Spending seen directed to more value-added items amid luxury slump

ECONOMY SECRETARY Arsenio M. Balisacan said the slowdown in luxury spending due to the public works corruption scandal could mean that consumption will be redirected to locally sourced goods and services.

"I like that there's a slowdown in those areas because these are very import-dependent anyway. The value added is low," he told reporters on the sidelines of an event on Oct. 16.

Luxury spending at any rate does not generate much economic activity.

"If our consumers are shifting to locally produced goods that are not as luxurious, then it creates more economic activity," he added.

Foundation for Economic Freedom President Calixto V. Chikiamco said sales of luxury or ultra-high-end condominiums are slowing down, indicating a dampening mood in the entire luxury sector.

"It's not going to affect the entire economy as the luxury segment is a tiny part of it but it will certainly affect luxury goods purveyors," he said.

Separately, Mr. Balisacan said the government is reviewing rice tariff policy, adding that he met with Trade Undersecretary Allan B. Gepty to discuss the tariff review after farmers lobbied to restore the rate to 35% from the current 15%.

"We are concerned about high prices of rice (and the impact on) our poor consumers," he said.

"But we are also concerned about the impact of high prices of rice on inflation, which can impact on macroeconomic fundamentals."

Agriculture Secretary Francisco P. Tiu Laurel, Jr. has said that the government will extend the rice import suspension until the end of this year but keep tariffs at 15%.

Mr. Balisacan also noted that the 30% fall in global rice prices should be factored into the decision.

Officials are weighing how to balance stabilizing consumer prices, managing inflation, and protecting farmer incomes, Mr. Balisacan said.

"Our farmers bore the burden of that, their farmgate prices have also come down so much and that's what we need to address, how we can provide and ensure that our farmers remain profitable in their enterprises," he said.

However, Mr. Balisacan said the tariffs alone are not enough to help farmers and may "need other tools."

"For example, directly subsidizing the price received by our farmers would be one such policy goal or instrument to ensure that the benefits of world prices and the tariff reduction are shared by everyone," he said. — **Aubrey Rose A. Inosante**

Pioneer incentives eyed for waste-to-energy projects

THE DEPARTMENT of Energy (DoE) is looking to grant incentives for pioneering waste-to-energy (WTE) projects, including exemptions from the competitive selection process (CSP) and priority dispatch on the spot market.

In a draft circular, the DoE is proposing that pioneer WTE projects be exempt from CSP regardless of capacity. The CSP policy requires distribution utilities to procure power through a transparent and competitive bidding process at a least-cost basis.

Pioneer WTE projects are also under consideration for priority dispatch in the Wholesale Electricity Spot Market (WESM), the trading floor where power distributors procure their supply when their long-term power supply deals are not sufficient to meet their requirements.

Under the proposal, a WTE developer may choose to incentives schemes under either the Renewable Energy Act, which provides sector-specific incentives, or under the CREATE MORE Act (Corporate Recovery and Tax Incentives for Enterprises to Maximize Opportunities for Reinvigorating the Economy Act), which provides broader and more flexible incentives.

The government is also tasked with ensuring that the pioneer WTE project with off-take arrangements under the Green Energy Auction Program has sufficient feedstock through deals with highly urbanized cities (HUCs), local government units, or other government entities.

The Energy Regulatory Commission will be tasked with formulating the price-setting scheme that will establish the tariff range for electricity generated from WTE facilities.

Meanwhile, the transmission network provider and system operator will have to coordinate with the developer in the course of planning, construction, grid connection, and operational integration.

"The integration of WTE in the power generation mix represents a strategic approach to addressing the dual challenges of growing energy demand and increasing solid waste generation," the DoE said.

WTE is the process of converting non-recyclable waste materials into usable heat, electricity, or fuel using various technologies.

To be qualified as pioneer WTE projects, the facility must be constructed and installed not later than 2027.

Earlier this month, the DoE announced that it will conduct a special auction round in January designed for WTE projects that will source their waste feedstock within Metro Manila and HUCs.

There will also be a succeeding auction round for biomass and WTE technologies by the second quarter of 2026.

The DoE views WTE project development as one of the strategies to address solid waste management while also mitigating floods and providing a supply of "clean energy." — **Sheldeen Joy Talavera**

Typhoon Opong ruins harvest at Instagram worthy Masbate farm

By Andre Christopher H. Alampay

LOPEZ ECOFARM, a family business in Masbate, had been counting on the upcoming fruit and vegetable harvest before Typhoon Opong (international name: Bualoi) transited the island province in late September.

