Gov't urged to act on 'water crisis,' ex-Public Works secretary says

By Justine Irish D. Tabile
Reporter


PHILIPPINE STAR/EDD GUMBAN

THE GOVERNMENT needs to improve its execution on water management issues and address delays caused by right-of-way (RoW) acquisition, a former Public Works secretary said.

"We are facing what I refer to as the cycle of destruction because we are not properly addressing the water crisis," Rogelio L. Singson told reporters Wednesday.

"Water is not rocket science. Unfortunately, the funds are not being used properly. It's sad to say that the funds are there, but they are not being used the right way," he added.

He said much of the funding is wasted because the right projects are not being pursued.

"What is happening now is we have the wrong project, the wrong cost, and the wrong quality. So, the money is wasted," he added.

On the topic of right-of-way acquisition, he said that all the government infrastructure projects are experiencing delays due to RoW issues.

"The funds are there, no doubt. There are RoW funds. But for them to be able to use that, the documentation should be complete," he said.

"If the documentation is not complete, which identifies who will pay and how much, how can you obligate the funds? So, (the funds) are being reverted," he added.

He called for specialists dealing with RoW in every infrastructure agency.

"We need a dedicated team and a lot of help coming from the local government units (LGUs). If the LGUs do not accept the project, nothing will happen. So, the LGU must accept the project," he said.

The Legislative-Executive Development Advisory Council has identified the amendments to the RoW Act as among the priority bills for passage within the 19th Congress.

However, Mr. Singson said that amending the bill should not be the top priority.

"The law is already there. You can already pay RoW based on market value," he said.

"But what I suggest is to pay them based on market and replacement value," he added.

He said that this will allow the landowners to buy land and rebuild their homes once they relocate.

"(Replacement value) is easy to calculate. It is just a measurement — what is the home made of — concrete or wood?" he added.

Mr. Singson, who is the former president of the Metro Pacific Tollways Corp., was recognized by the Management Association of the Philippines as the Management Person of the Year 2024.

Cement firms seek anti-dumping duties for more Vietnam exports

CEMENT manufacturers have requested a review of the anti-dumping duties on specific types of cement from Vietnam in a bid to expand the measure to other types of cement and other manufacturers, the Tariff Commission said.

In a notice Wednesday, the commission said it commenced an investigation on the matter in Nov. 27, with a preliminary conference scheduled for Dec. 6.

The investigation covers the anti-dumping duties imposed on imports of ordinary Portland cement type 1 and blended cement type 1P from Vietnam.

According to the regulator, it received recommendations and endorsements from the Secretary of Trade and Industry regarding requests by domestic manufacturers.

Republic Cement & Building Materials, Inc., Holcim Philippines, Inc., and CEMEX Holdings Philippines, Inc. requested a review of the scope of the anti-dumping measure.

In particular, the cement industry requested an interim review of the anti-dumping duty on the two cement types to include blended cement type 1T, among others.

A foreign exporter, NCL Trading Joint Stock Co., also requested a review of the anti-dumping duty against ordinary Portland cement type 1 from Vietnam.

"Considering that both requests for interim review raised issues involving common questions of law or fact, said requests shall be consolidated and only one interim review shall be undertaken by the commission," according to the notice.

"The domestic industry shall be considered as the petitioner for the consolidated requests," it added.

Through a department order dated Dec. 16, 2022, the Department of Trade and Industry imposed anti-dumping duties on ordinary Portland Cement Type 1 and Blended Cement Type 1P imports from Vietnam for five years.

This was later updated in a department order dated Feb. 14, 2023.

In March 2023, the Bureau of Customs posted Customs Memorandum Order 05-2023, which imposed a definitive anti-dumping duty on the imports from Vietnam, ranging from 2.33% to 23.33% depending on the company. — **Justine Irish D. Tabile**


FREEPIK

Agricultural trade deficit tops $3 billion in Q3

THE agricultural goods trade was in deficit by $3.01 billion in the third quarter, widening by 1.5% year-on-year, according to the Philippine Statistics Authority (PSA).

In a report, the PSA said agricultural trade — the sum of exports and imports — rose 12.1% to $6.69 billion, reversing an 11.8% year-earlier decline.

Agricultural exports rose 21.8% to $1.97 billion for the three months to September, accounting for 10.3% of total exports.

Animal or vegetable fats and oils and their cleavage products, prepared edible fats and animal or vegetable waxes were the top agricultural exports, accounting for 29.5% of the total with a value of $583.43 million.

