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February inflation surges to 4.5%

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Consumer prices further rose at a faster pace in February as prices of food and beverage as well as "sin" products continued to increase partly as a result of the first tax reform package that took effect last Jan. 1.

In a report Tuesday, Philippine Statistics Authority data showed that using 2012 as the new base year, the headline inflation rate jumped 3.9 percent last month, the fastest rate of increase in prices of basic goods since August 2014's 4.2 percent.

Using the old consumer

price index (CPI) series based on 2006 prices, inflation hit 4.5 percent, also the highest in more than three years.

"The uptrend resulted from the faster annual gain recorded in the heavily weighted food and nonalcoholic beverages index at 4.8 percent and the double-digit annual increment in alcoholic beverages and tobacco index at 16.9 percent," the PSA explained.

Under Republic Act No. 10963 or the Tax Reform for Acceleration and Inclusion (Train) Act, the unitary excise tax slapped on cigarettes rose to P32.50 per pack effective Jan. 1 from P30 a pack last year. The TRAIN Law starting

Jan. 1 this year also jacked up or slapped new excise taxes on oil, cigarettes, sugary drinks and vehicles, among other goods, to compensate for the restructured personal income tax regime that raised the tax-exempt cap to an annual salary of P250,000.

The PSA said that prices in four other commodity groups also increased in February: Clothing and footwear, up 2 percent year-on-year; furnishing, household equipment and routine maintenance of the house, up 2.5 percent; transport, up 5.8 percent, as well as restaurant and miscellaneous goods and services, up 2.5 percent.

"Lower annual hikes were,

however, noticed in the indices of housing, water, electricity, gas and other fuels at 2.6 percent; communication, 0.2 percent, and recreation and culture, 1.4 percent," the PSA said.

"A faster annual mark-up of 4.8 percent in February was, likewise, observed in the food-alone index at the national level. It was pegged at 4.6 percent in the previous month and 3.2 percent in February 2017," the PSA added.

Measures to curb inflation and cushion its impact on the poor are urgently needed, the National Economic and Development Authority said.

Socioeconomic Planning

Secretary Ernesto M. Pernia said that the government should remain vigilant and prepared to implement measures that will mitigate the upside risks to inflation.

"The transitory impact of the TRAIN Law and the continued depreciation of the peso will mainly influence price movements in the coming months, and we must ensure that mitigating measures should be in place," the NEDA official said.

Pernia said government must pay closer attention to the poor. He said there was a need to expand the Pantawid Pamilyang Pilipino Program (4Ps) and to fast

track the distribution of unconditional cash transfer (UCT) from the TRAIN. He also reiterated the call to replace the quantitative restrictions on rice with tariffs. This is expected to lower the price of rice and raise revenues for agricultural programs such as crop diversification and investment in disaster risk resiliency.

Pernia also noted that the government, through the active lead of the Department of Trade and Industry, needed to strengthen the surveillance of businesses' compliance with the country's laws and regulations on fair consumer goods pricing to prevent the occurrence of profiteering. INQ

* INFLATION