

BSP says gold operations part of its core functions

THE Bangko Sentral ng Pilipinas (BSP) said it uses gold sales to manage foreign exchange reserves, after the Palace rejected allegations from former President Rodrigo R. Duterte that the gold was being stolen.

"The country's gross international reserves (GIR), including gold, are held and managed solely by the BSP in order to maintain the international stability and convertibility of the Philippine peso and meet any foreseeable net demands on the Bangko Sentral for foreign currencies."

"The country's GIR is not used for any other purpose other than meeting the country's forex requirements."

Mr. Duterte had alleged that President Ferdinand R. Marcos, Jr. is "stealing gold reserves."

Presidential Communications Office Undersecretary Claire A. Castro said at a briefing on Monday that the palace is taking these allegations seriously and would like to dispel "fake news."

"Did (Mr. Duterte) not have any economic experts telling him

about the regular activities of the BSP?" Ms. Castro said.

The BSP said buying and selling gold is "part of its core functions."

"When the BSP sells gold, the proceeds revert to and stay within the GIR," it added.

The central bank reported that reserves stood at \$106.84 billion in 2024, up 3%.

"Similar to other central banks, the BSP maintains a portion of its reserves in gold as part of the country's GIR mostly to hedge against/offset movements in the market price of other assets. It

buys or sells gold to maintain an optimum level for this purpose, not too much, not too little. This follows basic portfolio-management principles."

"Gold prices tend to move in the opposite direction of other assets. Therefore central banks hold some gold as a hedge against price declines in other assets in the reserves. However gold can be volatile, earn little interest, and (entails) storage costs, so central banks don't want to hold too much." — **Luisa Maria Jacinta C. Jocson**

Cigarettes owing P6.4B in taxes face destruction

THE Bureau of Internal Revenue (BIR) started destroying seized cigarettes representing P6.4 billion in unpaid taxes this week in Pampanga. In a statement on Monday, the BIR said it will destroy 14.3 million packs of cigarettes at 12 sites between Feb. 24 and 28.

"This initiative is a testament to our commitment to uphold the law and deter illicit activities. This is the rational next step from the nationwide raids we conducted since 2022 and the filing of the criminal cases against these individuals and corporations," Commissioner Romeo D. Lumagui, Jr. said.

The first day of the nationwide destruction of illicit cigarettes and cigarette-making equipment was held at Digama

Waste Management Services in Porac.

The BIR said the destruction of the illicit products seeks to highlight the public health risks posed by cigarettes from unknown sources in the absence of quality control and regulation.

The BIR has criminally charged the parties in possession of these cigarettes as part of its campaign against tax evaders.

The BIR on Feb. 17 filed a tax evasion case against operators of a facility following a raid. The most recent operation resulted in the seizure of products that evaded P8.54 billion in taxes.

Mr. Lumagui on Feb. 20 estimated foregone revenue in 2024 from the illicit cigarette trade at P30 billion to P40 billion.

"The destruction of illicit goods is a crucial step in maintaining the integrity of our revenue collection, protecting the health of our citizens, and safeguarding the interests of legitimate businesses who properly file and pay the correct taxes due to the government." Mr. Lumagui said.

In a separate statement, the Philippine Tobacco Institute (PTI) expressed its support for the exercise while calling for a dedicated task force to oversee operations against traders of illicit cigarettes and counterfeit tobacco products.

"The PTI fully supports these enforcement efforts and remains committed to collaborating with government agencies to eliminate illicit trade,"

the PTI said in a statement on Monday.

The group said this destruction of these counterfeit and tax-evading products shows the BIR is acting "to protect the integrity of the tobacco industry" — which contributes to the excise tax collection annually and supports health and social services programs.

"A dedicated task force focusing on enforcement, prevention, and intelligence-sharing would strengthen the government's ability to disrupt illicit networks and hold offenders accountable," it said.

It also noted that the illicit trade is detrimental to the government's revenue, and the livelihood of farmers, manufacturers and retailers. — **Aubrey Rose A. Inosante**

PHL to export 66,000 MT of raw sugar next month

THE PHILIPPINES will export 66,000 metric tons (MT) of raw sugar to the US next month, the industry's regulator said.

The Sugar Regulatory Administration (SRA) agreed to deliver two boatloads of 33,000 MT each to maximize the savings on freight, instead of the initial decision to ship 60,000 MT. Administrator Pablo Luis S. Azcona said at a briefing, citing input from traders.

Mr. Azcona said segments of the industry, including farmers, oppose sugar exports to the US because it buys the commodity at a lower price.

"Sugar is bought by traders at US prices, which is about P1,000 less than domestic price. That's why farmers complained," Mr. Azcona said.

To address farmers' concerns, the SRA, in Sugar Order No. 2, will give traders who procure raw sugar from farmers at domestic prices "will be given priority" in future government import programs.

The SRA has come up with a list of traders who will be participating in the 66,000-MT

export program — the soon-to-be-issued SO No. 3.

"The farmers said the SRA and government can do whatever they want as long as the farmers do not have to subsidize exports," he said.

He said all exports will consist of sugar initially purchased from farmers at the domestic price.

Mr. Azcona said the Department of Agriculture will likely oversee the export program to address the US quota allocation for 2025.

He noted that the Philippines has the third-largest US quota for raw sugar, a status that it wants to maintain.

The new arrangement calls for traders to absorb the losses from selling at the US price, to be offset by any gains they may realize from imports.

Traders in the program will be allowed to import 2.5 kilograms of refined sugar for every kilogram of raw sugar exported. The 66,000 MT export shipment implies plans to import 165,000 MT of refined sugar.

"The exporters export at a loss and they make it back with imports," he added. — **Kyle Aristophere T. Atienza**

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