Marcos says 2025 budget aligned with gov't priorities

PRESIDENT Ferdinand R. Marcos, Jr. said that the proposed 2025 budget submitted to the Cabinet on Tuesday is broadly aligned with the administration's development priorities.

In a statement issued by the Presidential Communications Office (PCO), the Palace said the record P6.352-trillion spending plan also complies with the Constitutional requirement to set aside the largest allocations to education, while also earmarking significant funds for public works, health, defense, and local government set-asides.

Other major recipients were agriculture, social welfare, transportation, justice, and the Judiciary, the PCO said.

By expense category, maintenance and other operating expenses received the most funding, followed by personnel services, capital outlays, and financial expenses.

"Since I've seen it before on the macro level, I think the priorities in terms of our proposed appropriations, upon addressing it, weighted our priorities properly in terms of appropriations," Mr. Marcos said during the Department of Budget and Management's (DBM) presentation of the proposed budget to the Cabinet.

Under the Constitution, the President must submit its proposed budget to Congress 30 days after the State of the Nation Address.

The government wants its spending plan passed before year's end to ensure timely implementation of its projects in 2025 and sufficient funding for public services.

In a separate statement, the DBM said it allocated funding in part by giving priority to the readiness of agencies' programs for implementation, as well as the agencies' absorptive capacity.

The budget proposals were also determined with an eye towards the Public Investment Program/Three-Year Infrastructure Program, the Budget Priorities Framework, Philippine Development Plan (PDP) 2023-2028, and the Information Systems Strategic Plan.

"The proposed fiscal year 2025 national budget seeks to continue fostering economic and social transformation for a prosperous, inclusive, and resilient future under the President's vision of a Bagong Pilipinas," Budget Secretary Amenah F. Pangandaman said.

The P6.352-trillion budget is also anchored on three pillars of the PDP — to develop and protect the capabilities of individuals and families; to transform production to generate more quality jobs and competitive products; and to create an enabling environment, the DBM said.

It said the health allocations are intended to boost the operations of Department of Health hospitals in Metro Manila, regional hospitals, and other health facilities.

The budget also includes a National Tax Allotment for local government units of P1.034 trillion, as well as in the annual grant for the Bangsamoro Autonomous Region in Muslim Mindanao.

Next year's proposed spending plan is 10.1% higher than this year's P5.768-trillion budget. It is also equivalent to 22% of gross domestic product, Ms. Pangandaman said last week. — **Beatriz Marie D. Cruz**

Pharmaceutical industry sees upside when government expands drug procurement

By Justine Irish D. Tabile
Reporter

PHARMACEUTICAL companies are pinning their hopes on an expansion in government drug procurement under universal healthcare, the Philippine Pharmaceutical Manufacturers Association (PPMA) said.

PPMA President Higinio P. Porte, Jr. told reporters late Monday that Philippine manufacturers command only a 5% share in government procurement, underperforming their 40% share of drug output.

According to the Roadmap of the Philippine Pharmaceutical Industry, domestic drug output and its share of government procurement is targeted to increase to 60% and 50%, respectively, in the next six to 10 years.

"There is a big opportunity in the implementation of the universal healthcare program because right now, the medicines that are covered are only for inpatient users," Mr. Porte said.

"The Department of Health (DoH) is planning to implement, I hope by next year, an outpatient drug benefit initiative aligned with universal healthcare," he said.

He said that the initiative will present the domestic drug industry with opportunities to participate in bids to supply National Government or local government hospitals.

Currently, medicines subject to centralized procurement by the DoH do not include cardiometabolic medicines, which are procured by each local government unit.

To realize the full potential of the initiative in making local manufacturers more competitive, Mr. Porte said that the industry association is pushing for pooled procurement.

"If the government is able to pool everything, the local manufacturer will be more competitive because it will supply in large batch sizes," he said.

At the moment, he said that the PPMA is working with the DoH on the centralized procurement of anti-tuberculosis and anti-HIV medicines, which they plan to expand to include cardiometabolic drug products.

In 2023, the pharmaceutical market was valued at P270 billion, which he said will grow if domestic manufacturers can bid to supply the outpatient drug benefit program.

"There is a big opportunity in the next 10 years because the government will have a big budget for the procurement of medicines," he said.

"And that is the opportunity that we want to take, for the local manufacturers to bid to meet the government requirement and to supply the drug stores that will be accredited later on by the DoH for the outpatient drug benefit," he added.

Under the outpatient drug benefit, the DoH will be setting aside P9,000 per individual annually.

"So, you can just imagine if 10 million Filipinos can access that; that's P90 billion... The industry's opportunity is in collaborating with big drug stores so domestic manufacturers will supply them instead of importers," he added.

However, he said that a challenge remains — imported medicines are much cheaper due to lower manufacturing costs.

"We are proposing the implementation of the Pharmaceutical Inspection Cooperation Scheme (PICS). Once the Philippines becomes PICS-accredited, that will require all imported medicine to be PICS-certified as well" to address any doubts about their quality, he said.

