Hospitals bat for tax perks, lower import tariffs

By Justine Irish D. Tabile
Reporter

THE GOVERNMENT needs to provide tax incentives and streamline the import process for key healthcare goods, the hospital industry said.

"The government is providing incentives for the tourism industry, so why not healthcare?" Private Hospitals Association of the Philippines, Inc. President Jose Rene de Grano told *BusinessWorld*.

He said tax incentives will ease the burden of acquiring capital-intensive hospital equipment.

"Actually, some of our smaller hospitals would like to expand, but there's a lot of equipment needed, which is expensive, so they can't do it," he said.

"Public hospitals have the funding, but for private hospitals it is too expensive; even more for smaller hospitals," he added.

He said smaller hospitals are also struggling with personnel costs.

"Salaries have been increasing, and while secondary and tertiary hospitals can do it, smaller hospitals cannot; they will close, and now they want to legislate wage increases; that will hurt a lot of industries," he added.

He said that the government could also help the industry by reducing the tariffs for imported equipment.

"Before we used to import from Germany, the US, and the UK, but it has become too expensive" because of the duties, he added.

He said that only big hospitals can now afford to source equipment from Germany, adding that it has become too costly for smaller hospitals due to the high tariffs.

"I hope the tariffs are reduced so we can buy proper equipment," he added.

He said he is hoping the Food and Drug Administration can streamline the import process for medical devices.

"Right now it takes months, sometimes even years," he said.

PHILIPPINE STAR/RYAN BALDEMOR

'Hijacking' of party-list system erodes farmer representation

By Kyle Aristophere T. Atienza
Reporter

THE party-list system was designed to represent specific interests in Congress like agriculture, but has been co-opted by dynastic politicians, political analysts said.

"The party-list system has been hijacked by traditional politicians and dynasties. It is difficult to win seats if the playing field is not even," Maria Ela L. Atienza, a political scientist at the University of the Philippines, said via Viber.

"While we have genuine progressive candidates from the farming and fishing sectors running at the Senate level, elections in the Philippines are still dominated by elites, celebrities and political dynasties," she added.

The Philippines will hold midterm elections today, Monday, with 12 seats in the 24-member Senate and over 300 seats in the House of Representatives up for grabs.

Randy P. Tuaño, dean at the Ateneo School of Government, said the achievement of major reforms has been marked by concerted efforts by farmer interest groups.

He said the farm lobby was strong in the 1980s, when the main issue was land justice, which led to the passage of the Comprehensive Agrarian Reform Program law in 1988.

He said land reform was a significant component of the 1987 Constitution, thanks to the efforts of the Congress for a People's Agrarian Reform, which brought together over 200 groups representing farmers and fisherfolk, alongside civic and church groups.

Mr. Tuaño said some of the notable recent reforms include the Sagip Saka Act, which gave local government units the power to purchase agriculture produce for their feeding and relief programs directly from farmers groups, without the need to go through public bidding.

The law was written by Francis Pancratius N. Pangilinan, who is seeking to return to the Senate as a farmer advocate.

The other advocates for farmers and fisherfolk seeking Senate seats are Roberto Ballon, a Ramon Magsaysay awardee recognized for his mangrove and marine conservation efforts; Danilo H. Ramos of the Kilusang Magbubukid ng Pilipinas; and Ronnel G. Arambulo of fisherfolk group Pamalakaya.

In the House, at least four party-list organizations are billing themselves as farmer advocates.

According to an international observer mission fielded by the International Coalition for Human Rights, at least 78 of the 156 party-list organizations certified by the Commission on Elections are affiliated with political families.

"If we are talking about the farming lobby per se, its strength is tied to the connections our various farmer organizations and federations have with sympathetic politicians," according to Hansley A. Juliano, who teaches politics at the Ateneo de Manila.

The result has been that "many of our leading lawmakers (are tied to) agribusiness or are landowners," he said via Messenger chat.

He said the last major item of legislation that advanced farming industry reform was a 2009 law that extended the deadline by five years for distributing agricultural land — originally set to expire in 2008.

De La Salle University political science professor Anthony Lawrence Borja said agrarian groups have "little to no power in the policy process" in the absence of any "effective, comprehensive, and nationalist policy on agrarian reform and industrialization."

According to an ASEAN briefing report in March, the growth of Vietnamese agriculture, which employs 33% of that country's workforce and is set to grow 3.5% to 4% annually over the next five years, is driven by its focus on higher-value crop production and export-oriented agribusiness.

