

Right-of-Way Act rules on compensation deemed in force after March 2016

THE Department of Justice (DoJ) has issued a legal opinion that compensation rules set by development partners for persons displaced by foreign-funded projects apply only if the loan agreement was signed prior to the effectivity of the Right-of-Way Act (Republic Act No. 10752).

The opinion was issued to clarify the compensation rules governing projects entered into by the Department of Transportation (DoTr) and entities like the Japan International Cooperation Agency (JICA).

JICA-funded projects must comply with a framework known as the Guidelines for Environmental and Social Consideration, which provides that: “people who must be resettled involuntarily and people whose means of livelihood will be hindered or lost must be sufficiently compensated and supported by project proponents etc. in a timely manner. Prior compensation, at

full replacement cost, must be provided as much as possible.”

The DoJ said that the Right-of-Way Act has its own process for acquiring right-of-way for national infrastructure projects, including rules for negotiated sales and payment schedules for affected property owners.

The Philippine standard for compensating landowners displaced for government projects, according to the Constitution, is fair market value instead of full replacement cost.

“Faithful compliance to the Loan Agreement and the Environmental Guidelines prior to the date of effectivity of R.A. No. 10752 or before 25 March 2016, should be upheld as valid,” according to the DoJ opinion.

Major JICA-funded projects currently include the North-South Commuter Railway (NSCR), which is co-financed by the Asian Development Bank, the loan agreement for which was signed in 2023. — **Ashley Erika O. Jose**

PEZA expecting Philippines to escape worst of Trump tariffs

THE Philippine Economic Zone Authority (PEZA) said the Philippines may avoid the worst of the Trump tariffs because of its small trade surplus with the US as well as its key role in US regional strategy.

“Being an important country in the geopolitical strategy of the US, I believe that we will be less impacted by the tariffs that have been announced so far,” PEZA Director General Tereso O. Panga told *BusinessWorld*.

US President Donald Trump last week announced plans to impose tariffs on auto, chip, and pharmaceutical imports over the course of the year.

In particular, Mr. Trump said that he will impose 25% tariffs on automobiles by April 2, with 25% or higher tariffs expected for pharmaceuticals and semiconductors.

“Opportunities will arise where manufacturers in the countries greatly affected by the

US tariffs might opt to transfer to the Philippines and locate in PEZA. This is an upside that I am looking at as an advantage for the country due to the US tariff pronouncements,” he said.

“Again, however, it is still opaque as to how much the tariffs will impact the Philippines, and I am quite sure that talks are under way to minimize the impact on the Philippines-US trade,” he added.

Mr. Panga said the Philippine motor vehicle and pharmaceutical industries will not be affected by the tariffs.

“The Philippines is more of an importer of vehicles and a producer for the local market. So, this industry is basically unaffected by the Trump tariffs as we do not export cars to the US,” he said.

“The automobile industry consists of two sectors: motor vehicle assembly and vehicle parts and components manufacturing,” he added.

He said that the Philippines is still in the “developing stage” in terms of setting up pharmaceutical economic zones.

“The primary objective of this is a direct instruction from the President to enable the Philippines to first have a stronger pharmaceutical manufacturing footprint and to lessen the price for the domestic market and increase our citizens’ access to affordable medicines,” he said.

“In effect, the Trump tariff will not impact our pharma industry,” he added.

However, he said that the Philippines’ largest exports are semiconductors, though it remains one of the smaller players in the region in terms of electronics exports to the US.

“Further, there are US policies like the Chips Act where the Philippines has been promised support by the US. These agreements and

commitments are still in play and may lessen the impact of Trump 2.0 tariffs on this industry,” he said.

Citing a report by ING, he said that “India and the Philippines are less at risk because these economies are domestically demand-driven and export fewer sophisticated goods that compete directly with the US.”

He said that PEZA will nevertheless be watching US trade policy closely.

“Higher authorities are in negotiations to soften the blow of these tariffs on the Philippines and PEZA locators. I am quite sure that this will be discussed in the Trade and Investment Framework Agreement consultations between the Philippines and US,” he said.

“Currently, we are least exposed in terms of bilateral trade imbalances with the US as well as its effect on our gross domestic product,” he added, citing the ING report. — **Justine Irish D. Tabile**

Import permit process for non-sugar sweeteners to be streamlined

THE Sugar Regulatory Administration (SRA) said it will revise the rules for importing sugar alternatives which will reduce red tape, later facilitated further by the use of an online portal.

The streamlining follows consultations with users, which surfaced concerns over bureaucratic inefficiencies. Users had lobbied against plans to impose new import clearance fees for some non-sugar sweeteners.

“We listened to their concerns. Their most basic concern

is delay, red tape,” Administrator Pablo Luis S. Azcona told reporters at the SRA Research Facility in La Carlota, Negros Occidental.

Mr. Azcona told *BusinessWorld* during a visit to a sugar mill that it takes three to five working days for the SRA to issue import clearances.

“We will include in the sugar order that if the SRA still has no response after five working days, the application is deemed approved,” he said.

He said the SRA is set to issue the order in March.

The SRA in late January decided to postpone the effectivity of Sugar Order (SO) No. 6, which sought to impose a P60 per metric ton clearance fee on imported sweeteners covered by tariff codes 1701, 1702 and 1704.

These include sucrose, lactose, glucose, maltose, maple syrup, honey and caramel, and flavored syrups.

Food and beverage manufacturers, industry associations and

chambers of commerce have cited the order’s potential impact on confectionery and beverage prices.

They also called on the SRA to conduct a Regulatory Impact Assessment before any policy changes, and urged it to adopt the Anti-Red Tape Authority’s ease of doing business framework, which sets timelines for approving permits based on the complexity of the transaction, and deems as approved those applications for which processing exceeds the prescribed timelines.

Mr. Azcona said the new rules will allow prospective importers to present a sales invoice from the supplier to kick off the application process.

The SRA will also require a soft copy of the bill of lading or the contract between a carrier and a shipper to issue the import clearance, he added.

“Since our import clearances is on a per bill of lading basis, sometimes there is a delay in the BL. It takes a few days for the BL to come out. So, we agreed. They can

apply using their invoices first,” he said.

The idea is to “get the process going,” he added. “And then finalize once the BL is there.”

Mr. Azcona said the SRA is in the process of developing an online portal for importers.

He did not comment on whether the proposed fee will still be imposed.

Consultations are expected to conclude in time for the new rules to go into force by March. — **Kyle Aristosphere T. Atienza**

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