DoF: Revenue from privatized NAIA eases pressure to tax

THE REMITTANCE of the P30-billion upfront payment by the proponent of the Ninoy Aquino International Airport (NAIA) modernization project represents the start of a revenue stream that will relieve the pressure on the government to impose new taxes, Department of Finance (DoF) said.

"We are hitting two birds with one stone on this project. This will not only transform NAIA into a world-class airport, but also guarantees the government a healthy income stream from the private-sector operator," Finance Secretary Ralph G. Recto said in a statement.

The Manila International Airport Authority (MIAA) remitted the upfront payment to the Bureau of the Treasury on Sept. 16, the DoF said. Responsibility for NAIA operations and maintenance (O&M) was turned over to the San Miguel Corp.-led New NAIA Infra Corp. (NNIC) on Sept. 14.

The government is expected to generate around P900 billion in revenue or P36 billion annually from the deal over the 25-year concession period.

As of the end of July, the government collected P368.8 billion in non-tax revenue, or 92.2% of its P400 billion target for this year.

The DoF is keen on maximizing non-tax revenue to stave off the need for new taxes.

The MIAA Board awarded the project contract to the NNIC on Feb. 16. Under the deal, the proponent will make a P30-billion upfront payment, a P2-billion annual payment, and an 82.16% National Government revenue share, excluding passenger service charges.

The NAIA rehabilitation will cost P170.6 billion, making it the largest public-private partnership deal of the Marcos administration.

It is expected to increase the airport's capacity from 35 million passengers to 62 million annually, and improve aircraft movements per hour from 40 to 48. — **Beatriz Marie D. Cruz**

Tax admin upgrades, strategic spending deemed key to containing swelling debt

By Kenneth Christiane L. Basilio *Reporter*

THE GOVERNMENT needs to further improve tax administration to minimize the debt bill after borrowing for next year was projected at P2.535 trillion, a legislator said on Monday.

Such improvements need to include further easing the process of paying taxes to keep the budget deficit contained. The deficit is expected to come in at P1.5 trillion next year, Marikina Rep. Stella Luz A. Quimbo said.

She said current measures such as the Ease of Paying Taxes Act and a proposal to levy a digital services value-added tax (VAT) on non-resident companies could help narrow next year's budget deficit.

"For now, of course, the most important thing is to improve tax administration," she said during the House of Representatives plenary deliberation on the proposed national budget for next year.

"We should continue improving tax collection. As much as possible, we don't want new taxes because there are already many existing taxes that we just aren't collecting efficiently," she added.

The government's spending plan is pegged at P6.352 trillion for next year, with revenue collection projected at about P4.644 trillion. The P1.537-trillion budget deficit will be financed via debt, according to the 2025 Budget of Expenditures and Sources of Financing.

Broken down, 80% of the borrowings will come from domestic sources while the remaining 20% will be sourced from foreign lenders.

Gross domestic borrowing was set at P2.04 trillion for 2025, up 5.91% from the 2024 program of P1.92 trillion. Gross external borrowing for next year was set at P507.41 billion, down 21.46%.

Pending priority tax measures, including the rationalization of the mining fiscal regime, the digital services VAT, and the excise taxes on single-use plastics are expected to yield P28 billion in 2025, should they be passed into law, according to Budget department estimates.

The government needs to direct borrowed money to programs which will have a "multiplier effect" in jump-starting the economy, Ms. Quimbo said.

"To revive the economy, we need the government to keep spending (with an eye towards) multiplier effects," she added.

The national debt will keep rising in subsequent years due to the need to further stimulate economic growth, according to Ms. Quimbo.

"By the end of 2025, we expect a debt of P17.3 trillion. By the end of 2026, we expect the total debt to be P18.8 trillion. By the end of 2027, we anticipate the debt to be P19.8 trillion. And by the end of 2028, we expect it to reach P20.7 trillion," she said.

"That's how it goes. But despite the increasing debt stock, we also expect our economy to grow," she added.

Outstanding debt hit a fresh high of P15.69 trillion at the end of July.

PHILIPPINE STAR/KJ ROSALES

Palay output estimated to have fallen 11% in Q3

By Adrian H. Halili *Reporter*

OUTPUT of palay, or unmilled rice, is estimated to have declined 11.4% during the third quarter, the Philippine Statistics Authority (PSA) said.

In a report, the PSA said that the palay harvest could come in at 3.36 million metric tons (MMT) during the three months to September. If the estimate is confirmed, it would fall far short of the 3.8 MMT in actual output reported a year earlier.

The PSA's third-quarter outlook is based on the standing rice crop as of Aug. 1.

The Department of Agriculture (DA) earlier downgraded its palay production estimate to 20.1 MMT for 2024, from the 20.44 MMT forecast issued earlier.