(L-R) Dennis Chan (AIAP Chairman), Sherwin Ricaflanca (IECEP Treasurer), Hon. Alma F. Argayoso (DTI-FTSC Assistant Secretary), Willie Estoque (AIAP Executive Director), Tereso Panga (PEZA Director-General), Engr. Archelle Baculi (PSME President), Engr. Robert Dizon (Executive Director MIRDC), Rangsant Srimangkorn (Royal Thai Embassy Chargé d' Affaires), John Lee (AIAP Chairman Emeritus), Angel Barrios (MAI Marketing Director), and Hermie Flores (AIAP President) taken at the ribbon-cutting ceremony for IMTAP 2025

IMTAP & PSMEX 2025 kick off with a grand opening ceremony at World Trade Center Manila

The 2nd International Machinery, Tools & Accessories Philippines (IMTAP 2025) and 3rd Philippine Subcon & Manufacturers Exhibition (PSMEX 2025) officially opened on May 8, 2025, with a well-attended and high-energy ceremony at the Lobby of Hall A, World Trade Center Metro Manila.

The event welcomed hundreds of industry leaders, government officials, exhibitors, and professionals from the manufacturing and subcontracting sectors. The program commenced at 10:00 a.m. with the Invocation, Colors performed by the University of Perpetual Help System-DALTA, followed by the National Anthem.

Hermie O. Flores, president of the Aerospace Industries Association of the Philippines (AIAP); and Angelica Andrea P. Barrios, marketing director of MAI Events Management, delivered the welcome remarks, acknowledging sponsors, partners, and special guests.

Keynote messages were delivered by:

- Engr. Robert O. Dizon, executive director of the Metals Industry Research and Development Center (DoST-MIRDC), for IMTAP 2025
- Tereso O. Panga, director-general of the Philippine Economic Zone Authority (PEZA), for PSMEX 2025

Dennis Y. Chan, chairman of AIAP, delivered the official Exhibit Opening Message, followed by the Ribbon-Cutting Ceremony at 11:00 a.m., signaling the official launch of the exhibitions.

Attendees then participated in a photo session and exhibition tour which showcased the latest in tools, machinery, subcontracting services, and advanced manufacturing technology.

The ceremony was hosted by DJ Samantha of 96.3 Easy Rock, who brought energy and warmth to the proceedings.

Visitors are welcome to attend IMTAP & PSMEX 2025 free of charge. The event also features a series of technical seminars led by industry experts, offering valuable insights on the latest trends in manufacturing, automation, innovation, and supply chain development. These sessions are open to all attendees and present a great opportunity to learn, connect, and grow within the industry.

With the successful launch of IMTAP and PSMEX 2025, the event continues through May 10, offering a premier platform for networking, business development, and knowledge-sharing among global and local industry players.

OPINION

Navigating integrity challenges in Southeast Asia

SUITS THE C-SUITE
RODERICK M. VEGA

By committing to ethical practices and robust governance frameworks, Southeast Asian companies can emerge as leaders in integrity, setting a benchmark for others in the region and beyond.

IN BRIEF:

- Ethical risks remain a significant concern for businesses in Southeast Asia.
- Major issues include a weak integrity culture, third-party risks, and inadequate whistleblower protections.
- Organizations must focus on leadership accountability, governance of third-party relationships, and the integration of environmental, social, and governance (ESG) values into their core operations.

Southeast Asian organizations are facing substantial ethical risks that threaten their business stability, despite notable advancements in compliance measures. As the region's economies continue to expand, the need for a robust integrity framework has never been more critical. Rapid economic growth often brings about increased competition, which can lead to ethical compromises if not managed effectively.

Companies must navigate a complex landscape characterized by diverse regulatory environments, cultural differences, and varying levels of enforcement. This makes it imperative for organizations to both comply with existing laws and foster a culture of integrity that permeates every level of their operations.

The EY Global Integrity Report 2024 highlights these pressing concerns, drawing insights from over 5,500 board members, managers, and employees worldwide. The report serves as a vital resource for organizations seeking to enhance their ethical frameworks. As Southeast Asia continues to develop, the region must address these integrity challenges head-on to ensure sustainable growth and maintain stakeholder trust.

THE NEED FOR A STRONG INTEGRITY CULTURE

The survey indicates that while 71% of Southeast Asian respondents report improved integrity standards — outpacing the global average of 49% — there remains a troubling tolerance for unethical behavior among senior management. A staggering 44% of respondents believe that unethical conduct is overlooked by leadership, compared to 31% globally. This discrepancy reveals a "say-do" gap, where the ethical commitments of leadership do not align with their actions.

