

Philippine jobs 'exposed' to AI risks estimated at 35-37%

BETWEEN 35% and 37% of Philippine jobs are at risk of displacement to artificial intelligence (AI), the World Bank said.

"About 35% to 37% are exposed" to AI risks, World Bank Group Lead Economist and Program Leader for the Prosperity Unit for Brunei, Malaysia and the Philippines, Gonzalo Varela told a panel on Monday.

He also noted the high adoption of generative AI in the operations of the Information Technology Business Process Management industry.

The IT and Business Process Association of the Philippines in December reported that 67% of its surveyed members are already using AI in customer service, data entry, and quality assurance, though challenges persist.

However, 8% of its members surveyed reduced their workforce because of AI.

In a separate report in August, the bank said the Philippines

ranked fourth in ChatGPT traffic as of March 2024.

The World Bank noted that five middle-income countries — Brazil, India, Indonesia, Mexico and the Philippines — showed "generative AI traffic levels significantly higher relative to the US than their other metrics would suggest."

Bilal Khan Muhammad, social sector economist at the Asian Development Bank, noted that AI advancements are now impacting white-collar jobs, with many tasks being performed by AI itself.

"But then with the recent advancements in AI, we also see white-collar jobs have also been replaced by these AI tools where we are seeing a lot of tasks now can be performed by the AI itself."

You just ask the AI to help you with the representation or format a document or help you prepare a draft," he said.

Mr. Varela said AI could be a "productivity shock" and provide opportunities for workers in the Philippines.

The government's Trabaho Para Sa Bayan plan needs to explore how "to take advantage of the technological changes that are going to affect job creation," he added.

At the same event, the departments of Economy, Planning, and Development (DEPDev), Trade and Industry and Labor and Employment, launched the Trabaho Para sa Bayan Plan 2025-2034.

The 10-year plan aims to strengthen and future-proof the workforce.

The plan includes a research agenda to gauge the impact of AI on labor demand across various industries, job roles, and skill levels, and identify vulnerable occupations.

Labor Secretary Bienvenido E. Lagunesma said the government has yet to firm up a national policy on AI.

"We believe that AI can supplement, can complement, but cannot replace," he told reporters.

Mr. Lagunesma noted that the National Innovation Council, chaired by President Ferdinand R. Marcos, Jr., approved the creation of a think tank which will create a roadmap for AI use.

The think tank, whose lead agency will be the Department of Science and Technology, will guide the drafting of AI policy.

"Protection does not mean retention. It could mean upgrading, looking for another job, facilitating their employment, and the provision of social safety nets. That's where we are," Mr. Lagunesma said.

Meanwhile, DEPDev Undersecretary Rosemarie G. Edillon noted that the low exposure of AI stems from the overall low level of technology adoption in the Philippines.

"Underlying all this, especially on the part of data and then creating models, this is really where you will need this policy on ethics, on the use of AI," she added. —

Aubrey Rose A. Inosante

April WESM rates decline on higher supply margin

ELECTRICITY PRICES on the Wholesale Electricity Spot Market (WESM) declined in April as supply improved with power generators scheduling less maintenance during election season, the Independent Electricity Market Operator of the Philippines (IEMOP) said.

The market operator reported that the national average WESM price decreased 15.3% month on month to P4.52 per kilowatt-hour (kWh).

Between March 26 and April 25, available supply increased

8.8% to 21,345 megawatts (MW). Demand rose 7.8% to 14,739 MW.

"Given the upcoming elections and the dry season, there are fewer scheduled outages, so the supply margin is higher compared to the previous month despite the increase in demand," Arjon Valencia, corporate planning and communications manager of IEMOP, said via Viber.

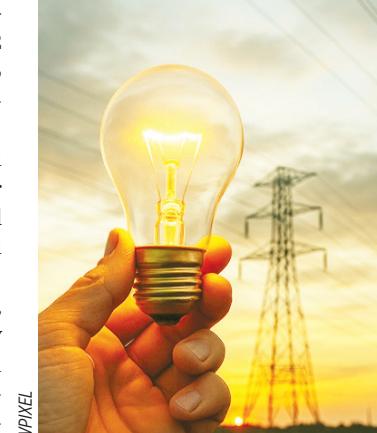
In Luzon, the WESM price fell 16.5% month on month to P4.59 per kWh, with supply rising 10.9% to 15,000 MW while demand grew 9.3% to 10,613 MW.

