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DTI PREFERS LOCAL PLAYERS IN THE PUV MODERNIZATION PROGRAM

By BERNIE CAHILES-MAGKILAT

Trade and Industry Secretary Ramon M. Lopez expressed preference for local firms instead of importers as participants in the Philippine Utility Vehicle (PUV) Modernization Program.

Lopez told reporters as DTI is preparing an Executive Order for President Rodrigo Duterte's approval. Lopez expects the EO to be ready by April this year.

The EO is meant to shift the remaining \$200-million incentives allocation intended for the third participant in the Comprehensive Automotive Resurgence Strategy (CARS) Program into the PUV program. The CARS Program grants

\$600 million in tax incentives for three participants, but the program attracted only two takers - Mitsubishi Motors Philippines Corp. and Toyota Motor Philippines Corp.

The incentives scheme for the PUV is still being ironed out but the idea is to grant the incentives to the local body builders and local auto parts producers. This is to further encourage local manufacturing in the automotive industry.

"We will try to encourage local sourcing as a preference," Lopez said.

But while the EO is not yet ready, it is a free market as there is no law prohibiting the importation of utility vehicles for local use as long as they pay the correct taxes.

Allowing importation is also one way of screening future applicants in the PUV as the program will also require good track record and capability of applicants.

"We have to prepare the local industry since the PUV modernization is happening now," he said. The Bureau of Product Standards has already come up with the initial dimension for the planned 4 PUV classes.

So far, there are already local five motor vehicle body builders participating at the expo including Almazora Motors Corp., Centro Manufacturing Corp., Del Monte Motors, Hino Motors Philippines Corp. and Sta. Rosa Motor Works Inc. At least three Chinese suppliers are also

positioning themselves to bring in their models at significantly lower prices.

There are also 8 platform suppliers such as Foton Motor Philippines, Diamond Motors Corp. (for Mitsubishi Motors Philippines Corp.-FUSO), Hino Motors Philippines Corp., Hyundai Philippines, IKK Ichigan Inc., Isuzu Philippines Corp., Philippine Utility Vehicle (PhUV) Inc., and Pilipinas Taj Autogroup Inc. (TATA).

Ferdinand Raquelsantos, president of the Philippine Parts Makers Association, said that while the government does not prevent traders to supply imported PUVs, they should not be included in the PUV Modernization Program nor be entitled to government incentives

because the program is meant only for those undertaking local assembly operation only.

As of end last year, Raquelsantos estimated a total of 120-150 units of PUVs on the streets. Additional 350 units are expected to be added by the first quarter this year for a total of 500 modern PUVs.

He said the PUV's rollout is expected in July, 2018. An estimated 200,000 units of jeepneys should be replaced with the modern PUVs, which should be equipped with euro4 engine, GPS, Wi-Fi, automated fare collection system, forward seating, side entrance, among others. This does not include the motorcycles and minibuses that need to be replaced, too.

* PUV
* DTI
* Transportation