Farm products shipped to Association of Southeast Asian Nations (ASEAN) countries accounted for 8.7% of total exports and were valued at $239.85 million.

Malaysia was the Philippines' top export market for farm goods, accounting for $121.13 million or 50.5% of the Philippines' farm exports to ASEAN.

Animal or vegetable fats and oils, followed by tobacco, and edible fruits and nuts were the top farm exports to ASEAN.

Shipments to the European Union (EU) made up 19.4% of all agricultural exports, and were valued at $410.78 million.

The top destination for Philippine farm products was the Netherlands which took in $185.71 million, or 45.2% of all farm exports to the EU.

Animal or vegetable fats and oils and their cleavage products, prepared edible fats and animal or vegetable waxes were the top agricultural exports to the region.

The PSA reported that imports of agricultural goods rose 8.7% year on year to $4.99 billion in the three months to September.

Cereals remained the top agricultural import in the third quarter at 21% of the total, valued at $1.05 billion.

Imports from the EU amounted to $450.29 million or 24.6% of farm imports by value.

Spain was the top EU supplier of farm goods, accounting for $112.93 million or 24.3% of overall farm imports.

Meat and edible meat offal were the top imports from the EU, followed by dairy, eggs, honey, and prepared animal fodder. — **Adrian H. Halili**

Meat importers support use of seized frozen meat, seafood for calamities

THE Meat Importers and Traders Association (MITA) said seized frozen meat and seafood need to go into a reserve stockpile for use in emergencies, if the shipments are proven safe for human consumption.

"Since meat and seafood that are properly frozen and stored do not pose any health concerns, such products can constitute a reserve stock of protein to be tapped and utilized in emergency situations," MITA President Emeritus Jesus C. Cham said in a joint statement with the Fisheries and Aquaculture Board.

Earlier, the Department of Agriculture (DA) urged the Bureau of Customs (BoC) to release 580 metric tons of seized frozen mackerel for use in relief operations for typhoon victims.

Agriculture Secretary Francisco P. Tiu Laurel, Jr. ordered the Bureau of Fisheries and Aquatic Resources to conduct tests on the seized frozen fish.

"The seized mackerel underwent laboratory testing and were found to be fit for human consumption. We urge the competent authority to declare and certify the same as wholesome," Mr. Cham added.

He said that the DA should attempt to put to use all frozen meat and seafood seized by the BoC or abandoned by importers.

He added that both agencies should enter into a memorandum of understanding to formalize procedures.

"They should likewise be declared wholesome if tested and found to be fit for human consumption," he said.

Mr. Cham added that such a move could boost the government's food security efforts and decrease food waste.

He said that products should be tested and taken out of port within two months of seizure or abandonment.

"In this manner, port congestion can be avoided, and costs of electricity, storage and demurrage can be lessened," he added.

Republic Act 12022 or the Anti-Agricultural Economic Sabotage Act, seeks to deter the smuggling or hoarding of farm products. The law classifies agricultural smuggling, hoarding, profiteering, and engaging in a cartel as economic sabotage. — **Adrian H. Halili**

OPINION

Is investing in renewable energy a power move?

TAXWISE OR OTHERWISE
EMMANUEL JIME FERNANDEZ

As the world grapples with the urgent need to combat climate change, renewable energy (RE) investments have become a critical focus for many countries. Currently, the RE share in the Philippines' power generation mix is at 22%. By 2030, the Philippines targets an RE share of 35%, 50% by 2040, and more than 50% by 2050. To reach these ambitious goals, substantial investments in RE capacity are necessary.

For investors, this raises the question: Is investing in RE in the Philippines a worthwhile venture?

TAX INCENTIVES

From a taxation perspective, the Philippines offers numerous incentives that make RE investments highly attractive. Under Republic Act (RA) No. 9513, also known as the Renewable Energy Act of 2008, and as further detailed in Revenue Regulations No. 7-2022, the following are some of the tax incentives available to new and existing RE developers:

• Income tax holiday (ITH) for the first seven years, and a 10% corporate tax rate after the ITH period;

• Net operating loss carryover (NOLCO) of the RE Developer during the first three years for the next seven consecutive taxable years;

• 10 years of duty-free imports of RE machinery, equipment, and materials directly and exclusively used in the RE activities;

• Special realty tax rates not exceeding 1.5% on equipment and machinery, and other improvements;

• Accelerated depreciation of plant, machinery, and equipment, in lieu of ITH;

• 0% Value-Added Tax (VAT) on the sale of fuel or power generated from RE sources and purchases of local supply of goods, property, and services;

• Tax exemption of carbon credits;

• Cash incentive for missionary electrification equivalent to 50% of the universal charge;

• 100% tax credit on domestic capital equipment and services on the value of the VAT and customs duties;

• Exemption from the universal charge on the sale of power and electricity; and

• Incentives for hybrid and cogeneration systems based on the RE component.