Rosalinda Lopez, who had been sharing sustainable farming techniques and showing off her produce on the farm's Instagram account, said via messenger that the typhoon struck during fruiting season, not only ruining the upcoming harvest, but setting back her retirement project of rehabilitating her inherited land.

Ms. Lopez, who moved back to Masbate in 2022, had been determined to practice regenerative agriculture and sustainable permaculture practices since taking the reins.

She is a bit of an outlier at the Malipayon Farmers Association in Barangay Usab, Masbate City, which is 250-strong. Her peers typically plant cacao, bananas, and spring onions, but she followed her own path by cultivating star apple (*kaimito*), turmeric, and papaya.

Ms. Lopez tends to shun the modernized farming practices championed by the Department of Agriculture (DA), and prefers more sustainable, less costly infrastructure such as bamboo sheds, paths overgrown with moss and greenery, and a biodiverse garden, which welcomes species like snakes and birds instead of chasing them away.

The DA initially estimated overall losses to agriculture caused by Opong at P1.3 billion. Masbate, which is administratively part of the Bicol Region, was one of the provinces cleared to receive food and financial aid by President Ferdinand R. Marcos, Jr.

Ms. Lopez said the community was not prepared for the strength of the typhoon's winds.

"Almost all farmers were severely affected with no roofs on their homes, and somehow there has been a delay in the cash aid." she said.

Although food aid has been distributed, she said farmers really need repair kits, nails, wood, and roofing material.

"A lot of trees fell down. Most of the trees and big branches went directly to the roofs." she said.

Following the damage to her farm, Ms. Lopez is fortifying it to be more disaster resilient, installing screen doors, a rainwater catchment, and solar panels in response to the power cuts.

"The community members are in the same situation but those who can afford buy generators and power banks," she said.

She said she remains determined to continue building a farm network with an eye towards not sacrificing sustainability.

TaskUs says workforce still main source of PHL edge in IT-BPM

By Justine Irish D. Tabile
Reporter

THE quality of the workforce remains the main source of the Philippines' competitive edge in the information technology and business process management (IT-BPM) industry, according to US outsourcer company TaskUs, Inc.

"The Philippines has always been special, but what makes it attractive is the talent that the Philippines possesses ... it's the employee, the makeup of the employee," Dean Van Ormer, senior vice president for Southeast Asia at TaskUs, told *BusinessWorld*.

"Obviously, the literacy rate in English is part of it, but I would also say it is the work ethic, intelligence, resiliency, education, and affinity to Western culture. "There are a lot of different things," he added.

"We look at where we set up our buildings, how we go out and advertise, and what people think about us in the industry. It's always a focus of ours just having an incredibly strong reputation as an employer," he said.

"I am not saying it is a challenge for us, but it is always at the top of mind because your employer brand is everything," he added.

He said the company sees artificial intelligence (AI) as a means of empowering its agents to tackle more complex call types.

"We are utilizing it. We are looking at how AI makes you better to the clients that you are supporting through faster tools, better knowledge bases, and better efficiencies," he said.

"The other way we are looking at it is how we can train our employees constantly, educating and training our employees to handle more complex types of transactions," he added.

Al Sese, vice president of operations at TaskUs, said that AI not only helps employees to become more impactful within the clients they work for but also helps managers make better decisions.

"From a leadership standpoint, our tools are integrated towards AI, so that makes us more efficient because it frees us from all of these other things that we need to spend time on to make the right decisions," he said.

"Everything is within reach because of AI. The way we get the data and the way we look at the insights becomes quicker, which frees us to spend more time with our teammates," he added.

Earlier this month, TaskUs opened its 11th site in the Philippines in Las Piñas City, for which it plans to hire 1,500 employees by year's end.

According to the company, it opted to open the Hiraya site in the city to bring the company closer to its employees, as 80% of the company's workforce in Alabang resides in Las Piñas.

OPINION

Navigating uncertainty in the mining and metals industry

SUITS THE C-SUITE
KATRINA F. FRANCISCO

IN BRIEF:

- The mining and metals industry is facing heightened operational complexity due to ageing mine sites, regulatory pressures, and the need for sustainable practices, which complicate productivity and increase costs.
- License to Operate (LTO) is becoming crucial as stakeholders demand greater returns, necessitating alignment with environmental, social, and governance (ESG) factors to secure necessary permits and build community trust.
- Sustainability commitments are facing achievement and measurement challenges, while emphasizing community partnerships and technology for effective sustainability monitoring.