"That is the problem in our regulations: the FDA can inspect local manufacturers at any time, whereas they are not able to inspect international manufacturers," he added.

He said that manufacturers in the Philippines have been setting aside 80% of their investment in upgrading their facilities to comply with international standards.

"That is the first reason why our products in the Philippines are more pricey compared to when DoH sources the medicines in India and China, which are really cheaper but not at par in quality," he said.

Tatak Pinoy registration, medical aid applications targeted for streamlining

THE Anti-Red Tape Authority (ARTA) said it is proposing "green lanes" for registering Tatak Pinoy projects as well as the streamlining of the application process for medical and financial assistance at government hospitals.

ARTA Director General Ernesto V. Perez said the green lanes will be implemented via the joint memorandum circular (JMC) adopted for expediting the establishment of coronavirus disease 2019 (COVID-19) vaccine manufacturing facilities.

"We're trying to see if we can apply this JMC to other sector initiatives. And this initiative may be utilized in the institutionalization of green lanes for Tatak Pinoy projects and exports," he said.

He also added that the JMC could be adopted to attract investors and manufacturers of drugs and medical devices, specifically by easing the import and export rules.

JMC No. 1 Series of 2021 established green lanes, which expedited and streamlined the process of issuing permits for COVID-19 vaccine manufacturing facilities.

Philippine Pharmaceutical Manufacturers Association President Higinio P. Porte, Jr., said Tatak Pinoy will benefit Philippine-made drug products.

"This is what we are pushing to the pharmaceutical industry; however, we do not have a competitive advantage in the manufacture of generic or synthetic drug products," Mr. Porte said.

"Our competitive advantage is in herbal drug products. Pascual Laboratories, Inc., for instance, is among the top manufacturers for Lagundi and Sambong drug products," he added.

He said manufacturers can register herbal products backed by clinical studies through Tatak Pinoy as they are innovative and can be exported.

"Under Tatak Pinoy, we can benefit from the government by being tax-free for several years. And when we build a facility, machinery imports will have zero tariffs," he added.

Signed into law in February, Tatak Pinoy ("Filipino brand") seeks to improve the export competitiveness of Philippine companies by incubating and incentivizing products that carry the 'made in the Philippines' trademark.

"Another recent initiative of ARTA in the health sector is the streamlining and harmonization of the provision of medical and financial assistance in government hospitals," he said.

"We aim to streamline the requirements, the process, and the turnaround time in processing applications for medical and financial assistance in all government hospitals nationwide," he added.

Aside from these initiatives, ARTA is also proposing the issuance of a joint administrative order (JAO) that will resolve the jurisdiction overlap between the Food and Drug Administration (FDA) and the Bureau of Animal and Industry (BAI).

According to Mr. Perez, previous issuances by both the Department of Agriculture and the Department of Health affected importers whose shipments have been held up by the Bureau of Customs in the absence of an FDA clearance, despite being cleared by BAI.

"A JAO will be finalized to delineate their regulatory functions, thereby resolving the jurisdictional overlap issues," he added. — **Justine Irish D. Tabile**

Onion production gains push DA to weigh longer import ban

ENGIN AKYURT--UNSPLASH

THE Department of Agriculture (DA) said it is considering prolonging the freeze on onion imports to shield domestic producers from price declines just as they are achieving production gains.

"*Pag pumasok 'yung* imported *na mas mura* (When cheap imports come in), it will drive down the price even lower. We need to also consider the onion farmers," Assistant Secretary and Spokesperson Arnel V. de Mesa told reporters on Tuesday.

The freeze on imports is currently in effect until the end of July.

According to DA price monitors deployed to Metro Manila markets, as of July 1 a kilogram of red onions cost between P80 and P150 per kilo.

Mr. De Mesa said that the current volume of onions is sufficient to meet demand for about eight months, or until February.

"But of course, we need to take into consideration the shrinkage give or take about 10% to 20% of the total volume so most the stocks would most likely last between seven to eight months," he added.

According to DA data, the national inventory of red onions was at 161,973.73 metric tons (MT), with yellow onions at 11,569.07 MT.

During the first quarter, onion production was 201.25 thousand MT, according to the Philippine Statistics Authority, up 36.8% from a year earlier.

The DA attributed the production gains to a 40% increase in the land planted to onion.

He said that the department could also opt to import only yellow onions due to the lower inventories of "about 2.5 to three months."

Separately, Mr. De Mesa said that an increase of tomato prices may have been caused by a delay in the harvest.

"We expect that in two weeks, as per industry players, the bulk of the tomato harvest will arrive," he added.

He said tomato prices ranged between P120 and P180 per kilo, against the P80 per kilo the department reported in June. — **Adrian H. Halili**

Well-milled rice prices average P56.35 per kilogram

THE national average price of well-milled rice was P56.35 per kilogram as of mid-June, according to the Philippine Statistics Authority (PSA).

The PSA said prices edged lower during the June 15 to 17 period, which it calls the second phase of June, from the average P56.50 per kilo reported on June 1 to 5, or the first phase.

The highest retail price in the first phase was reported in the Western Visayas, with an average price of P59.22 per kilo during the period.

