Jocson**

# NCR building materials wholesale price growth flat in February amid easing in retail index

PRICE GROWTH of construction materials in the National Capital Region (NCR) was flat at the wholesale level, while retail price growth eased in February, the Philippine Statistics Authority (PSA) said on Tuesday.

Citing preliminary data, the PSA said the April construction materials wholesale price index (CMWPI) remained at 2%, same as the January reading but much lower than the 9.1% posted a year earlier.

In the first two months, the CMWPI averaged 2%, far behind the 11.4% year-earlier pace.

Of the 17 categories of commodity, price growth increased in four while nine commodities posted declines while growth in four was unchanged.

Driving the CMWPI was G.I. sheets, which posted price growth of 5.0%, up from 4.5% in January, plumbing materials (1.5% from 1%), fuels and lubricants (1.5% from 0.3%), and tileworks (0.6% from -0.3%).

Categories where price growth slowed were hardware (5.3% from 5.6%); painting works (4.9% from 5%); electrical works (3.8% from 4.5%); plywood (3.1% from 3.8%); lumber (2.2% from 2.3%); plumbing fixtures and accessories or waterworks (1.7% from 4.1%); sand and gravel (1.3% from 1.5%); concrete products and cement (1.1% from 1.8%); and PVC pipes (0.3% from 1.0%).

The indices for doors, jambs, and steel casements, asphalt, machinery and equipment rental and glass and glass products were flat at 2.8%, 0%, 0% and 0.1%, respectively.

In a separate report, the PSA said retail price growth in construction materials in Metro Manila slowed in February.

The NCR construction materials retail price index (CMRPI) posted 1.1% price growth year on year in February, down from 1.4% in January and 5.4% a year earlier.

In the two months to February, Metro Manila's CMRPI averaged 1.2%, against the 6.7% recorded in February 2023.

"We have noted only modest growth in the construction sec-


JERIDEN VILLEGAS-UNSPLASH

tor, likely as investment outlays remain constrained by elevated borrowing costs," ING Bank N.V. Manila Senior Economist Nicholas Antonio T. Mapa said in an e-mail.

"Public construction managed to expand last year and will likely also growth in 2024, albeit at a modest pace. Private construction was also modest, once again likely weighed down by higher interest rates," Mr. Mapa added.

The Bangko Sentral ng Pilipinas has kept its benchmark rate steady at a near 17-year high of 6.5% in February for a third straight meeting. The central bank has raised borrowing costs by 450 basis points from May 2022 to October 2023.

"The relatively slower pace of the year-on-year increase in construction materials in Metro Manila may have to do with higher base effects," Rizal Commercial Banking Corp. Chief Economist Michael L. Ricafort said in an e-mail.

Mr. Ricafort also said that the stronger peso in recent months also helped ease prices of some imported construction materials.

The peso averaged P56.03 in February.

"We can expect this trend to continue over the next few months and for as long as investors do not find relief from high borrowing costs," Mr. Mapa said.

"For the coming months, easing base effects could mathematically lead to some healthy pick up in construction materials prices, also as the economy recovers further," Mr. Ricafort said. — **Lourdes O. Pilar**



# 10-year jobs masterplan to address skills mismatches

THE National Economic and Development Authority (NEDA) and other government agencies said they will begin drafting a 10-year jobs masterplan to address the skills mismatch issue and better link workers to employment opportunities.

In a briefing, NEDA Secretary Arsenio M. Balisacan said the 10-year Trabaho Para sa Bayan plan will outline the government's views on how the domestic and global labor markets will evolve.

"Then, we move backward to see how we can establish milestones on the way to the 10th year," he said

The masterplan will focus on job generation in the creative and service sectors and is expected to be completed within the year, he said

NEDA heads the Trabaho Para sa Bayan Inter-Agency Council, which includes the Labor and Trade departments.

The three agencies on Tuesday signed the implementing rules and regulations (IRR) of Republic Act No. 19962 or the Trabaho Para sa Bayan Act.

President Ferdinand R. Marcos, Jr. signed the measure into law in September.

"With the proper implementation of this landmark act, we will facilitate stronger coordination and partnerships among relevant agencies and stakeholders to help implement programs to raise productivity," Mr. Balisacan said during the IRR signing.

The law is expected to reinforce linkages between industries, the academic industry, and government to address the skills mismatch and boost the competitiveness of Filipino labor.

The jobless rate rose to 4.5% in January from 3.1% in December. It was lower than the 4.8% reading in January 2023.

Mr. Balisacan said possible wage hikes could be part of "very short-term measures" in the jobs plan.

"But nonetheless, we want to make sure that those short-term measures do not paralyze us.

Mr. Balisacan earlier warned that micro, small and medium enterprises (MSMEs) may not be able to afford legislated wage hikes.

The last legislated national wage hike was in 1989. Since then, rates have been decided by regional wage boards.

The House of Representatives will continue deliberations on the proposed P150 and P750 wage hike bills this week. It is also studying a P350 to P400 wage proposal.

The Senate last month passed its proposed P100 wage hike on third and final reading. — **Beatriz Marie D. Cruz**

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