

Tobacco,
from S1/1

While the government also incurs losses in vapor products, its foregone revenues do not “run in a billion compared to cigarettes,” Ms. Gatacales said.

The illicit trade of tobacco products not only harms government revenues but also public health as 50% of excise tax collections from tobacco products are allocated to fund the country’s universal healthcare program as well as support the local tobacco industry.

Illicit tobacco trade refers to the counterfeit production or smuggling of cigarette or vapor products into the country without undergoing proper trade avenues.

For 2024, the BIR is targeting to collect P324.56 billion in excise tax collections, with tobacco products pegged to contribute P152.4 billion this year, according to a memorandum by the tax collection department.

The tobacco industry has contributed around P46.69 billion to the country’s total excise tax collections as of April 2024, said Ms. Gatacales during her presentation.

To combat illicit tobacco trade, she said the BIR and Department of Trade and Industry (DTI) affix trade revenue stamps on tobacco products, allowing the government to distinguish between legitimate and smuggled cigarette and vapor products.

The government is also looking at addressing smuggled and unregistered vapor products, DTI Assistant Secretary Amanda Marie F. Nograles said.

“By June 2024, we will have the mandatory product registration that immediately plugs the faucet,” she said during the forum.

“We’ll be able to check whoever is not registered, whoever is not certified, then they can no longer enter our market. By January 2025, we’ll have a market clearing process. Then we will

remove all vape [products] that’s not registered.”

The BIR seeks to strengthen its monitoring of the tobacco supply chain to reduce illegal cigarettes in the market, said Ms. Gatacales.

“These requirements include submission of a sworn statement of the volume of sales and removals as well as information on, among others, the product brand names, price, and the regions where the brands are distributed,” she said.

Meanwhile, the BIR in a separate statement said it seized 347,869 packs of illicit cigarettes worth P219.2 million in tax liabilities after conducting raids in several areas in Agusan del Sur and Surigao del Sur last April.

“Residential houses are now being used as warehouses by traders of illicit cigarettes. If you see any signs of illicit cigarettes or vape products in your neighborhood, report the same to the BIR. Illicit trade destroys legitimate businesses,” Commissioner Romeo D. Lumagui, Jr. said.

The government should leverage its existing tax regulations and anti-smuggling laws to mitigate losses due to illicit tobacco trade before increasing excise taxes on these products, Rizal Commercial Banking Corp. Chief Economist Michael L. Ricafort said in a Viber message.

“(The government should) run after tax evaders, anti-smuggling campaign, alongside more disciplined spending to prevent leakages, wastage, and anti-corruption,” he said.

Ms. Gatacales urged the government to strengthen its border control operations to prevent the entry of smuggled tobacco goods into the country. — *with inputs from L.M.J.C.Jocson*

FULL STORY

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GDP,
from S1/1

“Domestic economic activity could ease as the effects of previous policy interest rate adjustments and declining real incomes, along with the possibility of tepid global growth, temper aggregate demand,” the central bank said.

“On balance, the latest assessment of the output gap indicates potential deflationary pressures going forward.”

At the same time, steady investment growth, improving jobs market and infrastructure spending may “continue to drive productivity and potential output,” the BSP added.

The BSP said that Philippine GDP is expected to pick up in 2025 “on stronger net exports and an improving global growth outlook.”

Semiconductors,
from S1/1

“It is necessary to move to a higher value chain that utilizes more domestic resources especially labor. For this, a comprehensive and strategic industrial policy is necessary, especially one that incorporates all the experiences accumulated from the existing semiconductor industry,” he said in a Facebook Messenger chat.

In the first quarter, electronics remained the country’s top export with \$10.47 billion, up 13.43% from \$9.23 billion in the same period a year ago.

Semiconductor exports rose by 15.3% to \$8.14 billion in the January-to-March period from \$7.06 billion last year.

