Cabinet to focus on 16 major infra projects

By Kyle Aristophere T. Atienza
Reporter

THE first full Cabinet meeting of the year tackled the 16 flagship infrastructure projects that need the government's immediate attention, with the goal of achieving at least partial operations before the government steps down in 2028, Transportation Secretary Jaime J. Bautista said.

Speaking at a Palace briefing on Tuesday, Mr. Bautista said the Cabinet also discussed the implementation of the 2025 budget.

The 16 flagship projects include the North-South Commuter Railway, the Metro Manila Subway Project, the Metro Rail Transit (MRT) Line 4, MRT Line 7, Light Rail Transit Line 1 Extension, the New Cebu International Container Port, the Philippine National Railways South Long Haul, Mindanao Railway, and the New Dumaguete Airport.

Mr. Bautista said President Ferdinand R. Marcos, Jr. is focusing on rail projects, especially the proposed North-South Commuter Railway, a 147-kilometer line connecting Clark Airport to Calamba, Laguna.

"It started during the previous administration, we are now working to complete this so that we can have partial operations by the end of 2028," Mr. Bautista said.

He said the Department of Transportation (DoTr) is currently handling 69 flagship infrastructure projects out of the 186 that were approved by the National Economic and Development Authority Board, which is headed by the President.

"Out of these 69, there are major projects that need to be implemented as soon as possible," he said.

Mr. Bautista said cuts in the DoTr's budget for 2025 will not affect priority projects, noting that the reductions only affected the foreign-assisted projects.

"We should be able to fund these from the loan proceeds," he said. "We're happy that the government's share of most of our infrastructure projects was not reduced so we will continue to implement these programs."

Mr. Bautista said the DoTr can still avail of the loans to fund major projects like the Metro Manila Subway and the North-South Commuter Railway.

"We can still draw on the loans. We just need support from the Department of Budget and Management," he said. "We have also discussed this with our development partners, and they will continue to provide the loans to the DoTr."

Mr. Marcos on Dec. 30 signed into law the P6.326-trillion national budget for 2025 but vetoed more than P194 billion worth of line items that he said were inconsistent with his administration's priorities.

In a statement after the Cabinet meeting on Tuesday, the Presidential Communications Office (PCO) said Mr. Marcos "wants government agencies to reexamine the administration's programs contained in the National Expenditure Program (NEP) but were defunded by Congress."

"We have to reexamine so that the programs that we wanted — that we put in the NEP — can somehow be restored," Mr. Marcos was quoted as saying.

"For the rest of the departments, I need you to give me the priorities — the things that we prioritized in the NEP that were removed in terms of budgeting, in terms of appropriations," the President added.

The PCO said the President would like to "sit down with each department to ensure the government's actual expenditure program will resemble the NEP."

Among the items that the President wanted to look into were the P12 billion decrease in the budget for the maintenance of roads, the P500 million reduction in the funding for routine maintenance of bridges, and the P21-billion budget cut for feasibility studies, the PCO added.

Meanwhile, Executive Secretary Lucas P. Bersamin reiterated at the same briefing that the inclusion of funding for the military and police academies in the education budget was compliant with the Constitution.

He said the inclusion of the Philippine National Police Academy and Philippine Military Academy funding in the education budget requires a look at the issue "with a broader understanding."

"If before the treatment was that the budget for education was only that allocated to DepEd (Department of Education), that was the wisdom at that time," he said.

He said the vetoed items in the budget of the Department of Public Works and Highways, which was allocated P1.01 trillion, caused the education sector to obtain the biggest share of the budget, as required by the Constitution.

Mr. Bersamin said the full Cabinet meeting — the 18th under the Marcos administration was "not able to tackle all the scheduled items because of lack of time... But we can assure you that whatever was discussed, we discussed it with thoroughness."

Tobacco excise collections on track to miss 2024 target

THE Bureau of Internal Revenue (BIR) said it collected P130.91 billion in tobacco excise taxes in the first 11 months of 2024, well behind the pace needed to hit the year's target of P185.34 billion.

BIR Commissioner Romeo D. Lumagui, Jr. said at a hearing at the House of Representatives that consumption patterns for tobacco are changing, with users shifting away from cigarettes in favor of heated tobacco products and vapor products. He also cited the proliferation of products that evade tax, including smuggled cigarettes.

The Department of Science and Technology Food and Nutrition Research Institute said 10 to 19-year-olds currently smoking grew by 4.8% in 2023.

In the same House briefing, the Ways and Means committee heard proposals for a 20% ad valorem tax on vape units.

