

ADB projects properly supervised, DoF says

THE public-works corruption scandals have driven the Department of Finance (DoF) to assure the Asian Development Bank (ADB) that adequate safeguards are in place for projects funded by the bank.

Finance Secretary Ralph G. Recto said agencies implementing foreign-funded projects are accountable and observe good-governance practices.

He said the creation of the Independent Commission for Infrastructure represents a government guarantee that every project will be properly engineered to endure.

Economy Undersecretary Rosemarie G. Edillon has said that official development assistance (ODA) partners will be looking at how the government addresses

corruption in flood control and other infrastructure projects.

The DoF said the MCRP segment was 42.4% complete as of June. Once operations start in 2028, it is expected to reduce the current three-hour bus commute between Malolos and Clark to just an hour.

ADB Country Director Andrew Jeffries has said that the flood control scandal will not deter the bank from supporting the Philippines, adding that its projects are also subject to close oversight.

After the visit, the DoF said Mr. Recto met with ADB officials including with Mr. Jeffries at the ADB's Clark office.

Mr. Jeffries described the Philippines as a "particularly special and important relationship."

A total of 25 Infrastructure Flagship Projects are funded by the ADB in support of the administration's Build, Better, More Program.

The ADB is the Philippines' second-largest ODA partner, accounting for \$10.40 billion or 28.7% of total ODA financing as of March.

— **Aubrey Rose A. Inosante**

Maharlika says long-term nature of its investments leaves it relatively unaffected by infrastructure scandal

A MAHARLIKA Investment Corp. (MIC) director said it takes a long-term view of investing in strategic Philippine projects and does not expect to be affected by the corruption scandal engulfing public works projects.

Stephen Anthony T. CuUnjieng, MIC independent director, said the sovereign wealth fund does not behave like the typical stock market investor, who can pull out when sentiment turns negative.

Speaking on the program *Money Talks with Cathy Yang* on One News on Monday, Mr. CuUnjieng said:

"Basically, we're not in-and-out investors like the stock market... In fact, people could even say, if you're taking a long-term view, this is a positive opportunity for a long-term player like Maharlika."

MIC holds a 20% stake in Synergy Grid & Development Phils., Inc., giving it a "foot-hold" in the National Grid Corp. of the Philippines.

The sovereign wealth fund also signed an agreement with Saudi Arabian energy company ACWA Power to develop renewable energy projects for off-grid locations.

The corruption scandal in public works projects has had far-reaching consequences, affecting not only flood-control contractors, government engineers overseeing the projects, and even legislators who allegedly directed the projects to be funded.

The review of projects suspected of being tainted by corrupt dealings is threatening to stall public spending, a key driver of the economy's opportunities.

Mr. CuUnjieng noted that a more pressing concern is in the services of the business process outsourcing industry, whose investors can easily exit the country.

He said the economy's dependence on services and remittances apart from consumption make it possible to "ignore the market" though he described the structure of the economy as "a three- or four-legged stool that lacks a leg, which is manufacturing."

He acknowledged the potential for a slowdown in government infrastructure disbursements as the investigations into flood-control projects gather momentum.

Mr. CuUnjieng said state-run banks such as Land Bank of the Philippines and the Development Bank of the Philippines are unlikely to face bank runs — a rush to pull out deposits by panicked account holders concerned that the banks could fail.

"Most of their deposits and clients are...related to the National Government, LGUs (local government units) and government agencies. They're not going to be prone to a bank run. I would think I'm relatively sanguine on the liability side of deposits," he said.

Bangko Sentral ng Pilipinas Governor Eli M. Remolona has said there have been no signs of bank runs despite the freeze ordered on more than 700 accounts and assets linked to public works fraud.