Organizations that cultivate a strong integrity culture will build trust with stakeholders and attract greater investment. Conversely, those with governance issues face heightened scrutiny and reputational risk. To foster a robust integrity culture, organizations must prioritize leadership accountability and ethical decision-making at all levels.

ENHANCING WHISTLEBLOWER PROTECTIONS

The report shows that Southeast Asia lags in providing adequate protections for whistleblowers. Nearly two-thirds of respondents feel pressured not to report misconduct, with 44% doubting that their concerns would be addressed. This lack of confidence extends to senior management, with half reporting similar pressures.

To address these gaps, organizations must establish confidential and transparent reporting channels that protect employees from retaliation. A strong whistleblower program can facilitate quicker issue detection and remediation, ultimately reducing regulatory penalties and reputational damage.

In the Philippines, there has been an increase in the interest of some companies to strengthen their whistleblowing program, including plans to fully outsource the operations of their reporting channels to third-party professional firms.

ADDRESSING THIRD-PARTY RISK

Third-party risk poses a significant challenge in Southeast Asia, with 84% of integrity incidents in the region linked to external relationships. Alarmingly, 20% of respondents would ignore unethical behavior from third parties if prompted by their superiors, and 21% would do so if it benefited their career or financial situation. This highlights the urgent need for organizations to strengthen their governance frameworks regarding third-party relationships.

Recent multimillion-dollar fines for fraud and corruption involving third parties underscore the importance of implementing thorough due diligence processes to ensure that external partners adhere to the same ethical standards as internal employees.

ETHICAL RISKS IN AI ADOPTION

As artificial intelligence (AI) adoption grows in Southeast Asia — 37% of organizations are already utilizing AI tools — businesses must establish governance frameworks to manage risks such as data privacy and algorithmic bias. However, the region's underdeveloped structures expose businesses to potential ethical violations. Clear AI governance is essential to navigate these challenges responsibly.

THE ROLE OF ESG IN BUSINESS STRATEGY

While ESG considerations are gaining traction, many businesses in Southeast Asia remain primarily compliance driven. Almost 64% of respondents indicate that their ESG policies are motivated by regulatory requirements rather than genuine internal reform. To achieve long-term sustainability, organizations must embed ESG values into their core strategies, linking these initiatives to profitability and stakeholder trust.

C-LEVEL CONSIDERATIONS

To enhance their integrity frameworks and mitigate ethical risks, organizations in Southeast Asia should prioritize leadership accountability and strengthen third-party governance. Closing the "say-do" gap is essential; leaders must model ethical behavior and hold themselves accountable for any lapses. By investing in programs that foster a strong culture of integrity, organizations can create an environment where ethical decision-making is encouraged at all levels. There should also be consistent disciplinary action against employees who are found to have integrity issues. This consistency is crucial to demonstrate the seriousness of leaders in fostering a strong integrity culture. Additionally, it is crucial to strengthen oversight of third-party relationships through thorough due diligence processes, ensuring that external partners uphold the same ethical standards as internal employees.

Moreover, organizations must implement trusted whistleblower systems that allow employees to report misconduct confidentially and without fear of retaliation. Establishing fair investigation protocols will further enhance trust within the organization. Alongside these measures, developing robust governance frameworks to manage the ethical risks associated with AI is vital. This includes addressing data privacy and algorithmic bias to navigate the complexities of AI responsibly.

Finally, organizations should move beyond compliance-driven ESG initiatives and integrate sustainability values into their core operations. By aligning decision-making processes with long-term growth objectives, businesses can enhance their integrity frameworks and position themselves as ethical leaders in the marketplace. Strong governance and ethical behavior will ultimately safeguard organizations from legal and reputational risks while fostering sustainable growth in an increasingly competitive environment.

BUILDING RESILIENCE THROUGH INTEGRITY

As Southeast Asian organizations confront these integrity challenges, the path forward will require a concerted effort to embed ethical practices into their core operations. By prioritizing leadership accountability, enhancing third-party governance, and fostering a culture of transparency, businesses can build resilience against ethical risks. The integration of ESG values into everyday decision-making will enhance compliance as well as drive long-term sustainability and stakeholder trust.

Organizations that proactively address these challenges will be better positioned to thrive. By committing to ethical practices and robust governance frameworks, Southeast Asian companies can emerge as leaders in integrity, setting a benchmark for others in the region and beyond.

This commitment to ethical behavior can help protect against legal and reputational risks as well as contribute to a more sustainable and equitable business environment for all stakeholders.

This article is for general information only and is not a substitute for professional advice where the facts and circumstances warrant. The views and opinion expressed above are those of the author and do not necessarily represent the views of SGV & Co.

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