At the low end during the period was Ilocos Region where rice prices averaged P52.47 per kilo.

The PSA reported that regular-milled rice averaged P51.14 per kilo, down from P51.33 per kilo during the first phase.

The highest price for regular-milled rice was recorded in the Central Visayas where a kilo of regular milled rice fetched P53.83 per kilo.

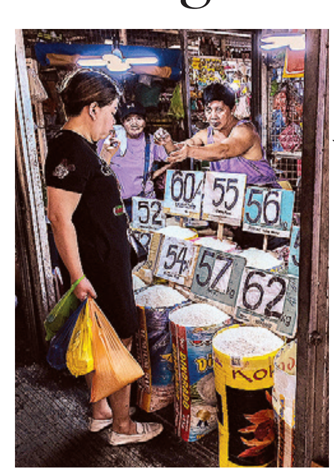
At the low end was the Cagayan Valley, where regular-milled rice averaged P45.95 per kilo.

The Department of Agriculture (DA) has said that it would recommend a hike in rice tariff once rice prices fall to P42 to P45 per kilo.

Executive Order No. 62 formalized the reduction of rice tariffs to 15% from 35% until 2028, in an inflation-containment measure.

Additionally, the PSA said that national average retail price for tomato was P80.07 per kilo in the second phase of June, against the P71.47 per kilo during the first phase.

The DA had said a delayed harvest caused an increase in tomato prices. — **Adrian H. Halili**



PHILIPPINE STAR/ RYAN BALDEMOR

Legislator expects Congress to pass motor vehicle tax bill by mid-2025

By Beatriz Marie D. Cruz
Reporter

A MEASURE raising the motor vehicle user's tax is expected to pass before the end of the 19th Congress, the chairman of the House Ways and Means Committee said.

"I think we could pass one more tax-raising measure before the 19th Congress ends," Albay Rep. Jose Ma. Clemente S. Salceda, who also heads the panel, said via Viber.

"The easiest one would be the updating of MVRUT (motor vehicle road user's tax) rates, since the House version is already agreed upon by a consensus of transport sector stakeholders. We hammered out compromises for all sectors there," he said.

That puts the onus on the Senate to approve the measure before the 19th Congress ends on June 6, 2025.

The bill seeks to increase the minimum charge on motor vehicle user's tax based on vehicle weight. It is the third-largest source of tax revenue for the government, after the collections of the Bureau of Internal Revenue and the Bureau of Customs.

House legislators approved the measure in December, while the Senate has yet to file a counterpart bill.

While the MVUC (motor vehicle user's charge) is not part of the Legislative Executive Advisory Council's priority bills, it is one of the "essential taxes" cited in President Ferdinand R. Marcos, Jr.'s State of the Nation Address last year.

"In addition, we have discussed certain administrative reforms such as more stringent rules on de minimis imports and closing down loopholes in the collection of percentage taxes," Mr. Salceda also said.

Once Congress resumes session, Mr. Salceda said he will conduct hearings to ask all revenue generating agencies what they need to collect more taxes. Lawmakers are on break until July 21.

The motor vehicle user's charge is one of the tax bills the Department of Finance (DoF) is counting on to narrow the National Government's deficit.

The other bills include Package 4 of the Comprehensive Tax Reform Program (CTRP), the excise tax on pickup trucks, the value-added tax (VAT) on digital service providers, the excise tax on single-use plastics, and the mining fiscal regime. These are expected to generate P42 billion in annual revenue, the DoF said last week.

Economic managers last week raised the deficit ceiling for 2025 to P1.537 trillion from P1.490 trillion, but kept this year's ceiling at P1.48 trillion. The government's revenue targets were also raised for next year until 2028.

P&A Grant Thornton tax principal Eleanor L. Roque said that while pending the tax bills may not be sufficient to narrow the government's budget gap, any new sources of revenue would help.

"Based on the press releases of the DoF, expected revenue impact from the proposed bills will probably not be substantial enough to offset the deficit. However, these additional taxes can definitely help," she said in a Viber message.

The proposed digital services VAT, which is awaiting the President's signature, is expected by the DoF to generate an average of P83.8 billion a year through 2028.

Package 4 of the CTRP as well as efforts to deter tax evasion would also help ensure tax compliance and increase revenue, Ms. Roque added.

"(Package 4) is expected to be revenue neutral since it is aimed to simplify taxation by providing uniform taxation for passive income. I hope that with the simplification, taxpayers will be able to pay the correct taxes."

Meanwhile, the resumption of reclamation projects could also help generate revenue for the government, Mr. Salceda added.

The projects include the joint venture between Waterfront Manila Premier Development, Inc. and the City of Manila, as well as the Frabelle Fishing Corp.'s reclamation in Bacoor, Cavite.

"Those two projects alone could generate P154 billion for the government in net saleable land, not to mention billions more in fees. As I insisted to the DENR (Department of Environment and Natural Resources), there is really no practical or even legal reason for their delaying the resumption of reclamation," he added.

However, both projects have been met with strong opposition from environmental advocates.