IEMOP said that Visayas average dropped 17.6% to P4.52 per kWh. Supply improved 8.4% to 2,563 MW while demand increased 5% to 2,009 MW.

The Mindanao WESM rate fell 6.3% month on month to P4.11 per kWh. Available supply increased 1.8% to 3,782 MW while demand climbed 3.6% to 2,118 MW.

IEMOP operates the WESM, where energy companies buy power when their long-term contracted power supply is insufficient for customer needs. —

Sheldeen Joy Talavera



Airport fee increases need to go into upgraded facilities, analysts say



**By Beatriz Marie D. Cruz
Reporter**

THE increased terminal fees for air passengers will need to be backed up by improved facilities, though the impact on traffic volume is expected to be minimal, analysts said.

"The price increases will only have a negligible effect on tourism. The proposed increases represent only a fraction of total overall traveler spend for the traveler," Alfred

Lay, director for hotels, tourism, and leisure at Leechiu Property Consultants, said via Viber.

Improved facilities "significantly improve the perception of travelers for any destination and in turn, help keep the hotels and resorts full," Mr. Lay said.

In April, the Civil Aviation Authority of the Philippines announced an increase in the passenger service charge and other fees at its airports.

For air passengers departing from international airports and principal class 1 and 2 airports,

the terminal fee was raised to P900 (\$17) for international flights from P550 previously.

Cyndy Tan Jarabata, president and chief executive officer of TAJARA Leisure & Hospitality Group, Inc., said increased fees may be needed to cover rising utilities, labor, and operating costs.

"However, if they're going to increase the price, there's an expectation among many that the services they offer will improve too," Ms. Jarabata said in an e-mail.

Ninoy Aquino International Airport, the country's main gate-

way, has been ranked among the world's worst airports in terms of cleanliness, delays, and substandard facilities.

Ms. Jarabata said secondary airports need to raise their game.

"Terminals need to be well-kept and should provide efficient services to every traveler, especially in secondary destinations, which are beginning to get more traction."

Visitor arrivals to the Philippines declined 0.5% to 1.65 million in the three months to March, the Department of Tourism reported.

OPINION

Unpacking the fiscal battleground of the 2025 Philippine elections

LET'S TALK TAX CHARISSE A. DATILES

Less than a week before the 2025 midterm elections, the air crackles with promises, rhetoric, and the tug-of-war for the hearts and minds of voters. But, beyond the focus on personal appeal and platforms to win votes through touching promises of a better future.

A crucial battleground is continually emerging: taxation. Tax policy, far from being a purely economic concern, is poised to define the upcoming elections and the future of the economy.

The Philippines, like many developing nations, wrestles with a complex fiscal and taxation reality, grey areas in tax law, and copious bureaucracy. The lingering economic scars of the pandemic, coupled with inflation and persistent social inequality, have brought tax policy into sharp focus. Voters are, as they should be, no longer content with vague promises; they demand concrete plans on how candidates intend to fund their ambitious ideas and agendas, more than how these will be implemented, while wishing for reduced taxes and, if not possible, a freeze on escalating rates on taxes already imposed, and ensuring a more equitable and transparent distribution of national wealth.

TRAIN, CREATE AND EOPT

The last administration left behind a complex fiscal legacy. The Tax Reform for Acceleration and Inclusion (TRAIN) Law, which was praised but also has been a magnet for criticism, particularly

regarding its impact on consumer prices, because it lowered individual income tax rates, increased tax-exempt income, and offered an optional and simplified 8% flat tax in lieu of graduated income tax and percentage tax, resulting in higher disposable income. Conversely, its excise taxes on fuel and sweetened beverages attracted mixed responses and eroded the purchasing power of ordinary consumers.

The Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act, designed to attract investment and stimulate economic recovery, is also facing scrutiny for its potential long-term impact on government revenue. While the law seeks to streamline and rationalize the various fiscal incentives previously granted under different laws, the reduction in corporate income tax rates it introduced, which is intended to boost competitiveness, raises concerns about the government's ability to fund future essential social services.

