DTI sees export boost from UAE trade agreement

THE Department of Trade and Industry (DTI) said it is confident that exports will grow this year due to the boost provided by the recently signed Comprehensive Economic Partnership Agreement (CEPA) with the United Arab Emirates (UAE).

"Our merchandise exports have been good ... so our outlook is very good," Trade Secretary Ma. Cristina A. Roque said on the sidelines of the reopening of the Likhang Filipino Exhibition Halls.

"The UAE is a big market, as there are a lot of Filipinos there. The second largest population of Filipinos in the world is in the UAE, so there is a huge market now, especially for Philippine food products and franchises," she added.

She said that with the signing, 95% of the goods exported to the UAE will enjoy a preferential tariff.

"There are a lot of winners here, like agri products, and then there are cosmetics, personal care, sardines, canned tuna, electronics, aerospace, and automotive products, among others," she said.

"We are very upbeat, as we have a lot of products here, even from small and medium enterprises (SMEs), that are accepted by the UAE," she added.

To prepare Filipino exporters, she said the department will be working with other government agencies to help them secure the certifications needed for export.

"We are trying to beef up Food and Drug Administration approval. Next is halal certification. And then also, we are trying to improve packaging," she said.

"Other than that, most are ready to export. There are really a lot of export-ready products. We just have to really entice the others," she added.

Center for International Trade Expositions and Missions Executive Director Leah Pulido Ocampo said the main challenges faced by SMEs are marketing and promotion.

"Our artisans really need marketing and promotion assistance. And then, we will also be giving a lot of assistance in product development," she said.

"Product development should be a constant thing. It should not be stagnant ... we will have, together with Design Center, product development, training, and certification," she added.

Apart from an increase in exports, the trade department is also expecting an increase in investment from the UAE, particularly in petrochemicals, machinery, fruit, and nuts.

On the sidelines of the signing of the CEPA, the Philippine government met with companies from the UAE, including Damac Digital, Abu Dhabi Future Energy Co. (Masdar), and Abu Dhabi National Oil Co. — **Justine Irish D. Tabile**

Agriculture spending refocused on reducing poverty, stabilizing supply

THE Department of Agriculture (DA) said it is recalibrating its spending with a shift away from "fragmented, input-driven" programs toward a results-based framework aimed at raising farmer income and minimizing supply shocks.

Speaking at the Big Bold Reform forum organized by the Department of Finance and the Bangko Sentral ng Pilipinas, Agriculture Secretary Francisco P. Tiu Laurel, Jr. said decades of government spending have failed to significantly improve rural incomes or stabilize food supply, prompting the administration to rethink the economics of Philippine agriculture.

"Despite sustained public spending, outcomes on the ground remain fixed... Productivity gains have been uneven, farmer incomes remain low, and food supply shocks continue to affect consumers," he was quoted as saying in a statement.

The DA said its new approach will focus on investing in poor areas with weak productivity and strong production potential.

The DA is also moving away from rice-centric policies and expanding support for fisheries, livestock, and high-value crops to diversify farm incomes and reduce vulnerability to weather and market disruption.

Mr. Laurel said the department will also promote transparency and accountability across the project cycle, including open access to program information and formal feedback mechanisms for farmers and fisherfolk.

"Effective policies are not only about what we implement, but how transparently and accountable we do so," Mr. Laurel said.

The DA said it is allocating P33 billion for logistics and post-harvest infrastructure, including farm-to-market roads, cold storage facilities, agricultural food hubs, ports, and processing facilities.

Mr. Laurel said investments in agricultural infrastructure will help address the "missing middle" in farm value chains. — **Vonn Andrei E. Villamiel**

VAT oversight on local sales transferred to BIR from BoC

THE Bureau of Customs (BoC) has clarified that sales to domestic market enterprises will now be treated as local transactions, shifting oversight to the Bureau of Internal Revenue (BIR) for value-added tax (VAT) purposes.

"The sales of goods and services to domestic market enterprises or nori-Registered Business Enterprises (RBEs) are now considered 'local sales,' which fall outside the mandate of the BoC, and is now under the jurisdiction of the BIR," the agency said in a memorandum circular.

The change followed Revenue Regulations No. 009-2025, outlining the rules for implementing the provisions of the Corporate Recovery and Tax Incentives for Enterprises to Maximize Opportunities for Reinvigorating the Economy (CREATE MORE) Act.

President Ferdinand R. Marcos Jr. signed the CREATE MORE Act in 2024, which further reduced the corporate income tax to 20% from 25% for RBEs.