The PSA said that the total harvest area likely decreased 14.1% year on year to 796,470 hectares.

"The yield per hectare of palay may increase to 4.22 MT or by 2.9% from (the year-earlier) yield of 4.10 MT," the PSA said.

It added that 14.6% or 116,410 hectares of the crop was harvested as of Aug 1. It is about 469,400 MT.

"Of the total area of standing palay yet to be harvested, 14.9% were at the vegetative stage, 58.7% at the reproductive stage, and 26.4% at the maturing stage," the PSA said.

On the other hand, corn production is estimated to have risen 2.4% to 2.52 MMT during the period, compared to the actual output of 2.47 MMT a year ago.

Agriculture Secretary Francisco P. Tiu Laurel, Jr. has said that agricultural production could improve in the second half if no major typhoons damage the standing crop.

"The third and fourth quarter output should be good because we have water, but the only problem is if we get hit by storms or heavy rains," Mr. Laurel said.

The DA has an output growth target of between 1% to 2% for 2024, an estimate which incorporates the impact of the El Niño and La Niña weather events.

"But I'm still optimistic that it will be much better than the first half of this year," Mr. Laurel added.

Agricultural production declined 3.3% during the second quarter, worsening from the 1.2% drop a year prior, the PSA said.

"For the forecast for this year we need to know the adjusted forecast by the end of this month," Mr. Laurel said.

Yellow onion imports starting to arrive in PHL

THE Department of Agriculture (DA) said imports of yellow onion have started to arrive in response to local shortages.

"We have issued the import permits. From what I understand, 2,000 metric tons (MT) have already arrived," Agriculture Secretary Francisco P. Tiu Laurel, Jr. told reporters late Monday.

Last month, the DA said it will allow yellow onion imports of up to 16,000 MT until the end of the year.

In July, Mr. Laurel extended the import ban on red onion until the end of August, with supply deemed sufficient until February 2025.

He said however that the supply of domestic yellow onion is sufficient only until the end of August.

Separately, the Jollibee Group Foundation (JGF), the social development arm of the Jollibee Foods Corp., said that it is seeking to increase its onion purchases from domestic farmers.

The company is expecting to increase the share of domestic onion purchases to 33% from 24% last year.

JGF President Gisela H. Tiongson said improved weather conditions have raised the yields of its partner farmers.

"Last year has been very good and we're very thankful for that, expanding not only in terms of the number of farmers but also increasing the yield of their farms," Ms. Tiongson added.

The national inventory of yellow onion was 1,642 MT as of Aug. 9, according to the Bureau of Plant Industry. Red onion stocks, on the other hand, were at 99,512 MT. — **Adrian H. Halili**

Sugar industry urges more controls on imports of artificial sweeteners

THE SUGAR industry is calling for more controls on imported artificial sweeteners to keep them from further crowding out domestically grown sugar in the markets.

In a joint statement, the Sugar Council and the National Congress of Unions in the Sugar Industry of the Philippines said sugar substitutes have displaces a substantial volume of sugar on the domestic market.

The most popular artificial sweeteners used in beverage manufacturing are Sucralose, Aspartame, and Acesulfame Potassium.

Citing the Philippine Statistics Authority, the groups said imports of artificial sweeteners hit 1.1 million kilograms last year.

The groups urged the Department of Agriculture to release data on the impact of artificial sweeteners on the consumption of domestically grown sugar.

"(This would compromise) the ability of locally produced sugar to compete in the market, especially in the face of rising production costs," the groups said.

It added that the unregulated imports could displace farm, mill, and biofuel industry workers.

Earlier, the United Sugar Producers Federation of the Philippines called for the increased regulation of other sweeteners competing with cane sugar.

It noted that the entry of glucose, sucrose, maltose, dextrose, maltodextrin and lactose is currently unregulated.

Agriculture Secretary Francisco P. Tiu Laurel, Jr. ordered an investigation after meeting with the sugar industry.

Mr. Laurel ordered the Sugar Regulatory Administration to look into the actual volumes of other sweeteners and, if warranted, require them to acquire clearances as well. — **Adrian H. Halili**

PCC evaluating 8 merger deals valued at P204B

THE Philippine Competition Commission (PCC) said it is currently reviewing eight merger and acquisition (M&A) transactions worth a combined P204 billion.

Three of the M&A transactions involve finance and insurance companies; two are in the energy industry; two are involved in wholesale and retail; and one is a real estate deal.

PCC Chairman Michael G. Aguinaldo said on the sidelines of a briefing on Tuesday that businesses are constantly considering ways to grow their footprint.

"If you look at it from a business perspective, they always look for instances where they can expand... And sometimes consolidation actually helps," he said.

He said the pending M&A transactions involves a liquefied natural gas (LNG) project in Ilijan, Batangas.