Currently, the Philippines charges an excise tax of P60 per pack of 20 cigarettes while vape products are levied a P54.60 per milliliter (mL) tax for salt nicotine and P63 per 10 mL tax for classic nicotine products, according to the excise tax rates prescribed by the Bureau of Customs for 2024.

"In principle, we are actually supportive of the unitary rate, particularly in the vapor products for ease of tax and be able to hit our health goals," Finance Assistant Secretary Karlo Fermin S. Adriano said.

"However, we would like to note that we are still studying the optimal rate because as you know right now for salt nicotine it was P54.60 per mL last year but for the free-base per 2024 to P63 per mL," he added.

Meanwhile, Philippine Tobacco Institute (PTI) President Jericho B. Nograles said the organization is not in favor of the proposed 20% ad valorem tax on vape devices "as it was already covered in the 12% value-added tax."

To deter the illicit trade in tobacco products, the PTI proposed that the current tax system be revisited to "determine the optimal tax rate that will allow the government to achieve its twin objectives of raising revenue and discouraging consumption of tobacco products without any unintended consequences."

Mr. Nograles added that a single rate will be crucial for all vapor products.

The unnumbered substitute bill to House Bill No. 10329, which deals with the illicit tobacco trade, proposes a 5% increase in the tax rate for vapor products starting Jan. 1, 2027. — **Aubrey Rose A. Inosante**

November factory output contracts 4.2%

FACTORY OUTPUT declined in November by 4.2% year on year, with the indicator dragged down by consecutive typhoons, the Philippine Statistics Authority (PSA) reported on Tuesday.

According to preliminary results from the PSA's Monthly Integrated Survey of Selected Industries, factory production, as measured by the volume of production index (VoPI), the November reading reversed a gain of a revised 0.7% in October and a 2.1% rise a year earlier.

The November reading was the weakest since the 5.1% contraction in September.

Month on month, the manufacturing sector's VoPI fell 1.9%, deepening a 0.4% drop in October. Stripping out seasonality, factory output fell 1.9% in November from a 5.5% rise a month earlier.

Manufacturing output growth for the first 11 months averaged 1.1%, against 5.1% a year earlier.

The forward-looking indicators, on the other hand, are pointing to a recovery. The Philippine manufacturing purchasing managers' index (PMI) compiled by S&P Global rose to 53.8 in November from 52.9 in October, the strongest reading since the 54.1 posted in May 2022.

PMIs are a gauge of the volume of raw material orders, which will be turned into manufactured goods later. The strength of purchasing is a proxy for how manufacturers forecast demand in the near future. A PMI reading below 50 points to a contraction in the manufacturing activity, while expansions are signaled by PMIs above 50.

"The supply chain disruptions as a result of adverse weather conditions, leading to port congestion and flooding and eventually to longer lead times for inputs," Leonardo A. Lanzona, an economics professor at the Ateneo de Manila, said via Messenger.

Mr. Lanzona also said that inflationary pressures were present in November, raising input costs for manufacturers.

Inflation accelerated to 2.5% in November, as prices of vegetables, meat and fish rose after six typhoons entered the Philippine Area of Responsibility throughout the month.

Sergio R. Ortiz-Luis, Jr., president of the Philippine Exporters Confederation, Inc., said by telephone that disruptions in the global supply chain caused by geopolitical tensions have also affected the electronics industry.

The PSA said that the November decline was led by food manufacturing, which contracted 0.8%. Food products account for 18.7% of manufacturing activity.

The manufacture of transport equipment fell 0.4%, and the manufacture of computer, electronic and optical declined 5.6%.

Average capacity utilization rate was 75.6% in November, topping the 74.8% from November 2023. The October reading was a revised 75.8%.

Nineteen out of 22 industry categories posted average capacity utilization rates of more than 70%. — **Pierce Oel A. Montalvo**

EVs, green tech seen driving nickel, copper demand in 2025

By Adrian H. Halili
Reporter

MINERS are expected to encounter stronger demand for major Philippine minerals like copper, nickel, and gold in 2025, industry officials said.

"We remain upbeat on nickel given that the rapid adoption of electric vehicles (EVs) and renewable energy technologies will undoubtedly drive demand in 2025 and beyond," Michael T. Toledo, chairman of the Chamber of Mines of the Philippines (CoMP), said via Viber.

This outlook points to a recovery in nickel, after nickel ore production fell 12% year on year to 25.7 million dry metric tons (DMT). Value had also dropped 21% to P42.98 billion.

Mr. Toledo added that copper is expected to remain a catalyst for the de-carbonization effort, alongside nickel.

"(It) will demonstrate its increasing role as a vital indicator of global economic health," he said.