RBEs are individuals or companies registered with an Investment Promotion Agency qualify for special tax incentives, particularly export-oriented or high-value domestic ventures. — **Aubrey Rose A. Inosante**

Taiwan demand for hospitality workers projected at 6,600 jobs

TAIWAN's hospitality industry will require about 6,600 workers in 2026, according to the Taipei Economic and Cultural Office (TECO) in the Philippines.

Emilie Xung-Chieh Shao, director of the Political Division at TECO, told *BusinessWorld* by phone that Taiwan employers have been authorized to directly hire foreign workers to fill slots in the tourism and lodging industry.

"Taiwan has opened up employment opportunities for foreign skilled workers in the hospitality services sector, allowing employers to directly hire skilled workforce from overseas," Ms. Shao said.

"The hospitality sector is expected to need approximately 6,600 workers in 2026," she added.

Taiwan employers must first demonstrate a commitment to the island's own workforce, according to Ms. Shao.

HANAH TU/UNSPLASH

"Employers must increase the wages of their full-time Taiwanese employees to (before they can fill positions with) foreign skilled workers."

For hospitality, the government reportedly set a salary threshold of 32,000 New Taiwan Dollars (approximately P57,000) for foreign skilled workers.

Taiwan has selected the Philippines as its primary partner for the program, having established its first overseas recruitment center in Manila.

The facility is designed to centralize critical operations, including direct government-to-government (G2G) recruitment and matching Filipino workers with verified employers in Taiwan.

"This direct G2G cross-border recruitment process between Taiwan and the Philippines will help ensure fair recruitment," Ms. Shao said, noting that the system is designed to bypass third-party brokers and reduce the financial burden on workers.

Taiwan plans to open similar recruitment centers in other countries to diversify its sources of skilled labor, TECO said.

Taiwan faces a shrinking workforce due to an ageing population, prompting the government to overhaul its classification system for foreign hires from "intermediate skilled workers" to "foreign skilled workers."

The Ministry of the Interior reported that Taiwan reached the "super-aged" threshold — where 20% of the population is aged 65 or older — at the end of 2025, citing United Nations and World Health Organization criteria.

As of late 2025, roughly 250,000 Filipinos live and work in Taiwan, according to the Department of Migrant Workers. — **Erika Mae P. Sinaking**

OPINION

Governance, risk, and compliance as a strategic advantage

IN BRIEF:

- Governance, risk, and compliance (GRC) is shifting from back-office control to a strategic function that anticipates risks, protects value, and guides executive decisions in a volatile world.
- Mature GRC programs feature strong leadership, fast and reliable information, clear ownership by the first line, and GRC leaders who challenge board and management decisions.
- While AI and new technologies improve risk detection, the real advantage comes from integrating risk insights across the organization to enable timely, practical governance for boards and management.

In November, board members, senior executives, chief audit executives, compliance officers, chief risk officers, and other professionals gathered at the SGV Knowledge Institute and SGV Consulting forum, "Navigating Enterprise Resilience through the Synergy of Governance, Risk, and Compliance." It examined how governance, risk, and compliance (GRC) is being reshaped by business realities that are faster, more volatile and less forgiving than ever.

The first panel session, "GRC Integration: Aligning Governance, Risk, and Compliance with Business Strategy," centered on how GRC can evolve from a defensive control function into a source of strategic clarity.

REDEFINING RISK

One theme dominated the discussion: the traditional definition of risk has become inadequate. Compliance risk, once the focal point of GRC programs, is now only one part of a broader risk universe that includes liquidity, market and operational exposures. Above these sit strategic and reputational risks, which panelists describe as one of the most consequential threats to long-term value.

Risk today, they argued, is best described as NAVI: nonlinear, accelerated, volatile and interconnected. A single

SUITS THE *C*-SUITE
JOSEPH IAN M. CANLAS
and
CHRISTIANE JOYMIEL C. SAY-MENDOZA

If you have a mature GRC, information flow is faster, reaching stakeholders on time to make smarter choices.

disruption can rapidly propagate across functions, geographies and stakeholders. A cyber breach becomes an operational and a regulatory issue; an operational or regulatory issue becomes a reputational crisis; a reputational crisis erodes shareholder confidence.

"Mature GRCs manage crises and are capable of addressing events that trigger multiple risks," said Vicky Lee Salas, Senior Vice-President for Special Projects and Chief Risk and Compliance Officer of SM Investments Corp. The implication for executives is clear: managing risks in silos is not merely inefficient, it is also dangerous.

SPEED AS A STRATEGIC ASSET

In a NAVI risk environment, speed of information is important. The panel repeatedly returned to the idea that effective GRC programs are those that move relevant insights to decision-makers before choices are constrained.