Alternatively, RE industry participants, who are assumed to be domestic market enterprises for purposes of this article, may opt to avail of the following incentives under the National Internal Revenue Code of the Philippines, as amended by RA No. 12066, otherwise known as the CREATE MORE Act, which was signed into law on Nov. 11:

• ITH of 4-7 years, depending on the location and tier category;

• Duty-free imports of capital equipment, raw materials, spare parts, and accessories directly and exclusively used in the registered activities;

• 0% VAT on the sale of fuel or power generated from RE sources

• VAT exemption on imports and 0% VAT on local purchases of goods and services directly attributable to the registered activities (for high-value domestic market enterprises);

• Enhanced Deduction (ED) for a maximum of 20 years after the ITH, or for a total maximum period of 27 years from the start of commercial operations if the registrant opts to forgo the ITH period. For this purpose, ED may include the following additional deductions:

i. 100% of R&D;

ii. 50% of labor expense;

iii. 100% of training expenses (Filipino employees);

iv. 50% of domestic input expense;

v. 100% of power expense;

vi. Up to 50% of reinvestment allowance for manufacturers;

vii. 10% and 20% of the depreciable cost of building and machinery, respectively, acquired for the entity's production of goods and services;

viii. NOLCO incurred for the first three years to be carried over within the next five consecutive taxable years immediately following the last year of ITH; and

ix. 50% of trade fairs and exhibition expenses.

• 20% corporate income tax after ITH; and

• Local tax of up to a maximum of 2% of gross income in lieu of all other local taxes and fees, for companies enjoying ITH or ED.

Manufacturers, fabricators, and suppliers of locally produced RE equipment and components, as well as entities engaged in planting crops and trees used as biomass resources, who are duly accredited/certified by the Department of Energy (DoE), may also avail of certain incentives under the above laws, subject to meeting certain requirements.

SIMPLIFIED REGISTRATION

With the signing of the Ease of Paying Taxes Act or RA No. 11976 early this year, along with the Bureau of Internal Revenue's implementation of digital services, registration and paying taxes in the Philippines has become relatively straightforward. Effective Nov. 25, the DoE will also resume acceptance and processing of RE contract applications through its Energy Virtual One-Stop Shop System, which aims to centralize and simplify the application process for RE projects.

GOVERNMENT SUPPORT

Recognizing the importance of transitioning to cleaner, more resilient, and sustainable energy systems, the Philippines has introduced various policies and mechanisms, such as renewable energy portfolio standards, net metering, green energy option/auction programs, feed-in-tariffs, and an RE market trading system, to encourage broader participation in the RE sector.

The removal of foreign ownership restrictions in 2022 for the exploration, development, and utilization of solar, wind, hydro, and ocean or tidal projects also sparked an inflow of additional investments in RE. The signing of CREATE MORE this year also expanded the available incentives for businesses and addressed some of the complexities of Philippine tax compliance.

THE WAY FORWARD

In the 2023 climate report of BloombergNEF, the Philippines ranked number four out of 110 emerging economies with the most attractive markets for investing in the power sector. With the country's vast solar and geothermal capacity, potential for harnessing onshore and offshore wind resources, availability of tax incentives, and strong government support for RE projects, the Philippines stands out as a prime destination for RE investment. Case in point, from January to mid-September of this year, the BoI approved $24.29 billion worth of investments, of which $23.2 billion, or 95% are for RE projects.

The government's proactive engagement in advancing a low-carbon energy future is commendable. While progress is ongoing, capitalizing on RE and green investments is a significant step in the right direction. With ample incentives and adequate support, I firmly believe that for investors, aligning with this vision promises not only substantial returns but also a pivotal role in fostering a sustainable and resilient future.

The views or opinions expressed in this article are solely those of the author and do not necessarily represent those of Isla Lipana & Co. The content is for general information purposes only, and should not be used as a substitute for specific advice.

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