"The real problem, I think, which we've seen in previous investigations, is the breadth of the anti-disclosure, the secrecy law and banking systems. You really don't have anything that restrictive in other countries," Mr. CuUnjieng said. — **Aubrey Rose A. Inosante**

Farmers call for safeguard duties on imported rice

FARMERS said the government needs to initiate a safeguard duties investigation into foreign rice producers, claiming that domestic cultivators have suffered losses amounting to P43 billion due to unfair competition from imported rice.

Raul Montemayor, national manager of the Federation of Free Farmers (FFF), said freezes on rice imports and hikes on rice import tariffs need to be supplemented by a formal safeguard duties investigation.

"By itself, the import ban will not prop up palay prices significantly, because traders anticipate that cheap imports will flood the market again when the ban is lifted in November," Mr. Montemayor said in a petition to the Department of Agriculture (DA).

In his petition, he urged the government to use its authority under Republic Act (RA) 8800,

or the Safeguard Measures Act. RA 8800 allows industries that claim to be unfairly disadvantaged by foreign competition to propose the imposition of safeguard duties against their foreign competitors.

The law gives the government the power to impose safeguard duties on such imports, on top of regular taxes charged on the commodity.

On top of paying the current 15% tariff, importers will be required to post a bond equivalent to the safeguard duty, according to the law.

The Magsasaka Party-list provided the estimate of lost income sustained by 2.5 million rice farmers.

The government froze rice imports for 60 days starting Sept. 1 to provide relief to farmers, who have been receiving low prices for their palay (unmilled rice). However, farmgate prices have not risen significantly in response.

Traders use stocks of imported rice as leverage against farmers, giving them the ability to walk away if farmers insist on selling for more. In some provinces, the farmgate price for palay reportedly fell to as low as P8 per kilo before the import freeze.

After the freeze was announced, farmgate prices rose to about P14 per kilo before falling back to P10.

The National Food Authority buys clean and dry palay for P23-30 per kilo depending on location and grain quality, serving as a buyer of last resort for farmers. However, it can buy only a small portion of the harvest due to storage and budget constraints.

The DA is reportedly weighing an extension of the ban until the end of the year to see if the intended price relief materializes.

Magsasaka Chairman Argel Joseph T. Cabatbat said current prices are unsustainable due to the pressure on farmers from cheap imports.

Mr. Cabatbat said: "The very survival of rice farmers and the long-term security of our entire agricultural sector" is at stake.

The FFF and Magsasaka support raising import tariffs to reduce the differential traders pay between foreign and domestic rice, encouraging them to pay fair prices for the Philippine harvest. — **Andre Christopher H. Alampay**



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DoTr will continue push for lower domestic airfares

THE Department of Transportation (DoTr) said it will continue to push airlines to reduce fares on domestic destinations after agreeing with Philippine Airlines (PAL) to cap its one-way Siargao fare at P11,500, effective immediately.

Acting Secretary Giovanni Z. Lopez made the remarks while speaking to the Senate Committee on Finance. He added that the DoTr will work with the Department of Tourism (DoT) on its regional airport modernization program to make them ready to accommodate growing demand.

"In the first week of September, the maximum one-way fare to Siargao was P17,500. PAL has agreed to lower it to P11,500 one way," he said.

BusinessWorld sought comment from PAL but it had not replied at the deadline.

Mr. Lopez said the DoTr is also in the process of expanding runways in destinations like Siargao

to allow them to handle regional single-aisle jets.

Flights to Siargao are costly due to runway limitations that accommodate only turboprop aircraft, resulting in higher costs per passenger, Mr. Lopez said.

The Civil Aviation Authority of the Philippines (CAAP) has said that Siargao and Busuanga airports will be first in line for runway extensions.

CAAP said right-of-way challenges are among the obstacles being encountered in the runway extension projects, but environmental considerations are also at play.

Mr. Lopez said the new Antique Airport will also be opened this year, featuring a new passenger terminal building that can serve up to 300 passengers from the current capacity of 64.

The terminal also features a larger departure and arrival area, including more check-in counters and facilities for persons with disabilities. — **Ashley Erika O. Jose**