The Philippines is seeking to benefit from the United States’ CHIPS (Creating Helpful Incentives to Produce Semiconductors) and Science Act, which seeks to allocate \$52.7 billion in federal subsidies to support chip manufacturing in several countries.

Meanwhile, Jose M. Layug, Jr., president of the Developers of

“The resilience of the global economy, despite central bank interest rate increases, has reflected the ability of households in major advanced economies to draw on substantial savings accumulated during the pandemic,” it said.

However, the BSP noted the pace of global growth is “still low by historical standards,” mainly due to high borrowing costs, long-term effects of the pandemic and Russia’s invasion of Ukraine, weak productivity growth and rising geoeconomic fragmentation.

The International Monetary Fund sees the global economy growing by 3.2% this year and next year. — **L.M.J.C.Jocson**

Renewable Energy for Advancement, Inc., said that simplifying permits for energy projects, including renewables, will shorten the construction period to less than a year.

“The greatest hurdle in developing any power plant in the Philippines, including renewables, is the number of permits/signatures that need to be secured by the developer and the long period required to get approvals,” Mr. Layug said in a Viber message.

Government agencies must streamline their requirements and consolidate them under the Department of Energy’s energy virtual one-stop shop, he added.

“If we fast-track all these permits, we can easily build renewable energy plants which have shorter construction periods (solar can be built in nine months; wind can be built in 18 months; biomass/hydro can be built in 24 months) compared to the conventional power plants,” Mr. Layug said.

Tariffs,
from S1/1

Roy S. Kempis, director of the Center for Business Innovation at Angeles University, said that the proposal to reduce the tariffs is the “right thing to do.”

“There needs to have some protection for farmers from cheaper imports or untamed importation that would erode their incentive to produce more and stay in rice farming,” he said in a Viber message.

These tariffs would also generate much-needed revenue and “discipline Filipinos to be responsible consumers.”

Mr. Kempis said the impact of reduced tariffs on farmers will also be positive.

“They will be protected from importation shocks in volume and in price per unit imported. Government is able to support local farm-gate prices by way of the extent of the tariffs. Filipino farmers only need decent prices for their palay or rice to continue producing it for the consumers to enjoy,” he said.

On the other hand, Samahang Industriya ng Agrikultura (SIN-AG) Executive Director Jayson H. Cainglet said that the lower tariff regime in the past years has not brought down rice prices.

“Reduced tariff resulting to more imported rice has not reduced rice prices. Local rice prices are high precisely because global rice prices have been on the rise since last year,” he said in a Viber message.

Mr. Cainglet said that cutting tariff rates will hurt local producers and only favor importers and traders.

Data from the Bureau of the Plant Industry showed that rice imports have reached 1.89 million metric tons (MT) as of May 9.

The US Department of Agriculture projects Philippine rice imports to come in at 3.9 million MT this year.

“If the tariff is brought down further, there is no assurance that rice prices will go down proportionately, because experience shows that the importers, middlemen and retailers just pocket the savings,” Raul Q. Montemayor, national manager of the Federation of Free Farmers, said in a Viber message.

“On the other hand, when the undervalued and cheap imports come in, they are dumped in the wholesale (as against retail) market, and this has a depressing effect on palay prices because local traders who buy palay from farmers sell their milled rice in the wholesale market also,” he added.

Mr. Montemayor said this would discourage farmers from enhancing their own production.

