DoF: Tapping GOCC funds keeps inflation from new taxes in check

THE Department of Finance (DoF) said taking money from the reserves of Government-Owned and -Controlled Corporations (GOCCs) is preferable to imposing new taxes, which it called inflationary.

"The temptation to impose additional taxes is there. But in the face of high inflation in the last two years, we chose other means of revenue generation that will not unduly burden ordinary Filipinos," Finance Secretary Ralph G. Recto said at a forum on Wednesday.

"Our job at the DoF (is) to raise money for the government in the most cost-effective manner and make sure that it is most judiciously used and spent."

To support this year's funding needs, the DoF needs to collect P11.71 billion in revenue daily to support the government's average daily spending of P15.8 billion, Mr. Recto said. This means the government has to find P4.1 billion a day to make up for the deficit.

In the first seven months, the government collected 61.04% of its P4.27-trillion revenue target for 2024.

Mr. Recto said revenue-generating agencies' ongoing digitalization will improve collections.

"In addition, we have been inculcating tax obedience by promoting ease of payment not just through digitalization, but by showing that taxes that are efficiently collected are effectively spent," Mr. Recto said.

BW FILE PHOTO

The DoF raised the minimum dividend of GOCCs to 75% of their earnings, from 50% previously.

The DoF is also privatizing non-performing and idle government assets to raise additional revenue.

At the end of July, the government generated P368.8 billion in non-tax revenue, or 92% of its target.

Mr. Recto also reiterated the need to approve pending measures expected to generate around P42 billion in revenue.

These include the excise tax on single-use plastic bags, Package 4 of the Comprehensive Tax Reform Program, rationalization of the mining fiscal regime, the motor vehicle user's charge, and the value-added tax on foreign digital service providers.

Mr. Recto also noted that the transfer of excess funds of the Philippine Health Insurance Corp. (PhilHealth) and the Philippine Deposit Insurance Corp. (PDIC) to the Treasury were approved by their respective boards.

In a DoF circular, PhilHealth and PDIC were asked to remit unused funds worth P89.9 billion and P108.9 billion, respectively.

Funding projects with additional borrowing would increase the country's deficit-to-gross domestic product (GDP) ratio to 6.4% and push up the debt-to-GDP ratio to 61.4% this year, Mr. Recto said.

This translates to an additional P12.7 billion in interest payments every year, he said.

"In effect, we will fail to hit our Medium-Term Fiscal Program and put at risk our hard-earned investment grade ratings."

For this year, the National Government projects a deficit-to-GDP ratio of 5.6% and debt-to-GDP ratio of 60.6%. — **Beatriz Marie D. Cruz**

PCC says 12 onion traders attempted to corner import market

THE Philippine Competition Commission (PCC) said 12 onion traders sought to corner the import market in violation of competition law.

The traders imported 76,555 metric tons of red and yellow onion for a period between 2020 and 2021 by sharing out the import permits, known as sanitary and phytosanitary import clearances (SPSIC), among themselves, PCC Director Christian Loren B. Delos Santos, an enforcement officer at the regulator, said at a briefing.

ENGIN AKYURT-UNSPLASH

"Respondents effectively controlled more than 50% of the volume of onions imported into the Philippines during the relevant period," he added.

Mr. Delos Santos said red onion imports during the period amounted to 28,916 MT, with yellow onion imports totaling 47,639 MT.

Agriculture Assistant Secretary and spokesman Arnel V. de Mesa said the volumes imported were significant.

"Our typical requirement is 22,000 MT per month for both red and yellow onion. That includes local production and imports. So if it's at (70,000) plus that's huge," Mr. De Mesa told reporters at a separate briefing.

The PCC has charged the 12 traders with violating Republic Act 10667 or the Philippine Competition Act.

Businesses intending to import agricultural products are required to apply for SPSICs from the Bureau of Plant Industry (BPI) for crops.

"They caused significant harm to consumers by engaging in coordinated anti-competitive conduct such as price-fixing, bid-raiding, output restrictions, and market allocation, the last being the case that we filed," Mr. Delos Santos said.

The PCC recommended a total fine of P2.4 billion for anti-competitive behavior for all 12 importers.

He added that their actions led to lower supply, higher prices, and poorer quality of onions in the market.

Separately, Agriculture Secretary Francisco P. Tiu Laurel, Jr. said that the Department of Agriculture (DA) is looking to blacklist the 12 traders.

"In addition to the fines and legal charges, the DA will explore the possibility of blacklisting and withdrawing the accreditation of cold storage facilities whose owners were complicit in this scheme," he said in a statement.

