BIR estimates 2024 tobacco revenue at $7.3B

BUREAU of Internal Revenue (BIR) Commissioner Romeo D. Lumagui, Jr. on Tuesday gave a preliminary estimate for Philippine tobacco revenue at $7.3 billion in 2024.

"The Philippines, as one of Asia's developing economies, is home to an active tobacco industry, whose revenues are projected to reach $7.3 billion in 2024," Mr. Lumagui said in a speech during the 2nd International Tobacco Agricultural Summit.

The tobacco industry itself is projected to grow 2.67% annually between 2024 and 2029, he added.

He said the "strong potential" for revenue has attracted illicit industry entrants.

"Such exploitation is behind the illicit trade in tobacco products, which has been exposed as a major scourge of the economy," he said.

Illicit tobacco products are substandard and threaten the public's well-being while unfairly competing with legitimate enterprises.

He cited operations that led to the confiscation of illicit cigarettes valued at P252 million and P17.9 million in separate Davao City raids.

Mr. Lumagui noted the dramatic rise in popularity of vaping, "due in part to the glamor attached to this new form of smoking by its prevalence among celebrities." — **Aubrey Rose A. Inosante**

Slight infra delays expected as poll spending ban looms

By Beatriz Marie D. Cruz
Reporter

SOME public works projects are expected to experience minor delays due to the spending ban leading up to the midterm elections in May, government contractors said.

"The progress of government construction projects is hinged on funding from the government. Hence, we expect slight delays in the completion of these ongoing projects," Jason C. Valderrama, founder and president of construction consultancy JCV & Associates, said via Viber.

"There will also be a temporary dip in revenue of government-focused contractors in April and May," Mr. Valderrama noted.

Ahead of the May 12 elections, the Commission on Elections (Comelec) will impose a ban on public works spending starting March 28, which will run for 45 days.

The Comelec has exempted from the ban 48 public infrastructure projects being pursued as public-private partnerships.

The case is different for projects that are wholly government-funded, Mr. Valderrama said, adding: "The temporary cessation of disbursement during the election ban will certainly affect their cash flow."

EEI Corp. Senior Vice-President Earl Jason R. Vistro said the impact of the election spending ban varies by market segment.

"We normally see poll spending bans to impose delays on local-level government projects that have not yet started, which would consequently affect construction activity and revenue for contractors primarily engaged in such type of projects," Mr. Vistro said in an e-mail.

Mr. Vistro also noted that such projects that have not yet started may be affected in jurisdictions that experience a change in leadership and priorities.

"New projects in both the private and public works sector may also experience some potential delays with permits and processing when there is a change of administration at the local level," he also said.

Major infrastructure projects under the Philippine Development Plan, such as the Metro Manila Subway or North-South Commuter Railway, will likely be unaffected, added Mr. Vistro, who is also EEI's head of government relations, external affairs, safety and security.

Eduardo A. Sahagun, PHINMA Corp. director and executive vice-president for construction materials, said the spending ban will likely pose minimal effects on government projects if contracts were entered into early.

"Normally, the Public Works (department) will award the contracts before the construction ban," he said via telephone, allowing much of the critical work to have been carried out by the time the ban sets in.

Budget Undersecretary Goddes Hope O. Libiran has said that about 12,900 projects worth P707 billion will be affected by the spending ban. The bulk of these projects are overseen by the Department of Public Works and Highways.

The government hopes to spend the equivalent of 5-6% of gross domestic product annually for infrastructure through 2028.

SC asked to rule on 2025 budget blank items, PhilHealth defunding

A COURT challenge to the 2025 budget has been filed, with the Supreme Court (SC) asked to rule on the spending plan's legality by the Marcos administration's first Executive Secretary.

Former Secretary Victor D. Rodriguez, who is running for the Senate, filed the petition on Monday, alleging before the tribunal that the 2025 General Appropriations Act (GAA), is "illegal" and "criminal." He named President Ferdinand R. Marcos, Jr. and Congress as respondents.

"It's a challenge to the constitutionality of the illegal, unlawful, immoral, and unconstitutional 2025 budget... about the Bicameral Conference Committee report containing 28 line items in blank consisting of more or less 13 pages," Mr. Rodriguez told reporters in a video conference on Tuesday.

"You don't pass an unenrolled bill blank," he said, claiming that the 2025 GAA "violated Article VI, Section 27 of the 1987 Constitution of the Philippines when the members of the Bicameral Conference Committee signed and submitted a Report on the 2025 General Appropriations Bill with blanks."

Asked to comment, Solicitor General Menardo I. Guevarra, who represents the government in legal proceedings, told reporters via Viber: "We shall comment on the petition if directed by the Supreme Court to do so. In the meantime the validity, regularity, and constitutionality of the 2025 GAA is legally presumed."

The blank line items contained in the budget pertain to projects of the Department of Agriculture, such as irrigation and farm-to-market roads, according to a copy of the budget's bicameral conference committee report obtained by *BusinessWorld*.