Narlette Manacap, Compliance Risk Country Officer of Citibank Philippines, framed the shift as follows: "If you have a mature GRC, information flow is faster, reaching stakeholders on time to make smarter choices," she said. "GRC has shifted from defensive to proactive: we identify pain points early and appropriately plan for situations. In some cases, controls are there to prevent, not mitigate, crises. A healthy GRC helps manage crises and control disruptions."

Despite the abundance of frameworks, the panelists converged on a simple view of what constitutes GRC maturity, which rests on three identified pillars.

First, leadership must be strong, visible and unambiguous. GRC cannot operate effectively when its mandate is unclear or inconsistently supported at the top. Second, information must flow quickly and credibly to those empowered to act. Risk insights that arrive late, or are filtered to avoid discomfort, serve little purpose. Third, the organization must be proactive, that is, able to identify emerging risks early enough to prevent a crisis rather than merely respond to one. Without all three, even well-designed GRC structures struggle to deliver value.

LEADERSHIP AND ACCOUNTABILITY

Beyond structure, the panel emphasized mindset. Effective risk leaders must operate with a "positive intent mindset," defined as an ability to appreciate differing perspectives, remain open during debate, and engage constructively with business leaders whose intentions may not always align with risk considerations.

Clear accountability is equally critical. A well-defined RACI grid — clarifying who is responsible, accountable, consulted and informed — becomes indispensable during moments of stress, when ambiguity can paralyze response. Indeed, human behavior remains the persistent roadblock. Differing interpretations of risk appetite, uneven risk awareness and organizational politics can undermine even the most sophisticated systems. In such moments, risk leaders must be willing to stand their ground. Knowing when to say "no," and articulating why, is a defining leadership skill in modern GRC.

FROM DEFENSE TO VALUE CREATION

The panel described the evolution from three lines of defense to the three lines model, a subtle but significant shift in language. The new emphasis is not solely on prevention and control, but on value creation. For the three lines to function effectively, they must share objectives, operate within a common framework and be supported by effective enablers: leadership, culture and technology.

Manacap underscored the importance of empowering the first line. When business units own risks, the organization becomes more agile and less dependent on second-line intervention. Risk, in this model, is shared responsibility rather than a centralized policing function.

That shift also has implications for how risk leaders are positioned. Salas stated that credibility starts with recognition. Chief risk officers and senior risk leaders, she said, need to be "paid well, credible enough to mean business." Too often, risk is viewed as a cost center. In reality, strong GRC functions act as "revenue protectors," safeguarding value that might otherwise be lost to disruption, fines, or reputational damage.

THE EXPANDING ROLE AND LIMITS OF TECHNOLOGY

Artificial intelligence and emerging technologies featured prominently in the discussion. Sing Hwee Neo, EY Global Client Service Partner for Government and Public Sector, reflected on the transformation he has witnessed throughout his career. "GRC has gone a long way since I started," he said. "When I look back at when I started internal audit, the tools were very rudimentary. Experienced practitioners can now use AI to detect control failures in real time."

He pointed to autonomous risk management agents that monitor multiple data sources, dynamically adjust risk scoring and help organizations prioritize and respond to potential incidents more effectively.

However, the panel was careful to temper enthusiasm with caution. Integration is more important than any individual tool, as technology that reinforces silos merely accelerates confusion. Aligning risk categories, consolidating assurance activities, and enabling senior management to see a comprehensive, timely picture of enterprise risk remain the real differentiators.

INSIGHTS FOR BOARDS

Audience questions reflected common executive concerns, including the availability of combined assurance tools and how organizations can preserve the independence and strength of second and third-line functions. The responses returned to familiar themes: empowerment of the first line, clarity of roles and visible support from the top.

One clear message was directed at boards. The panelists urged that governance should be implemented consistently across the group, but in a proportional and practical manner. Over-engineering governance can be damaging as under-governance, particularly in complex organizations.

SYNERGY IN GRC

The session closed with a set of succinct reflections that captured the panel's shared philosophy. Governance sets direction, risk provides foresight and compliance ensures alignment, said Neo. Manacap described GRC as "one in action, moving in sync." Salas offered a phrase likely to resonate with executives: "risk in rhythm."

What ultimately distinguishes effective GRC is not sophistication for its own sake, but synergy. It is about open dialogue, shared accountability and leadership willing to treat risk not as a constraint but as a strategic instrument.

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 authors and do not necessarily represent the views of SGV & Co.

JOSEPH IAN M. CANLAS and CHRISTIANE JOYMIEL C. SAY-MENDOZA are risk consulting partners of SGV & Co.