"I think maybe by the end of the month or the first two weeks of November, it should be resolved," he added.

In March, Meralco PowerGen Corp. (MGen) entered into an investment agreement with Aboitiz Power Corp. subsidiary Therma NatGas Power, to take 60% and 40% stakes, respectively, in Chromite Gas Holdings, Inc.

Last month, MGen, the power generation subsidiary of Manila Electric Co. (Meralco), said it expects to finalize the financial arrangements for the project by September.

Chromite Gas plans to invest in two gas-fired power plants owned by San Miguel Global Power Holdings Corp. (SMGP): the 1,278-megawatt (MW) Ilijan power plant and a new 1,320-MW combined power facility.

MGen and AboitizPower signed a $3.3-billion deal with SMGP to launch an integrated LNG facility in Batangas.

In terms of pending cases, PCC Enforcement Office Director Christian Loren B. De Los Santos said the review of a pharmaceutical-industry deal has been closed.

"We recommended policy measures to the Department of Health, and we did not find any violations," Mr. De Los Santos said, adding that deals involving agriculture and insurance companies is currently awaiting adjudication.

He said the insurance case required input from many respondents, leading to delays.

"But we are targeting to finish all of them by the end of the year," Mr. Aguinaldo said.

Meralco's majority owner, Beacon Electric Asset Holdings, Inc., is partly owned by PLDT Inc.

Hastings Holdings, Inc., a unit of PLDT Beneficial Trust Fund subsidiary MediaQuest Holdings, Inc., has an interest in *BusinessWorld* through the Philippine Star Group, which it controls. — **Justine Irish D. Tabile**

SM Prime Holdings, PCC agree to jointly promote fair competition

THE Philippine Competition Commission (PCC) said it signed an agreement with SM Prime Holdings, Inc. which aims to promote fair market competition and cure potential competition issues.

PCC Chairman Michael G. Aguinaldo said the memorandum of cooperation it signed with SM Prime will help address the lack of awareness of what competition means under the Philippine Competition Act.

"SM Prime has proposed, and we have agreed to work together in advocating for competition and the benefits thereof through a nationwide information campaign," Mr. Aguinaldo said.

Under the agreement, SM will provide PCC ad space in all its cinemas, LED poster boxes and cinema directories, and in-mall screens at the company's 86 malls.

"We believe that a fair market fosters a vibrant and inclusive economy while advancing consumers' welfare," SM Prime Assistant Vice-President for Operations Christian V. Mathay said.

"By allowing consumers to exercise their right of choice, a fair market empowers them to select goods and services that align with their needs and preferences," he added.

The agreement also comes with a commitment from SM Prime to abide by competition law by organizing seminars in the next two years on competition law and policy for its employees and tenants.

"They will also appoint a competition compliance officer who will work with the PCC in coming up with a compliance program for SM and who will be the point person for any competition-related concerns that may be brought to the attention of the PCC," Mr. Aguinaldo said.

"This will in effect provide an opportunity for SM to correct itself in case there are any anti-competitive practices before it goes to the level of an actual case," he added.

These practices may include restrictions on how many of a particular store will be allowed in a given mall or whether banks are provided mall space. — **Justine Irish D. Tabile**

APAC firms take lead in decarbonization reporting

ASIA-PACIFIC (APAC) companies are leading the effort to bring emissions measurement and reporting into the mainstream, according to a report issued by the Boston Consulting Group (BCG).

"Regionally, you have APAC leading, of course, because of the influence of China in there, in addition to others like Japan, who do a lot on the climate front," Diana Dimitrova, managing director and partner at BCG X, the tech build and design unit of BCG, said in a virtual briefing on Tuesday.

BCG and carbon management platform CO2 AI released the "Boosting Your Bottom Line through Decarbonization" report, which tracked the progress made by companies on climate issues over the past year.

"While (the report) shows a slowdown in corporate decarbonization efforts, it also highlights really promising developments with some companies achieving significant financial benefits," said Hubertus Meinecke, BCG's global leader of climate and sustainability practice.

The report surveyed 1,864 executives from businesses across 16 major industries in 26 countries. The report said the countries are "collectively, responsible for about 45% of global greenhouse-gas (GHG) emissions."

Among the companies surveyed, only 9% said they comprehensively report Scopes 1, 2, (operational emissions) and 3 (supply chain emissions). Only 16% of the respondents said they have set targets across all three scopes, while 11% reported emissions reductions in line with their plans.

"These statistics are all lower than those reported in 2023," according to BCG and CO2 AI.

Of the countries covered in the survey, those that topped the list are China, Brazil, India, Japan, and the US, leading on reporting, target-setting, and reducing emissions in line with ambition.

The first three countries also led in reducing emissions and securing value from decarbonization. — **Sheldeen Joy Talavera**