The petition further claims that the GAA violates the Universal Health Care Act (UHCA) by allocating "not a single centavo" to the Philippine Health Insurance Corp. (PhilHealth).

Legislators have justified the zero subsidy for PhilHealth, citing the health insurer's P600 billion or so in reserve funds.

"Instead of allocating said excess funds to decrease the amount of member's contributions and to increase the program's benefits in accordance with Section 1 of the UHCA, which would have alleviated the latter's burden of paying premiums to PhilHealth, said excess funds would now be utilized for the operating budget of PhilHealth, thereby deviating from the law's goals," according to the petition.

The petition also claims that the 2025 GAA violated Article VI, Section 25(1) of the 1987 Constitution when members of Congress re-aligned the proposed appropriations per the 2025 National Expenditure Program (NEP), which had the effect of increasing the allocation for Congress.

"While the realignment process adopted by the Respondent House of Representatives and Senate maintained the 2025 NEP total proposed budget in the amount of P6.352 trillion, the allotments for some line agencies were modified by the Respondents to accommodate a steep increase in the appropriations for Congress," it added.

It noted that Mr. Marcos had failed to veto the budget appropriations for Congress.

"The President merely vetoed minute line items in the aforesaid bill specifically proposed programs and projects of the Department of Public Works and Highways (DPWH) amounting to P26.065 billion and Unprogrammed Appropriations amounting to P168.24 billion," it said.

The petition also alleged the 2025 GAA violated Article XIV, Section 5(5) of the Constitution by not giving education top priority for funding.

Republic Act 12116 reclassified funding for the Philippine Military Academy, the Philippine National Policy Academy and the National Defense College of the Philippines as education funds. These bodies had previously been part of the defense budget, it added.

Funding for the Local Government Academy, Philippine Public Safety College, Philippine Science High School System, and Science Education Institute were also previously classified in other non-education budgets but were included as education items in the 2025 budget.

"In effect, the 2025 GAA was carefully crafted to superficially adhere to the mandate of the 1987 Constitution that 'The State shall assign the highest budgetary priority to education and ensure that teaching will attract and retain its rightful share of the best available talents through adequate remuneration and other means of job satisfaction and fulfillment,'" it said.

Stripping out the reclassified education items, the DPWH has the top budget allocation in the 2025 budget with P1.034 trillion.

Mr. Marcos signed into law the 2025 GAA on Dec. 30 but vetoed P194 billion worth of line items that he said were inconsistent with his government's priorities.

Former President Rodrigo R. Duterte first called attention to the blank items in the Budget in mid-January. — **Chloe Mari A. Hufana**

Nestlé announces P6-B PHL factory upgrade plan

By Justine Irish D. Tabile
Reporter

NESTLÉ Philippines, Inc. said it set aside P6 billion to expand factory capacity and improve their efficiency.

At a media event on Tuesday, Nestlé Philippines Chief Executive Officer Kais Marzouki said that the investment plans are part of the P18.1 billion earmarked for the Philippines for the 2019-2027 period.

"What you see here over the last few years and a few years going forward is really a constant investment of P2 billion every year," Mr. Marzouki said.

"This is to increase our capacities, to improve our technologies, to make our factories more efficient, and to respond to increasing demand," he added.

He said the investments are geared toward better addressing the Philippine market's nutrition, health, and wellness needs.

Citing issues like child nutrition, Mr. Marzouki said: "60% of what we sell addresses micronutrient deficiencies because many of our products are fortified."

"All our factories need to be upgraded constantly, and that's really what our investments are about," he added.

On Monday, Nestlé was at the Taguig Integrated School for its Nestlé Wellness Campus experience.

Since 2012, the company has been staging Nestlé Wellness Campus events with the Department of Education (DepEd) to teach public school children and parents the importance of sound nutrition and proper health habits.

"Today we cover 26,000 schools. We cover half of all the children from Grade 1 to Grade 6... Every year we increase (the scope of the program) in partnership with the DepEd," he said.

"We are already in eight regions. The idea is to eventually cover all the regions in the Philippines," he added.

The investment plan also addresses major sustainability problems in the Philippines.

Laurent Freixe, Nestlé's global chief executive officer, said that the company has been helping coffee farmers apply regenerative practices, using renewable electricity in their manufacturing facilities, and collecting plastic packaging to promote circularity.

"I think (the Philippines is) one of the best markets we have in terms of engagement end-to-end," he added.

According to Mr. Marzouki, Nestlé was the first FMCG (fast-moving consumer goods) company to become plastic-neutral in the Philippines.

"That means that we take back as much as we put out in packaging. That's 24,000 tons every year," he added.

Mr. Freixe described the Philippines as a big market population-wise, comparable to Mexico and exceeding any European country.

"It's one of the most promising countries in terms of economic growth... with the population growing, it's one of the most promising markets we've got in the world," he said.

"(The Philippines) is the sixth biggest market for the group in terms of turnover," he added.