The mining and metals industry is entering a new phase of uncertainty, with operational complexity identified as the primary risk for 2026, as highlighted in the EY Top 10 Business Risks and Opportunities survey, which gathered insights from 500 senior executives in the sector globally. This article discusses four of the top risks identified in the survey.

OPERATIONAL COMPLEXITY

The growing complexity in mining operations stems from ageing mine sites and the need to replace old mines to meet rising demand. As mines go deeper and ore grades decline, challenges such as geotechnical issues and water management become increasingly intertwined throughout the mine's lifecycle. In the Philippines, the implementation of regulations related to environmental, social, and governance (ESG) factors, including watershed management and biodiversity conservation, adds another layer of complexity, although highly necessary, requiring companies to adopt compliance measures. This heightened complexity not only impacts productivity but also raises operational costs and shifts expectations regarding brownfield expansions and the initiation of new mines.

As the mining and metals industry navigates this complex landscape, it must prioritize operational efficiency, stakeholder engagement and license to operate, workforce development, and sustainability.

Predictability is essential for maintaining investor confidence, securing capital, and ensuring strategic flexibility. Therefore, rethinking mine design and operations to simplify processes while adhering to regulations is crucial.

LICENSE TO OPERATE

License to Operate (LTO) is becoming increasingly significant as external stakeholders, including governments and local communities, demand greater returns from mining assets. This shift is driven by rising nationalism and tightening government budgets, compelling companies to reassess their operational strategies. The recent passing of the Enhanced Fiscal Regime for Large-Scale Metallic Mining Act exemplifies this trend.

As the focus on LTO intensifies, it becomes clear that both LTO and ESG factors play a crucial role in the permitting process. These elements are increasingly influenced by national objectives, making it essential for mining companies to align their practices with regulatory priorities to secure necessary approvals. Locally, LTO and ESG are intertwined as regulators and the industry work to address past environmental and social issues that have continued to hound the industry. Regulations aimed at biodiversity conservation and aligning the Social Development Management Program with the Sustainable Development Goals continue to position ESG as a key driver of LTO.

Miners have the opportunity to build trust with stakeholders by prioritizing sustainable and ethical practices over mere compliance. By doing what is right, companies can foster stronger relationships and enhance their reputation within the communities they serve. Ongoing collaboration with local communities is vital for success, as engaging with stakeholders not only addresses their concerns but also creates a more sustainable and mutually beneficial relationship.

ATTRACTING A SKILLED WORKFORCE

The global mining sector continues to grapple with a significant challenge: a reputation that hampers its ability to attract a diverse and skilled workforce. As the industry evolves, addressing this issue is essential for future success. Companies must focus on mapping talent and predicting workforce needs, transitioning to long-term workforce planning to align with broader mine strategies. This proactive approach will enable organizations to anticipate and meet their staffing requirements effectively.

Additionally, there is a pressing need to reevaluate the employee value proposition (EVP). By establishing clear career pathways, mining companies can make the industry more appealing to potential employees. Embracing technology is also crucial; implementing tools that support onboarding and just-in-time learning can help build specialized skills, enhance safety culture, and optimize production processes. By investing in the workforce and fostering a positive work environment, mining companies can improve their reputation and secure the talent needed to thrive in a competitive landscape.

ACHIEVING SUSTAINABILITY GOALS

As the mining industry faces increasing pressure to adopt sustainable practices, leading companies have set ambitious goals to become nature-positive by 2030. However, measuring progress toward these targets remains a significant challenge. In the Philippines, the voluntary adoption of the Towards Sustainable Mining (TSM) Protocols by the Chamber of Mines and its members demonstrates the industry's strong commitment to sustainability, particularly in areas related to communities and people, climate change and environmental impact.

A crucial aspect of achieving sustainability goals lies in forming strong partnerships with local communities, whether indigenous or not, which is also expected under the TSM Protocols. These collaborations not only help miners meet their sustainability objectives but also play a vital role in maintaining their LTO, as also mentioned above. To enhance the measurement and monitoring of sustainability efforts, the increased use of digital tools and data analytics is essential. By leveraging technology, mining companies can gain better insights into their environmental and social impact and track their progress more effectively.

ENHANCING RESILIENCE FOR LONG-TERM SUCCESS

As the mining and metals industry navigates this complex landscape, it must prioritize operational efficiency, stakeholder engagement and license to operate, workforce development, and sustainability. By addressing these interconnected challenges, companies not only enhance their resilience but also position themselves for long-term success in an increasingly demanding environment.

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

KATRINA F. FRANCISCO is a Sustainability Partner of SGV & Co.