The Ease of Paying Taxes (EoPT) Act, which was anticipated by the majority of taxpayers for its removal of the P500 annual registration fee, the introduction of the "file and pay anywhere" mechanism, and uniform tax base and documentation (i.e., VAT invoice) for all types of transactions, is continuously

receiving comment on other items that were excluded from the relief measures, such as its failure to clarify the timing of claiming of creditable withholding tax (CWT), in contrast to its detailed provisions on VAT refund claims.

These three landmark items of legislation will undoubtedly cast a long shadow over the 2025 elections, forcing candidates to articulate their positions on their continuation, amendment, or repeal. The electorate will demand answers on how these policies have impacted their lives and will look forward to what alternatives are being proposed.

HOT-BUTTON QUESTS: FUELING THE ELECTORAL FIRE

Several tax-related issues are poised to ignite the electoral fire, driving the debate and shaping the candidates' platforms:

- Efficient spending: Taxes are expected by the voters to be spent on projects proposed by qualified legislators who put the welfare of citizens as a top priority. Candidates should always observe and provide a cost-benefit analysis to ensure that advantages significantly outweigh disadvantages.

- The Campaign against tax evasion and corruption: Voters are increasingly demanding transparency and efficiency in tax administration. Candidates will be expected to propose concrete measures to combat tax evasion, streamline tax collection, and ensure that public funds are used judiciously.

- The green agenda: Favorable tax treatment for sustainable development will never be irrelevant, as environmental concerns are gaining momentum, particularly among younger voters. Candidates may be challenged to articulate tax policies that incentivize companies that offer green jobs and promote sustainable development, such as carbon taxes and penalties for environmental degradation.

ACCOUNTABILITY, EQUITY AND CLARITY

In these high-stakes elections, voters hold the power to shape the fiscal future. They must demand accountability, equity and clarity from the candidates vying for their votes.

- Equity in burden-sharing: Candidates must demonstrate a commitment to ensuring that the tax burden is distributed fairly, with those who have more contributing their fair share, and that no tax incentives are being abused.

- Accountability for actions: Candidates must be held accountable for the potential impact of their tax policies on the various sectors of society, particularly on the most vulnerable.

- Clarity of vision: Candidates must articulate their tax proposals in clear and understandable terms, avoiding technical jargon and vague promises.

SHAPING THE FISCAL TRAJECTORY BEYOND THE POLLS

The 2025 elections are not just about choosing leaders; they are about shaping

the nation's fiscal trajectory for years to come. The choices made at the ballot box will determine the government's ability to fund essential social services, invest in infrastructure, and address the pressing challenges facing our country.

Voters must engage in informed discussions, scrutinize candidates' tax proposals, and demand a commitment to fiscal responsibility and social equity. By making informed choices, and not just by voting based on popularity or one-sided debate, we can ensure that the 2025 elections become a turning point in the journey towards a more prosperous and equitable future.

The taxman cometh like he always does, and the voters must be prepared to hold him accountable.

Let's Talk Tax, a weekly newspaper column of P&A Grant Thornton that aims to keep the public informed of various developments in taxation. This article is not intended to be a substitute for competent professional advice.

CHARISSE A. DATILES is a senior in charge from the Tax Advisory & Compliance Practice Area of P&A Grant Thornton, the Philippine member firm of Grant Thornton International Ltd. business.development@ph.gt.com



Energy dep't outlines measures to ensure reliable power for polls

THE Department of Energy (DoE) said on Monday that measures are in place to ensure stable and reliable power during the midterm elections, and also directed the removal of campaign materials attached to power infrastructure.

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Meanwhile, DEPDev Undersecretary Rosemarie G. Edillon noted that the low exposure of AI stems from the overall low level of technology adoption in the Philippines.

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Mr. Lotilla said the DoE is working closely with the Commission on Elections (Comelec) and the energy industry "to ensure that the power sector infrastructure remains clear of any obstructions, especially those that endanger lives and disrupt essential services."

Comelec has received reports of campaign materials being illegally affixed to power poles and cables.

"These practices not only breach election rules but also pose serious safety hazards and threaten the stable operation of the country's power systems," the DoE said.

In a virtual briefing, Energy Undersecretary Felix William

Undersecretary Felix William