Philippine Stock Exchange index (PSEi) 6,489.35 ▼67.31 PTS. ▼1.02%

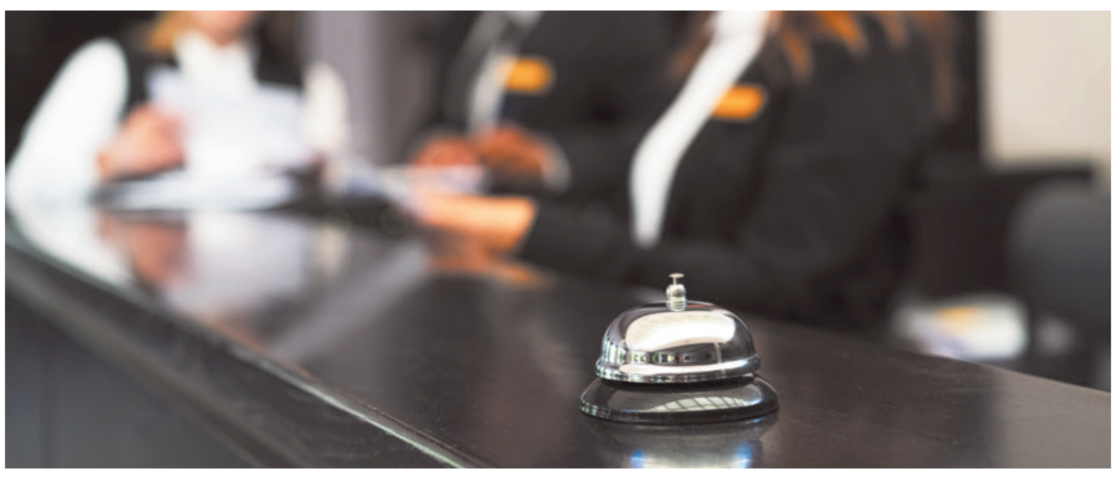
WEDNESDAY, JULY 10, 2024 BusinessWorld

PSEi MEMBER STOCKS

AC	Ayala Corp.	P573.00	+P6.50	+1.15%
ACEN	ACEN Corp.	P4.58	-P0.20	-4.18%
AEV	Aboitiz Equity Ventures, Inc.	P36.45	+P0.10	+0.28%
AGI	Alliance Global Group, Inc.	P8.61	+P0.03	+0.35%
ALI	Ayala Land, Inc.	P29.05	-P0.35	-1.19%
BDO	BDO Unibank, Inc.	P141.00	+P0.10	+0.07%
BLOOM	Bloomberry Resorts Corp.	P9.20	-P0.30	-3.16%
BPI	Bank of the Philippine Islands	P121.50	-P1.50	-1.22%
CNPF	Century Pacific Food, Inc.	P33.70	-P0.55	-1.61%
CNVRG	Converge ICT Solutions, Inc.	P10.98	-P0.12	-1.08%
DMC	DMCI Holdings, Inc.	P10.92	-P0.18	-1.62%
EMI	Emperador, Inc.	P18.34	-P0.08	-0.43%
GLO	Globe Telecom, Inc.	P2,100.00	-P24.00	-1.13%
GTCAP	GT Capital Holdings, Inc.	P585.00	-P15.00	-2.5%
ICT	International Container Terminal Services, Inc.	P356.40	-P3.60	-1%
JFC	Jollibee Foods Corp.	P222.00	-P8.80	-3.81%
JGS	JG Summit Holdings, Inc.	P26.30	-P1.10	-4.01%
LTG	LT Group, Inc.	P9.50	+P0.10	+1.06%
MBT	Metropolitan Bank & Trust Co.	P65.35	-P0.30	-0.46%
MER	Manila Electric Co.	P377.00	-P3.60	-0.95%
MONDE	Monde Nissin Corp.	P9.51	-P0.28	-2.86%
NIKL	Nickel Asia Corp.	P3.67	-P0.01	-0.27%
PGOLD	Puregold Price Club, Inc.	P24.45	-P0.25	-1.01%
SCC	Semirara Mining and Power Corp.	P33.20	——	
SM	SM Investments Corp.	P846.50	-P10.50	-1.23%
SMC	San Miguel Corp.	P99.60	-P0.40	-0.4%
SMPH	SM Prime Holdings, Inc.	P28.40	-P0.40	-1.39%
TEL	PLDT Inc.	P1,490.00	+P5.00	+0.34%
URC	Universal Robina Corp.	P115.50	——	
WLCON	Wilcon Depot, Inc.	P17.38	-P0.64	-3.55%

Tourism surge seen to offset wage increase impact on hotels in NCR

By Aubrey Rose A. Inosante



FREEPIK

HOTEL OWNERS in the National Capital Region (NCR) are bracing for higher operational costs from a P35 daily minimum wage hike, but some analysts said tourism in the Philippines could offset the impact.

"Labor covers a huge chunk of hotels' operating expenses, but there are offsetting factors," said Colliers Philippines Research Director Joey Roi Bondoc in a phone interview with *BusinessWorld*.