Mr. De Mesa added that the importers and traders will be barred from transacting with the BPI. — **Adrian H. Halili**

Upgrade, expansion proposals for 3 airports moving forward — DoTr

THE Department of Transportation (DoTr) said it is making progress on proposals to modernize and upgrade three regional airports.

"For Laguindingan airport, the Swiss Challenge period will end, I think by Sept. 15, so we'll just wait for that. For the Bohol airport, it is now up for approval by (the National Economic and Development Authority) while Iloilo airport is still being discussed with the proponent," Transportation Secretary Jaime J. Bautista said on the sidelines of a House committee hearing last week.

For the year, the DoTr is hoping to open the Swiss Challenge on the contract to upgrade and operate Laguindingan International Airport in northern Mindanao, the New Bohol-Panglao International Airport and the Iloilo International Airport.

The timelines represent slippage from its previous Swiss Challenge estimate of August for Laguindingan airport.

The Swiss challenge allows other companies to submit alternative proposals to a project, with the original proponent granted the right to match their proposals.

In February, the DoTr announced that companies were open to challenge the P12.75-billion proposal of Aboitiz InfraCapital, Inc. to operate, maintain, and expand Laguindingan.

The infrastructure arm of the Aboitiz group— Aboitiz InfraCapital — secured original proponent status (OPS) for the Laguindingan contract, which has attracted two possible challengers.

The Aboitiz group also secured in 2018 the OPS for the New Bohol-Panglao International Airport's operations and maintenance contract, which will feature a 25-year concession period.

In May, Transportation Undersecretary for aviation and airports Roberto C.O. Lim said the government's negotiations with Prime Asset Ventures, Inc. which secured the OPS for the right to operate, maintain, and upgrade Iloilo International Airport, are expected to be completed by September. The awarding of the contract will likely take place next year. — **Ashley Erika O. Jose**

Batangas, BoI collaborating to expedite investment approval

THE Board of Investments (BoI) said it signed an investment promotion and facilitation agreement with the Batangas government to expedite investment approvals.

"The two parties will strengthen their partnership to ensure ease of doing business and quick realization of investments in Batangas province," the BoI said in a statement on Thursday.

Under the agreement, the investment promotion agency will provide technical assistance to the province through training to capacitate local government unit frontliners on investment promotion and investor servicing.

The memorandum of agreement also involves promoting the province as a prime investment destination.

Batangas has been one of the top economic drivers in the Calabarzon region due to its robust infrastructure, which includes the Batangas International Port.

The province is also home to at least 16 economic zones and 846 locators.

It also hosts 17 operational coal, oil-based, natural gas, solar, and geothermal power plants, with 19 more planned power projects in the coming years, with nine offshore wind projects expected to undergo testing and commissioning by 2029.

"In return, Batangas will provide BoI with all necessary information relevant to investment promotion, such as land availability and the cost of doing business," the BoI said.

"Additionally, Batangas will appoint a designated green lane focal unit or person to coordinate with BoI for facilitating strategic investments through the green lane," it added.

The government, through Executive Order No. 18, established the "green lane" system in all government agencies to expedite the approval and registration process for priority or strategic investments. — **Justine Irish D. Tabile**

Storm damage to infra hits P139.56 million

THE Department of Public Works and Highways (DPWH) said damage caused by Tropical Storm Enteng to public infrastructure amounted to P139.56 million.

In a statement on Thursday, Public Works Secretary Manuel M. Bonoan said the damaged works include national roads, bridges, and flood control structures in the Cordillera Administrative Region (CAR); Cagayan Valley; Bicol; and the Western and Eastern Visayas.

According to the Bureau of Maintenance of the DPWH, damage to national roads was valued at P84.39 million; flood control structures P42.75 million on; and bridges P12.42 million.

CAR sustained the most damage to infrastructure with P49.43 million; followed by Bicol with P34.85 million; Western Visayas P25.78 million; Eastern Visayas P23.65 million; and Cagayan Valley P9.85 million.

Separately, the DPWH Disaster and Incident Management Teams said at least 11 road sections affected by the typhoon have reopened to the public. Four roads in CAR and Central Luzon are still classified as limited-access.

These are the Itogon-Dalupirip Road; the Benguet-Nueva Vizcaya Road; the Dantay-Sagada Road; and the Manila North Road in Marilao, Bulacan. — **Ashley Erika O. Jose**

Agri damage from Enteng tops P360M

AGRICULTURAL damage caused by Severe Tropical Storm Enteng (international name: Yagi) was estimated at P360.18 million, by the Department of Agriculture (DA).

