

US tariffs seen making PHL a target for dumped goods

THE GOVERNMENT needs to be ready to protect and support Philippine industries should the Trump tariffs trigger a wave of dumping by foreign exporters locked out of the US market, a business chamber said.

“We have to boost our manufacturing. If our employees are being laid off, our economy will suffer. We have to promote buying local products,” Federation of Filipino Chinese Chambers of Commerce and Industry, Inc. (FFCCCII) President Victor Lim told reporters on Friday.

“Because of the US tariffs, a lot of cheap products will be dumped here because (their producers) cannot sell (to the US),” he added.

He said that although dumped goods may lower prices, they could lead to job losses.

“Our inflation rate will go down. But the next problem will be our employment because many will be laid off due to companies shutting down,” he said.

“We have to protect our local industry. If there's dumping, they have to charge a dumping duty; (otherwise,) those prod-

ucts will be dumped here,” he added.

He said the government should also improve ease of doing business and law and order.

“Actually, we want to promote business. And we have these tax and labor laws, which we have to improve to make doing business easier,” he said, noting that business and fire inspection permits remain difficult to obtain.

“Sometimes the fire department does not want to issue a permit because of the lack of a sprinkler system and fire alarm. With

some old structures, you cannot put in a sprinkler system, and in some industries you don't need the sprinkler system,” he added.

He said that the criminal cases tend to scare businesses away, including members of the FFCCCII.

He also cited the killing of abducted businessmen as a drag on investment.

“We immediately met with the Philippine National Police chief... and we put up a complaint in a newspaper about these kidnapping cases,” he added. — **Justine Irish D. Tabile**

Rice traders offering low prices for palay to be tracked by NFA

THE Department of Agriculture (DA) said it instructed the National Food Authority (NFA) to identify parts of the country where traders are purchasing palay (unmilled rice) from farmers at unusually low prices.

“This will allow the (NFA) to extend its procurement efforts during the next harvest season and prevent unscrupulous traders from exploiting farmers,” the DA said in a statement.

The NFA is seeking to boost its palay procurement for a government program to offer rice to vulnerable segments of society at a subsidized P20 per kilo.

Last week, 32 Kadiwa outlets, which sell produce at below-market rates because of gov-

ernment-supported direct farmer-to-market logistics, began roll offering P20 rice, following a pilot test in the Visayas that began on May 1.

The government intends to sustain the P20 rice program until the end of President Ferdinand R. Marcos, Jr.'s term in June 2028.

The DA said on Sunday the NFA is increasing its fleet of trucks and expanding storage and drying capacity to purchase more rice from farmers, especially in hard-to-reach areas.

It still has over P9.8 billion available for palay procurement this year — suggesting a spending capacity sufficient for 5 million 50-kilo bags of rice.

“The NFA has current inventory equivalent to 8 million bags of rice, with half of that stock

bought during the first four months of the year,” the DA said.

It said Agriculture Secretary Francisco P. Tiu Laurel, Jr. recently met with NFA's regional managers and key officials to ensure the rice sold the P20-per-kilo program “meets quality standards.”

“...this subsidized rice program presents an opportunity for the agency to shift the long-standing perception that NFA rice is of poor quality — an opinion still shared by some critics and politicians,” the DA said.

Under the Rice Tariffication Law, the NFA no longer imports rice for its reserves. It is now limited to purchasing palay from farmers only. — **Kyle Aristophere T. Atienza**

Pork retail prices defy price caps in early May

PORK PRICES rose at retail in early May, according to the Philippine Statistics Authority (PSA), as sellers proved unable to sell the commodity within government price guidelines.

The average retail price of fresh pork shoulder (*kasim*) rose in the May 1-5 monitoring period to P369.64 per kilo from P365.36 on April 15-17, which the PSA calls the second phase of the month, and P365.19 a month earlier, it said in a report.

Pork prices continued to rise in recent weeks even with a maximum suggested retail price (MSRP) in effect. The government lifted the MSRP on May 15 at the request of the pork industry, which claimed that participants in the pork value chain were setting prices too high to allow retailers to comply.

The MSRP had been set at P300 per kilo for a whole slaughtered pig, P350 for *kasim* and hind

leg (*pigue*) and P380 for pork belly (*liempo*).

The PSA said the average retail price of regular-milled rice declined to P43.74 per kilo during the first phase of May from P44.44 in the April 15-17 monitoring period. A month earlier, prices averaged P44.92.

The DA has been offering a P29-per-kilo rice program, which it said helped influence market prices.

The DA is currently offering subsidized P20 rice to vulnerable segments of the population. The subsidy is shared with local government units, with the rice on offer in government-backed outlets known as Kadiwa stores.