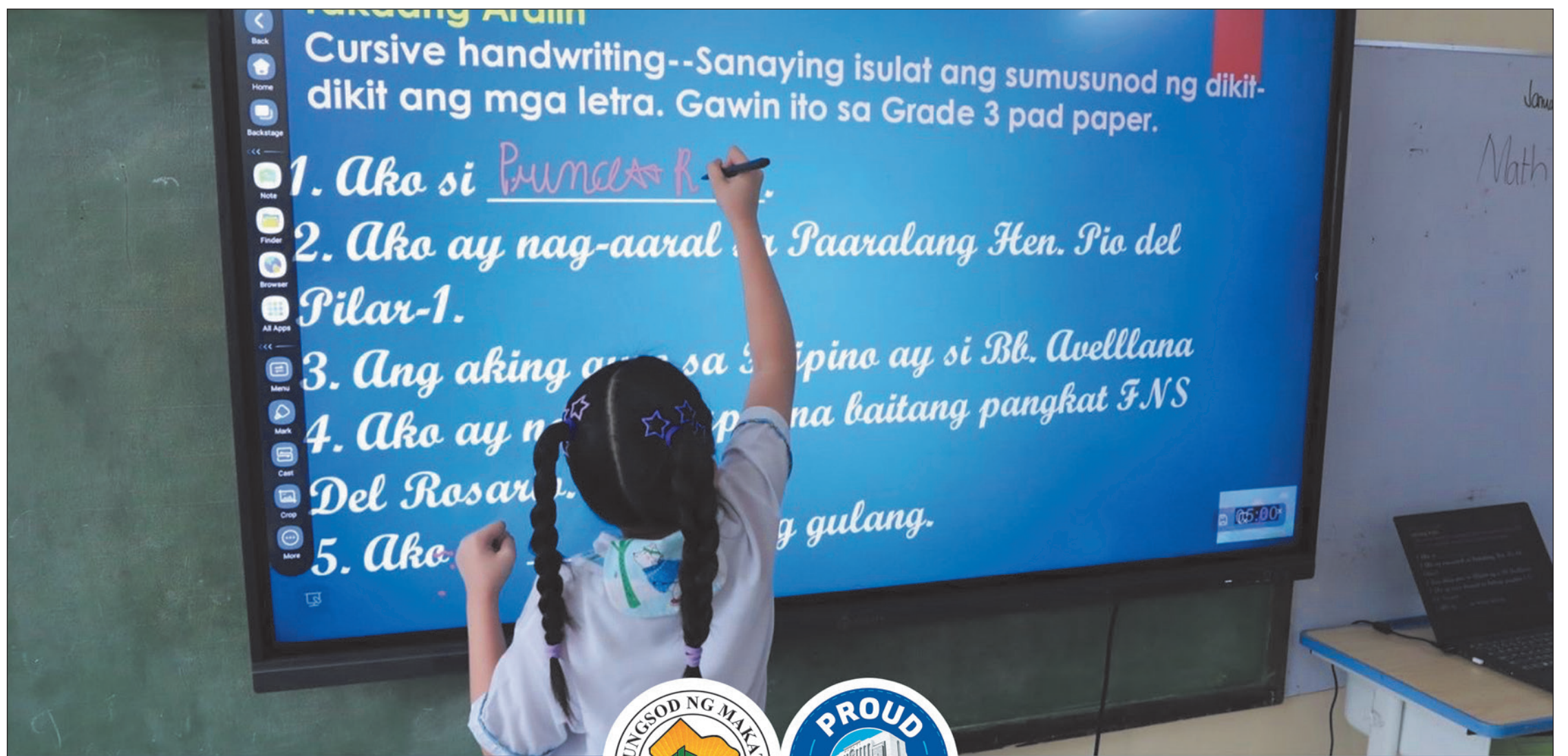
“Allowing cheaper imports does not bring down prices for consumers, penalizes farmers, and benefits only the people in between,” he added.

Mr. Cainglet said the government should not just rely on importation but should boost local production.

“Extreme weather situations and global pandemics are the new normal; that have prodded the rest of the world to be food self-reliant,” he said.

“Most countries have prepared for it by increasing local production and supporting local producers. Here, it is the reverse. Local producers are penalized and importers are rewarded and pampered with four straight years of reduced tariffs on rice, pork, corn and chicken.”

The House of Representatives earlier this month approved on second reading amendments to the Rice Tariffication Law. The amendments seek to allow the National Food Authority to sell rice at subsidized prices during emergencies.



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