In a bulletin, the DA said that according to initial estimates, the storm affected 14,605 farmers and fisherfolk.

Volume loss were reckoned at 15,205 metric tons (MT) across 9,245 hectares of farmland.

The rice crop sustained 94.4% of the total. Lost volume was estimated at 14,177 MT valued at P340.06 million, with the damage spanning 10,442 hectares.

"Most of the damage and losses was to rice in the reproductive and maturity stages," the DA said.

Volume losses for corn amounted to 739 MT, valued at P14.01 million, affecting 361 hectares.

Damage to high-value crops totaled 200 MT, valued at P4.33 million. Cassava losses were 89 MT valued at P1.77 million.

Agriculture Assistant Secretary and spokesman Arnel V. De Mesa said the single province sustaining the most damage was Camarines Sur with P342 million, followed by Catanduanes, Albay, Negros Occidental, Northern Samar, and Bulacan, Mr. De Mesa told reporters, citing provinces that have filed damage reports.

PHILIPPINE STAR / EDD GUMBAN

The DA is set to deploy P202.86 million worth of assistance in the form of seed, biocontrol measures, and farm tools.

Funding from the Agricultural Credit Policy Council (ACPC) and the Philippine Crop Insurance Corp. are also available for affected farmers and fisherfolk.

The government weather service, known as PAGASA (Philippine Atmospheric, Geophysical and Astronomical Services Administration), reported that Enteng left the Philippine Area of Responsibly on Wednesday. — **Adrian H. Halili**

Trade department studying ways to help DoT attract more foreign visitors

ACTING Trade Secretary Ma. Cristina Aldeguer-Roque said her department is in talks with the Department of Tourism (DoT) to attract more foreign visitors.

On the sidelines of the World Travel Awards Asia & Oceania Gala Ceremony 2024 on Tuesday, Ms. Aldeguer-Roque told *BusinessWorld* that she sees possible synergies with the DoT.

"We were talking about how we can (work together) every time we have trade shows abroad," she said.

"We want tourism and trade to be together because I really feel they're interconnected," she added.

Increasing tourist arrivals in the country is important for the Department of Trade and Industry (DTI), as more arrivals tend to benefit businesses.

"Aside from seeing the beauty of the Philippines, they will also be able to see what other businesses they can get into or what other trade opportunities there are for foreign trade and foreign investment," she said.

"Even in countries like Thailand, the strength is really tourism and trade. So, they really go hand in hand," she added.

Steve D. Benitez, founder and chief executive officer of Bo's Coffee, said that tourism is the low-hanging fruit for food and beverage industry players.

"One thing I've been monitoring is tourism. If tourism goes up, you'll see that retail will go up. Right now, we're one of the lowest in terms of tourism. But our retail is still thriving," Mr. Benitez told reporters on Monday.

"So if you just compare us to Thailand, for example, whose economy is 40% to 60% driven by tourism, they have so many brands and their retail is thriving," he added.

He said that the same will happen to the Philippines if tourism improves, as it will benefit many industries.

"If we are able to open up the (visitor market), I think the ripple effect will be big. But it will be challenging, so it's not happening soon. It is still on our wish list," he added.

VAT-REFUND SCHEME

Asked about the proposed value-added tax (VAT) refund scheme for international visitors, Ms. Aldeguer-Roque said the DTI supports it.

"That will encourage a lot of buying in our country. I feel that we should not be charging tourists VAT, which is (not practiced in) Thailand and Europe," she said.

Mr. Benitez said the measure will not only help those that can provide the VAT refunds but also other industries such as food and beverage.

"The goal of making the Philippines a shopping destination is for more tourists to come and shop. And when they shop, they eat. Right? So (the benefits will spread) across all industries," he said.

The measure on tax incentives for tourists is now in the Senate. The House approved its version of the bill last year.

Senate Bill No. 2415 aims to provide non-resident tourists with VAT refunds on purchases worth at least P3,000 to encourage more visitor spending.

Chris Lim, chairman of the Philippine Franchise Association (PFA), said that the VAT refunds for tourists bundled with the improvements in the gateways will help spur arrivals.

"We need to make it easier for them to get VAT refunds and everything... There's no one silver bullet, so a lot of these small things will help us," he said.

"I think we have a lot of catching up to do because some of our neighbors, like Thailand, are way ahead of us," he added. — **Justine Irish D. Tabile**