The PSA said a kilo of *galunggong* averaged P215.70 at retail during the first phase of May, against P229.11 in the second phase of April and P219.64 a month earlier. — **Kyle Aristophere T. Atienza**

GOCC subsidies rise nearly 55% in March

SUBSIDIES extended to government-owned and -controlled corporations (GOCCs) rose 54.69% in March, according to the Bureau of the Treasury (BTr).

The BTr reported that budgetary support to GOCCs increased to P10.63 billion in March from P6.87 billion a year earlier.

Month on month, GOCC subsidies rose 40.35% from P7.57 billion in February.

State-owned firms receive monthly subsidies from the National Government to support their daily operations if their revenue is insufficient.

In March, the National Irrigation Administration (NIA) received the most subsidies at P3.79 billion, accounting for 35.69% of the total.

This was the second time NIA received subsidies this year, after the P3.16 billion granted in February.

The Philippine Crop Insurance Corp. (PCIC) received P2.25 billion, followed by the National Housing Authority with P1.35 billion.

GOCCs that were provided at least P400 million in subsidies included the National Power Corp. (P649 million), the Philippine National Railways (P583 million), the Philippine Children's Medical Center (P433 million) and the Intercontinental Broadcasting Corp. (P400 million).

Receiving at least P100 million were the Subic Bay Metropolitan Authority (P227 million), the Philippine Heart Center (P184 million), the National Kidney and Transplant Institute (P124 million), and the Cultural Center of the Philippines (P114 million).

Receiving P74 million was the Light Rail Transit Authority. Additionally, P70 million went to the Philippine Coconut Authority, P63 million to the Small Business Corp., P59 million to the Lung Center of the Philippines, P58 million to the National Dairy Authority, P38 million to the Philippine Rice Research Institute and P30 million to the Development Academy of the Philippines.

The rest of the recipients were the Philippine Institute for Development Studies (P24 million), the Center for International Trade Expositions and Missions (P20 million), the Sugar Regulatory Administration (P19 million), the People's Television Network, Inc. (P18 million), the Metropolitan Waterworks and Sewerage System (P14 million), the Aurora Pacific Economic Zone and Freeport Authority (P10 million), the Southern Philippines Development Authority (P7 million), the Philippine Institute of Traditional and Alternative Health Care (P8 million), the Philippine Tax Academy (P5 million), the Philippine Center for Economic Development (P5 million) and the Zamboanga City Special Economic Zone Authority (P4 million).

The National Food Authority (NFA), the Bases Conversion Development Authority, and the Philippine Fisheries Development Authority received no subsidies for the month.

In the first three months of the year, GOCC subsidies rose 15.33% year on year to P22.59 billion.

The NIA was the top recipient in the quarter with P8.03 billion in subsidies, followed by the NFA and PCIC, both with P2.25 billion. — **Aubrey Rose A. Inosante**

OPINION

Navigating an AI-enabled business landscape

IN BRIEF:

- Boards can establish trust in AI by creating guiding principles, ensuring regulatory compliance, and staying updated on new regulations.
- Encouraging innovation, ensuring data quality, and rethinking business models can help boards drive value creation through AI.
- Boards can enhance their effectiveness by developing AI expertise and increasing diversity within the boardroom.

Artificial intelligence (AI) presents both opportunities and challenges for organizations. While there is pressure to adopt AI quickly to stay competitive, risks and capability gaps can hinder swift action.

This article explores how boards can confidently guide their organizations through the AI landscape, focusing on building confidence, creating value, and augmenting human potential.

THE AI DILEMMA

AI's breakthrough capabilities have generated significant excitement and investment. According to the EY CEO Imperative Survey, driven by concerns of falling behind, 99% of CEOs are investing in generative AI through initiatives such as establishing an AI task force with a direct line to the C-Suite, determining which data will create a competitive advantage through AI, and investing in capabilities to augment third-party AI with proprietary data. Meanwhile, 70% believe immediate action is necessary to prevent competitors from gaining a strategic edge. Despite this urgency, organizations face challenges such as legal and cybersecurity risks as well as difficulties in sourcing top tech talent.

Boards play a crucial role in navigating these challenges, balancing legal and regulatory compliance with strategic and technological innovation. This dual responsibility can create conflicting priorities, making it essential for

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Boards must balance innovation with risk management to guide their organizations confidently through the AI landscape.

boards to find a way to manage both effectively.

On the other hand, many investors remain motivated by the desire to deliver short-term returns. Some investors may not push for change if they believe they are sufficiently diversified at a portfolio level. This leads to a focus on maximizing value through current business models rather than transitioning to new, sustainable ones.

