

Fitch Solutions reduces PHL consumer spending 2020 growth outlook

FITCH SOLUTIONS Macro Research said it reduced its 2020 consumer spending growth estimate for the Philippines to 6.7% from 7% due to the lockdown imposed on Luzon to contain the coronavirus disease 2019 (COVID-19) outbreak.

Fitch Solutions said spending will be focused on food and health-related products, depressing purchase activity for items deemed less essential like clothing, footwear and appliances.

In a note issued Tuesday, Fitch Solutions said the new estimate is also lower than the 9.8% rise in consumer spending in 2019.

It said the assessment was based on spending patterns observed during the China lockdown in January and February and the social distancing measures in South Korea.

"We expect this to hold even for non-essential e-commerce shopping online (e.g. for clothing and footwear), due partly to the aforementioned 'prioritizing' mindset among consumers, and partly due to delivery companies prioritizing the delivery of the increased essential food and grocery orders over those of non-essential goods," Fitch Solutions said.

The month-long enhanced community quarantine (ECQ) was initially implemented in Metro Manila on March 15 and was then expanded to Luzon. It will run until April 12 if the outbreak is controlled by that time. Fitch Solutions said the lockdown "could be extended, given initial difficulties implementing the measures and confusion over what restrictions were in place."

Fitch Solutions is of the view that the first fiscal stimulus package worth P27.1 billion may not have a "considerable" impact on the economy or consumer spending.

The P27.1 billion stimulus program announced by economic managers early in the lockdown was focused on supporting the tourism sector. The program also includes a package for the health sector and some subsidies for affected workers and establishments.

"For scale, Malaysia, with less than one third of Philippine's population, announced a stimulus package worth \$57 billion (about P2.9 trillion) on March 27."

Fitch Solutions said that the P200 billion package for vulnerable Filipinos recently announced by President Rodrigo R. Duterte may help to boost consumer spending outlook in the second half of 2020 and in 2021.

Mr. Duterte said Monday that the government has allotted P200 billion to aid low-income households to support those who may have been thrown out of work during the lockdown.

Cash assistance for the vulnerable population will range from P5,000 to P8,000.

Fitch Solutions downgraded its 2020 growth outlook for the Philippines to 4% in late March from an earlier forecast of 6% mainly due to the outbreak's impact on tourism, remittances, the supply chain, and foreign direct investment. If realized, this projection will be lower than the 5.9% recorded in 2019 and the official target of 6.5% to 7.5% set by the government. — **Luz Wendy T. Noble**

Imports needed for COVID-19 fight declared tax-exempt

IMPORTED GOODS, supplies and equipment, including test kits and protective equipment needed for containing the coronavirus disease 2019 (COVID-19) outbreak, as well as imported materials needed to manufacture these products have been declared exempt from all taxes, duties and fees, the Bureau of Customs said.

In Customs Administrative Order (CAO) 07-2020 released Wednesday, the BoC said such imports are exempt from value-added tax (VAT), excise tax and other fees.

The exemption was also outlined in Revenue Regulations (RR) No. 6-2020, which was also issued Wednesday.

According to CAO 07-2020 and RR 6-2020, these tax exemptions will be implemented and "in full force" during the three-month validity of Republic Act. No. 11469 or the "Bayanihan to Heal as One Act."

The exemption covers COVID-19 testing kits; personal pro-

ductive equipment (PPE) such as gloves, gowns, masks, goggles, and face shields; surgical equipment and supplies; laboratory equipment and reagents; and medical equipment, devices and tools, as well as other items to be identified by the Department of Health (DoH).

Other imported items declared exempt were medical consumables such as alcohol, sanitizers, tissue, thermometers, hand soap, detergent, sodium hypochlorite, cleaning materials, povidone iodine, and common medicines such as paracetamol, mefenamic acid, vitamins, hyoscine, oral rehydration solution and cetirizine.

Further, "importation of materials needed to make health equipment and supplies deemed critical or needed to address the current public health emergency" are also exempt from taxes, duties, VAT, excise tax and other fees.

Only manufacturers in the "master list" of the Department

of Trade and Industry and other incentive-granting bodies can avail of the exemption, the BoC said.

"Donations of these imported articles to or for the use of the national government or any entity created by any of its agencies which is not conducted for profit, or to any political subdivision of the government are exempt from donor's tax and subject to the ordinary rules of deductibility under existing rules and issuances," according to RR 6-2020.

CAO 07-2020 and RR 6-2020 implement Section 4 (o) of the "Bayanihan to Heal as One Act," stating to "liberalize the grant of incentives for the manufacture or importation of critical or needed equipment or supplies for the carrying-out of the policy declared herein, including healthcare equipment and supplies: Provided that importation of these equipment and supplies shall be exempt from import duties, taxes and other fees."