"Foreign tourists might still find Philippine rates relatively cheaper given the weakening peso," he added.

Last year, average daily rates (ADRs) exceeded Colliers' forecast with a 10.4% increase, driven by robust demand for business and leisure (bleisure) accommodations, notably in four-star hotels. Five-star hotels also saw growth, supported by steady leisure and corporate event demand, Colliers said.

Colliers anticipates a 6% rise in ADRs for this year, tempered slightly by the substantial completion of new rooms.

The Department of Tourism has said that tourist arrivals in the Philippines reached 1,227,815 as of March 5, marking a 22.86% increase compared to the 999,390 arrivals during the same period in 2023. The department hopes to attract 7.7 million international tourists this year.

Mr. Bondoc said that domestic travelers might perceive hotels' average daily rates as more expensive.

"But the only offsetting factor for domestic tourists is that if you look at consumers in the top segments, Filipinos are still willing to spend on travel, transportation, hotels, and restaurants," he added.

The Philippine Statistics Authority has reported that in 2023, Filipinos spent mostly on hotels and restaurants at 19.3%, transportation at 17.1%, and recreation and culture at 16%.

"Whether or not the daily wage hike will translate to higher hotel rates will be a business decision that each establishment has to make," Philippine Hotel Owners Association Executive Director Benito C. Bengzon, Jr. said.

On July 1, the Tripartite Wages and Productivity Board (RTWPB) approved a P35 minimum wage hike for workers in the NCR, which will take effect on July 17.

Employees in the hospitality sector receive extra benefits in addition to their wages, according to Greg De Garriz, president of the Association of Human Resources Managers in the Hospitality Industry Philippines.

These include complimentary meals, uniforms, service charges, and other incentives, he said.

He described the current state of the tourism and hospitality industry as "generally more bullish," especially with new hotels and tourism sites opening nationwide.

Meanwhile, Jose "Sonny" G. Matula, president of the Federation of Free Workers, criticized the wage hike as "grossly insufficient" in light of Metro Manila's high cost of living.

He said the increase is inadequate to dissuade workers from seeking higher-paying jobs abroad, which offer significantly better compensation than local opportunities.

"The general working conditions and pay for hotel workers in the Philippines are challenging. Workers often face long hours, insufficient wages, and inadequate benefits," Mr. Matula said.

He noted that the recent protest by Sofitel workers underscored concerns about job security and labor practices, issues that were addressed in a settlement agreement.

"However, workers in Sofitel have higher pay than ordinary workers in hotels as Sofitel workers have unions that have CBA (collective bargaining agreement) with their management," he added.

Mr. Matula suggested measures aimed at enhancing the quality of life for hotel workers. These include ensuring equitable distribution of service charges among all workers, regardless of their employment status (regular, contractual, or provided by cooperative or manpower agencies).

He also proposed implementing living wage policies, providing comprehensive benefits, ensuring job security, enforcing labor regulations, fostering career progression, enhancing workplace health and safety standards, and involving workers in decision-making processes.

Airlines planning to expand operations with boost in Philippines-South Korea flights

LOCAL AIRLINES said they are now planning to capitalize on the increased weekly seat capacity between the Philippines and South Korea by introducing new routes and expanding their flight services.

"With the additional 10,000 seats, we now have greater flexibility to expand operations in South Korea, whether it be by introducing new routes, increasing flight frequencies, or using larger aircraft to boost tourist traffic," Cebu Pacific President and Chief Commercial Officer Alexander G. Lao said in a Viber message on Tuesday.

This comes after the signing of the bilateral air services agreement between the Philippines and South Korea which allows an increase in the seat entitlements for flights between the two countries.

Under the new agreement, the Philippines and South Korea will have an additional 10,000 seats per week to 30,000 from the existing capacity of 20,000, the Department of Transportation said in a statement.

Cebu Pacific described the new agreement as a significant development for the aviation industry.

Currently, it offers flights to Seoul from Manila, Clark, and Cebu.

"PAL management constantly reviews opportunities to further expand its global network," said Philippine Airlines (PAL) Spokesperson Cielo C. Villaluna.

Currently, PAL operates daily flights between Manila and Seoul and daily flights between Manila and Busan.

The flag carrier also operates daily services between Seoul and Cebu, Seoul and Kalibo, and Tagbilaran and Seoul.

Low-cost carrier AirAsia Philippines likewise said that it will strategize to leverage the increase in seat entitlements by optimizing current capacity and integrating this into its forthcoming flight expansion plans to South Korea.

AirAsia Philippines offers daily flights to Seoul. — **Ashley Erika O. Jose**

PPA awards Puerto Princesa port expansion contract

A MANILA-BASED construction company has bagged the P597.03 million contract for Puerto Princesa port expansion phase 1 project, the Philippine Ports Authority (PPA) said.

In a notice of award, PPA said that it awarded the contract to Elimared Construction and Trading, Inc. and MRBII Construction Corp., which have formed a joint venture for the project.