ESTABLISHING TRUST IN AI

Confidence in AI is essential for its adoption and risk mitigation. Boards can achieve this by developing a principles-based approach to AI governance, developing guidelines for the organization based on ethical principles, focusing on key values such as fairness, transparency, and human-centeredness, ensuring compliance with existing regulations, and proactively preparing for emerging regulations.

For example, a South Korean electronics company implemented an actionable guide to practice the AI Ethics Principles of fairness, transparency, and accountability, and established an AI Ethics Council to operate its own inspection process.

Boards should ask management whether the organization has a transparent and well-communicated responsible AI framework, how it was developed, and what principles it prioritizes. They should also ensure that the framework is integrated into the firm's risk management program and assess its effectiveness across the organization. Guardrails should be in place to identify

when the framework is not applied as intended. It is therefore also crucial that companies provide clear guidelines on responsible AI use.

DRIVING VALUE THROUGH AI

Creating value with AI requires a culture of innovation and learning. Organizations must empower innovators to experiment and employees to use AI safely with appropriate boundaries. Data readiness is critical, as clean and well-governed data improves the accuracy and reliability of AI models.

Boards should encourage management to develop and deploy AI across the enterprise and within the wider ecosystem of partners. They should identify metrics to pinpoint the biggest value creation opportunities with AI and understand how AI might impact organizational culture and employee work. Additionally, boards should ensure that data is prepared for AI use and address barriers to AI adoption. This can be supported by sustained training in actual AI usage and how it can directly impact day-to-day work.

For example, employees from a bank in Singapore used data analytics and AI to enhance the bank's value to customers and increase its competitive edge, with cross-functional teams comprising data scientists, AI experts, technologists, and business leads working together to provide services such as personalized recommendations and nudges to customers, suggesting investment products, predictive analytics for financial forecasting, and managing credit risks for SMEs. An Australian telecom company also uses AI and machine learning to understand its customers' needs better by processing a broad range of information such as usage patterns, network performance and demographics data.

AI has the potential to transform business processes and models fundamentally. While initial use cases may focus on improving efficiency, the bigger opportunity lies in rethinking processes and models from the ground up in an

AI-first way, such as by using AI as an ideation partner to help promote critical thinking. This transformation can lead to significant value creation by reshaping talent and work across the organization.

ENHANCING BOARDROOM CAPABILITIES WITH AI

AI's potential to augment human potential within the boardroom is an area that requires more exploration. Boards need to understand and develop expertise in AI to oversee and use it effectively, such as using AI to provide both insights and forecasts on key performance indicators they prioritize for their organizations. Deep dives into AI topics can help board members get up to speed.

A growth mindset is essential for board members to embrace AI. They have to continuously seek personal growth, education, and development. Boards should also assess their composition to ensure they have the necessary diverse skill sets to oversee AI. Locally, corporate governance topics typically now include AI, which is a positive indication of its significance gaining traction for the board.

Moreover, AI can be used to enhance board decision-making processes. For example, AI could help analyze risks and provide insights on their progress towards meeting annual strategic goals based on the metrics they manage such as revenue or sustainability targets, becoming part of the board's decision-making toolkit. By embracing AI, boards can drive diversity in thinking and improve their oversight capabilities.

C-LEVEL CONSIDERATIONS

Boards should focus on how AI can fundamentally disrupt their business model and imagine designing their business from the ground up in an AI-first way. They should ensure the board is equipped to provide guidance on responsible AI use principles, such as fairness, accuracy, reliability, explainability, and transparency. This may include embedding AI within their governance processes in IT to ensure the AI tools are regu-

larly monitored for appropriate outputs and recalibrated based on new data.

Engaging management in aligning AI opportunities across the organization and ensuring the organizational culture supports AI integration is crucial. Integration can be more apparent by being deliberate in articulating how AI forms part of its annual strategic objectives. Boards should also recognize if employees are as AI-ready as the organization's data.

LEADING WITH CONFIDENCE

AI will be a critical growth driver in the years ahead, reshaping talent within organizations and disrupting business and operating models. Operating models can adopt an AI-first strategy, where they use these technologies to proactively offer products and services, improve safety through autonomous vehicles, or predict machine or health problems in the manufacturing and health industries respectively. Achieving this potential will require organizations to mitigate AI's risks and build confidence in its use. Boards play a vital role in guiding organizations through these transitions by expanding their competencies and boosting diversity.

By focusing on resilience, consumer outcomes, and timely remediation of weaknesses, organizations can navigate the regulatory landscape effectively and build a foundation for long-term success. Ultimately, boards that balance innovation with risk management will help their organizations navigate the AI landscape confidently and effectively.

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