According to the Mines and Geosciences Bureau, the value of metallic mineral production rose 3.17% to P195.92 billion in the first nine months of 2024.

Copper output jumped 44% to 280,718 DMT, while value increased 53% to P27.92 billion.

Nickel and copper remain top commodities for the manufacture of electric vehicles and renewable energy components.

On the other hand, Mr. Toledo said that gold prices are expected to hit $3,000 per ounce by mid-2025, citing expert forecasts.

"Given the geopolitical uncertainties posed by the US-China-Russia tensions and the Middle East conflicts, it could even reach over $5,000," he added.

Gold production declined 4% in the nine-month period to 22,034 kilograms. On the other hand the value of gold produced rose 19% to P92.67 billion.

Mr. Toledo said that the global push towards net-zero is expected to slow with the start of US President-elect Donald J. Trump's second term.

"We don't know yet how the Trump presidency will affect commodity prices, particularly those of minerals needed for clean energy. Experts, however, believe President-elect Donald Trump's return will only slow, but not stop, the global drive towards net-zero emissions," he added.

He said that the government also should include a "financial stability clause" in all mineral agreements to address the unstable mining business environment in the Philippines and reassure potential investors.

"This will guarantee continuity of mining operations and assure the sanctity of contracts, regardless of material adverse changes in government policy that would prevent mining contractors from performing their obligations," he added.

Additionally, Mr. Toledo said that the potential passage of the new mining fiscal regime and the digitization of the Department of Environment and Natural Resources (DENR) application process were "welcome developments."

The DENR has said it was planning to launch the digital application platform for mining permits this year to streamline processing.

The government is set to approve a law that will boost the government's share of mining industry profits through a simplified five-tier royalty tax system.

Mr. Toledo said that addressing the problems faced by mining companies will "undoubtedly attract more mining investment and put us in a better position to participate in a significant way in both extraction and processing of minerals that are vital to the production of renewable energy products."

OUTLOOK 2025

German chamber finds energy costs, logistics topping businesses' concerns

GERMAN companies listed high energy costs, inadequate infrastructure, and supply chain disruptions as their top concerns that tempered their confidence in the Philippine market, the German-Philippine Chamber of Commerce and Industry (GPCCI) said.

Citing its World Business Outlook Survey, the GPCCI said in a statement on Tuesday that 54% of the respondents said they expect to expand their workforces in the Philippines, exceeding regional and worldwide averages.

Some 44% also said that they plan to increase investment in the Philippines, while 55% expressed positive sentiment towards the current business environment.

However, the GPCCI said that this optimism is being undermined by challenges in energy costs, infrastructure, and supply chains.

"The AHK World Business Outlook Survey demonstrates the Philippines' ability to deliver good results, particularly in employment growth and investment intentions, compared to global counterparts," GPCCI President Marie Antoniette Mariano said.

"However, while this optimism is encouraging, we must remain vigilant in addressing the structural challenges that could hinder sustained progress," she added.

The GPCCI said that the Philippines showed higher sensitivity to rising energy prices and commodity costs compared to other ASEAN markets, while infrastructure bottlenecks were more pronounced.

"It is crucial to prioritize policies that enhance energy efficiency, modernize infrastructure, and build resilient supply chains to ensure long-term competitiveness and sustainable growth," GPCCI Board Director and Policy and Advocacy Chairperson Marian Norbert Majer said. — **Justine Irish D. Tabile**

BCDA says continued use of Capas, Tarlac landfill illegal

THE Bases Conversion and Development Authority (BCDA) said on Tuesday that Metro Clark Waste Management Corp. (MCWMC) continues to operate at the Kalangitan Sanitary Landfill, violating the temporary restraining order against its use.

"The BCDA denounces the continuous illegal operations of the MCWMC of the Kalangitan Sanitary Landfill in Capas, Tarlac, in violation of the 60-day Temporary Restraining Order (TRO) issued by the Court of Appeals," the BCDA said in a statement.

"The TRO essentially allows the landowner, BCDA, to recover the state-owned property, there being no effective injunction that will hinder it (from doing) so," it added.

According to the BCDA, it received reports that MCWMC had set up a station along the road outside the Kalangitan landfill.

"Aside from the barriers set up by MCWMC preventing recovery efforts, security on the ground reported a foul smell emanating from the Kalangitan Sanitary Landfill, raising health and safety concerns for the neighboring communities," it said.

The BCDA said it contacted the Philippine National Police, the Department of Environment and Natural Resources, and sanitation inspectors and public health officials of the governments of Tarlac and Capas.— **Justine Irish D. Tabile**