In 2023, Nestlé Philippines booked P169 billion in revenue. The company has yet to release results for 2024.

Mr. Marzouki said that the average annual revenue growth for Nestlé Philippines' is around 5%.

According to Mr. Freixe, in the Philippines, "we believe in the cold coffee space... And I think there is a know-how there and many initiatives."

"We also believe in the potential of pet food, which is still a relatively small category but has huge potential," he added. The group controls the Purina brand of pet food.

The top 4 Nestlé brands in the Philippines are Nescafé, Bear Brand, Milo, and Maggi, Mr. Marzouki said.

3 John Hay residential leases signed — BCDA

THE Bases Conversion and Development Authority (BCDA) said it signed three new long-term residential lease deals for units at Camp John Hay.

In a statement on Tuesday, the BCDA said the new 25-year lease agreements were entered into with private individuals.

The leases involve a 427-square-meter (sq.m.) Country Estate unit, a 449-sq.m. Country Homes unit, and 275-sq.m. Forest Cabin.

BCDA President and Chief Executive Officer Joshua M. Bingcang said that the plan is to make Camp John Hay a community with thriving businesses and residents while protecting and preserving the forest.

"More lease agreements with both commercial and residential lessors are expected to be signed soon," he added.

The BCDA regained control of the former US military recreational facility after the Supreme Court ordered the property's turnover to the state-run corporation.

Since taking full control of Camp John Hay, BCDA has signed 15-year commercial lease agreements with Amare La Cucina for a 1,500-sq.m. lot and with Top Taste and Trading, Inc. for an 800-sq.m. property.

The BCDA also signed a 25-year residential lease contract for two Forest Cabin units with Metro Pacific Investment Corp. Director Victorico Vargas.

The BCDA tapped Metro Pacific group company Landco Pacific Corp. as the interim manager of The Manor, Forest Lodge, and the CAP-John Hay Trade and Cultural Center.

A consortium of Golfplus Management, Inc. (GMI) and DuckWorld PH has been engaged on an interim basis to oversee the operations and maintenance of the Camp John Hay golf course. — **Justine Irish D. Tabile**

Employer's group revives job creation program

THE Employers Confederation of the Philippines (ECoP) said that it will revive its Job Opportunities Building Skills (J.O.B.S.) program this year with the goal of including the informal sector.

"That is something that we will pursue this year, and we have been going around together with the Philippine Chamber of Commerce," ECoP President Sergio Ortiz-Luis, Jr. said at a ceremony marking ECoP's 50th year Tuesday.

According to Mr. Ortiz-Luis, the J.O.B.S. program was suspended with the change in administration.

"It was revived again through the initiative of the advisers of President Ferdinand R. Marcos, Jr. in the Private Sector Advisory Council and other industry groups," he said.

Asked for a job generation target, he said, "We have not set a number. If you remember in 2021, we set a 1 million job target. We didn't meet it at the end of the year because of the spike in COVID, but we reached the 1 million job mark by March 2022," he added.

"What we would like to be able to do is to create enough jobs to be able to accommodate (the informal sector)," he added.

He said that many services companies are already tapping informal workers.

"What we are doing is matching. We will talk to the companies that are willing to do that," he added.

The revived program will also target K-12 graduates who he said are experiencing difficulty finding jobs companies tend to hire experienced workers or those who have completed higher education.

For its 50th anniversary, ECoP will also be launching an online job fair platform known as the Employment Connect Opportunities, ECoP Deputy Director General Jelermina Abigail Roxas-Gorospe said.

For the platform, she said ECoP will be working with various institutions, both private and government.

"For the government, of course, we will be working with the Department of Labor and Employment and the Technical Education and Skills Development Authority," she added.

ECoP's other programs include its environment, social, and governance program and artificial intelligence chatbot on labor and employment issues. — **Justine Irish D. Tabile**

Japanese car repair firm studying Pampanga operation

THE Board of Investments (BoI) said on Tuesday that a Japanese company is considering setting up a quick-stop car repair service in Pampanga by July.

The BoI said it met with Japan's Anest Iwata A.I.R. Corp. to discuss a planned venture in the Philippines.

"A key focus of the meeting was the company's joint venture with Kurumaya Complete Auto Care (Kurumaya) for its repair shop operations, specifically for car coating repair services," the BoI said.

Under the partnership, Anest Iwata plans to provide specialized training to Kurumaya employees.

Anest Iwata also plans to open its first shop in Pampanga and start operations by July. It also expressed plans to expand to other key locations such as Metro Manila and Laguna.

"The company is set to introduce the first-ever quick-stop car repair service in the country, promising same-day completion for repairs," the BoI said.

Anest Iwata's auto repair shop in Pampanga will be its first location outside Japan.

According to the BoI, the meeting with Anest Iwata follows an earlier engagement during the Investments Promotion Mission to Japan, led by Trade Undersecretary and BoI Managing Head Ceferino S. Rodolfo in November. — **Justine Irish D. Tabile**