According to the PPA, the Puerto Princesa Port expansion project phase 1 has attracted 12 parties; with Elimared Construction and MRBII's joint venture being declared the lowest calculated and responsive bidder for the project.

Its bids and awards committee identified the other bidders as WTG Construction & Development Corp.; Luzviminda Engineering; Goldridge Construction & Development Corp.; MAC Builders Corp.; Octagon Concrete Solutions, Inc.; Khan Kon Chi Construction & Development Corp.; SB Construction Corp.; Sunwest, Inc.; Vicente T. Lao Construction; and UKC Builders, Inc.

In May, the PPA invited bidders for the first phase expansion of the Puerto Princesa Port.

In PPA's invitation to bid notice, it said it is investing P599.15 million for the phase 1 expansion of the Port of Puerto Princesa.

The contractor will have 660 days to complete the project, PPA said.

The PPA has earlier expressed its intention to enhance and develop ports to improve their efficiency and capacity.

In the next four years, until 2028, the PPA is earmarking about P16 billion to fund its infrastructure projects, including its 14 flagship projects slated to be completed during the period. — **Ashley Erika O. Jose**

DoE to hold two green energy auctions this year

By Sheldeen Joy Talavera
Reporter

THE DEPARTMENT of Energy (DoE) said it is preparing to conduct two green energy auctions (GEA) before the end of the year, with plans for another next year to include offshore wind energy.

"This year, we have green energy auction number 3," Energy Undersecretary Rowena Cristina L. Guevara said at an energy forum on Wednesday.

"For GEA 3, our target is geothermal, pump-storage hydro, run-of-river hydro, and impounding hydro," she added.

GEA-3 involves a total capacity of 4,399 megawatts (MW).

In February, the DoE announced that it would auction off renewable energy technologies under GEA-3, which include those that are not eligible for feed-in tariff (FIT). It also involves run-of-river hydro, which is a FIT-eligible renewable energy technology.

The GEA program aims to promote renewable energy as one of the country's primary sources of energy through competitive selection.

The Energy Regulatory Commission (ERC) is mandated to craft rules on the price determination methodology that will be used to evaluate price offers submitted by bidders in the auction.

"We've been working on it, but we need to formalize the process because there will be public consultation for the rates, so there's a process that we have to go through," ERC Chairperson and Chief Executive Officer Monalisa C. Dimalanta told reporters on the sidelines of the event.

The DoE is also targeting holding a fourth round of GEA this year, which involves renewable energy technologies and energy storage systems.

"Originally, we're thinking of 8,200 MW for GEA-4, but we might increase [the capacity] because we see that fossil fuel really overtakes renewable [energy]," Ms. Guevara said.

The DoE is planning to conduct a fifth round of GEA for offshore wind energy in the middle of 2025, with gigawatts (GW) of capacity to enable power generation by 2028.

Ten ports are currently under the pre-feasibility study being carried out by the government with technical assistance of the Asian Development Bank.

Under the Philippine Offshore Wind Roadmap, the Philippines has a potential capacity of about 63 GW from tapping offshore wind resources.

The Philippines has set a target of increasing the share of renewables in the energy mix to 35% by 2030 and 50% by 2040.

GEA was first conducted in 2022 and attracted a total of 1,996.93 MW worth of renewables, while GEA-2 was held in 2023, where 3,440.756 MW were awarded.

COAL IN POWER GENERATION MIX

The DoE on Wednesday defended the share of coal power in the Philippines' power generation mix.

"The power generation mix of the Philippines cannot be directly compared with large economies like China and Indonesia, particularly the share of coal in the power generation, due to significant differences in demographic, economic, and energy profiles," the Energy department said in a statement.

The development follows a report from energy think tank Ember, which showed the Philippines was the most coal-reliant country in Southeast Asia in 2023.

Citing a report from the Global Energy Monitor, as of January, the DoE said that China has an installed coal power plant capacity of 1,136.7 GW, Indonesia has 51.6 GW, and the Philippines has 12.1 GW.

"This underscored the vast difference in the scale of energy economic infrastructures among the three countries," the DoE said.

In 2023, more than half, or 62%, of the country's power generation was supplied by coal, with 69,472 gigawatt-hours, based on data from the Energy department.

"While coal remains to have the largest share in the country's power generation mix, the Philippines makes up a minimal share of global emissions from coal," the DoE said.

Compared to China and Indonesia, the DoE said that the Philippines accounted for 0.5% of the world's greenhouse gas emissions.

"While the Philippines relies heavily on coal-fired power generation, the absolute amount of generation and corresponding emissions are minimal as compared to those of China and Indonesia," the DoE said.

"Therefore, the Philippines cannot be reasonably compared to these larger economies, which have different energy strategies and infrastructures adapted to their specific demographic and economic conditions," he added.

Meanwhile, Ms. Guevara said that the DoE is expecting a better power situation in Luzon and Mindanao during the dry months of 2025. However, the Visayas grid may experience issues due to the increased demand in Bohol.

"We can see that 2025 summer will be much, much better than 2024," she said.