Even before the issuance of the implementing rules, Customs Assistant Commissioner Vincent Philip C. Maronilla said in a mobile phone message that the bureau has been implementing the tax exemption "provisionally."

Separately, the BoC said Tuesday that it seized P15 million worth of alleged smuggled personal protective equipment in Manila, recovering gloves, face-masks and goggles.

"Smuggled PPE may pose a health risk to users since such items may not comply with the safety standards set by the government rendering them not fit for human utilization," the BoC said in a statement Wednesday.

As of Tuesday, the BoC processed more than 3,800 shipments of PPEs.

Also Wednesday, the BoC released CAO 06-2020 implementing conditional tax or duty-exemption on imports of coffins and urns, among other items. — **Beatrice M. Laforga**

Palay output estimate for first quarter slashed by 6.7%

PRODUCTION of palay, or unmilled rice, in the first quarter of 2020 is now estimated at 4 million metric tons (MT), 6.7% lower than the previous projection, the Philippine Statistics Authority (PSA) said.

In its updated Palay and Corn Estimates, PSA said that the new projection for palay in the just-concluded quarter compares with the initial estimate of 4.28 million MT issued on Jan. 1.



The new projection, if realized, would represent a 9.5% year-on-year decline from the actual output of 4.42 million MT in the first quarter of 2019.

The PSA said the area planted to rice may have contracted 3.7% year-on-year during the quarter, from 1,153.19 thousand hectares in the first quarter of 2019. The yield per hectare is expected to decline year-on-year to 3.60 MT from 3.83 MT.

Meanwhile, corn production for the quarter was estimated at 2.39 million MT, 1.5% lower than the previous estimate of 2.43 million MT issued on Jan. 1.

The estimate, if realized, would point to a 1.3% year-on-year decline from the actual output of 2.43 million MT in the first quarter of 2019.

"Harvest area may reduce to 700.20 thousand hectares from 706.26 thousand hectares in 2019. Yield per hectare may slightly decrease to 3.42 MT from 3.43 MT," the PSA said. — **Revin Mikhael D. Ochave**

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Equity Ventures

Dear Valued Stockholder,

In line with the Aboitiz Group's sustainability efforts, Aboitiz Equity Ventures Inc. (AEV or the Company) is delivering its Definitive Information Statement (SEC Form 20-IS) for the Annual Stockholders' Meeting (2020 ASM) on April 27, 2020 at 3:00 pm via QR code, which is accessible below:



How to access the Information Statement:

- Open a QR code reader on your smartphone
- Allow the QR code reader to scan the code
- Press OK or click the link to view the Information Statement
- QR Code also includes the Notice and Agenda, sample proxy forms, and other details about the 2020 ASM

The documents (Information Statement, Notice and Agenda, sample proxy forms, and other details about the 2020 ASM) are also available at <https://abotiz.com/investor-relations/annual-stockholders-meeting>.

If you wish to receive hard copies of the Information Statement, you may send your request through email to abotiz.shareholder.services@abotiz.com, or contact Ms. Marinel Mangubat at 8886-2800 local 21757. Please note that due to the Enhanced Community Quarantine in effect and the various restrictions put in place by various local government units, there will be delays in our ability to print and send out hard copies of the Information Statement and we can provide no assurance as to when you may receive your hard copy. Given the special circumstances facing the country this year, we encourage stockholders to take advantage of all online and electronic opportunities to receive their copies of the Information Statement and other documents related to the 2020 ASM.

In addition, due to the Enhanced Community Quarantine in effect and the prohibition on mass gatherings, **THERE WILL BE NO PHYSICAL VENUE FOR THE 2020 ASM**. To know more on how to access the livestream for the 2020 ASM and register your vote using the voting portal, please refer to the Company's website at <https://abotiz.com/investor-relations/annual-stockholders-meeting>.

Stockholders may still vote through Proxy, copy of which is provided together with the QR. Please send scanned copies of the duly executed proxies to abotiz.shareholder.services@abotiz.com on or before April 20, 2020.

Thank you and we appreciate your continued support and trust in the Company.

From the Corporate Secretary.

(SGD.)
Manuel Alberto R. Colayco
Corporate Secretary

AboitizPower

Dear Valued Stockholder,

In line with the Aboitiz Group's sustainability efforts, Aboitiz Power Corporation (AboitizPower or the Company) is delivering its Definitive Information Statement (SEC Form 20-IS) for the Annual Stockholders Meeting (2020 ASM) on April 27, 2020 at 3:00 pm via QR code, which is accessible below:



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From the Corporate Secretary.

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