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Meat prices going up; Palace hits TRAIN "disinformation"

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Consumers should brace for price increase in meat and other products following the implementation of the Tax Reform for Acceleration and Inclusion (TRAIN) Law.

But Malacañang and the Department of Trade and Industry allayed fears of the consuming public on the impact of the new law that took effect Jan. 1.

The Meat Importers and Traders Association (MITA) said the industry may pass on as much as P3 per kilogram in meat products as an offshoot of increase in fuel and electricity.

"It's too early to say and determine the effect. We are already hearing the clamors to increase transport rates and that's a big factor for us," MITA president Jess Cham told reporters yesterday.

The meat products will be affected by the increase in fuel excise tax as transport cost of product deliveries is passed on to consumers.

"Then we have the power cost... our contracts in cold storages will be up for renewal. From there, we will decide (depending on how much increase in electricity will be placed). A majority of importers, they will have to pass it on because they only make very small margins," he said, referring to electricity cost.

The higher levy on coal that translates to increase in electricity will also impact the industry, which highly depends on cold storage facilities for all of its products.

"All of these will be impacted by the TRAIN. But the increment is not very substantial," Cham said.

"If the TRAIN will put more money in the pockets of consumers and if they put that money in purchasing meat or whatever items, then the demand increases and that's another story," he said.

Other basic commodities

For basic necessities like canned sardines, powdered milk, instant noodles, loaf bread, coffee refill and detergent soap, the DTI said the resulting price increases range anywhere from four to 14 centavos based on its computations.

For prime commodities like meat loaf, corned beef and toilet soap, the resulting adjustments range from four to seven centavos. A 40-kilogram sack of cement, meanwhile, is seen to rise by P1.57 in list price.

The computations of the DTI were made factoring in the new excise taxes and how they will impact production and transportation costs of manufacturers.

Trade Secretary Ramon Lopez said any brand of these products may choose to hike prices even beyond the "justifiable computation" but may risk losing market share to competing brands.

Lopez, however, noted that if the DTI sees that all or a majority of the brands for a certain product segment raise their prices beyond the justifiable computed price increases, the agency will step in and investigate for possible collusion.

"So consumers should not fear. For general products, there should be a minimal increase or no change (at all)," he added.

As for sugar-sweetened beverages (SSBs) like soft drinks, Lopez said no price increase should be implemented yet on the retailers' end in the coming weeks.

He said the agency is still finalizing the effectivity of the price freeze as they are studying the inventories of the beverage firms.

Lopez said those who will be found hiking their prices within the freeze period will be penalized from P200,000 to P1 million.

The TRAIN imposes a P6-per-liter tax on drinks containing caloric and non-caloric sweetener and a P12-per-liter tax on beverages with high-fructose corn syrup.

Essential sugar-sweetened beverages such as milk and 3-in-1 coffee are exempted.

Bigger consumption

Despite the expected in-

* consumers
* TAX REFORM for ACCELERATION & INCLUSION (TRAIN)

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crease in cost for meat importers, Cham noted the TRAIN Law will not affect the trend of private companies to import.

"The trend has been increasing because the population is getting bigger. We are having more tourists that's why we have more consumption," he said.

In particular, the United States Department of Agriculture (USDA) said the Philippines will likely increase pork imports by about 14 percent this year.

While local production will improve to 1.64 million metric tons, or 3.2 percent higher than last year's 1.59 million MT, local consumption will rise five percent to 1.92 million MT from the expected 1.83 million MT in 2017.

Because of this, the Philippines would have to increase its imports this year to be able to fill the shortfall in supply.

The Philippines is seen importing 285,000 MT, up 14 percent from the 250,000 MT last year.

"Global exports are forecast nearly three percent higher in 2018 driven by strong demand from Mexico, the Philippines, and South America (Argentina, Chile, and Colombia) where competitive prices support gains in per capita consumption," USDA said.

Disinformation

At Malacañang, presidential spokesman Harry Roque Jr. said the Presidential Communications Operations Office (PCOO) is embarking on a massive information campaign to counter what government officials described as "disinformation" against the tax package.

"Likewise, the DTI will not hesitate to prosecute individuals who will take advantage of price hikes invoking TRAIN," Roque said, noting there is no reason to panic.

Roque reiterated the excise tax would be imposed on new inventory and not existing ones, including on fuel and fuel products that need to be disposed of before the firms could increase the prices of their goods by virtue of the TRAIN Law.

He also disputed the claims of IBON Foundation that the implementation of the TRAIN package would have greater impact on the poor because of higher prices.

"The rich and the poor would both benefit from the newly enacted Tax Reform for Acceleration and Inclusion Act," Roque said.

"While adjusting excise taxes would raise prices of some commodities faced by consumers, we assure everyone that it will be minimal and it will be temporary," he said.

The Department of Finance, Bangko Sentral ng Pilipinas and National Economic and Development Authority estimate only around 0.4 to 0.7 percentage point increase in inflation during the first year of implementation of the TRAIN Law with the impact tapering off over time, Roque said.

Rather than look at the short-term minimal price increases, Roque urged the public to have a more circumspect understanding of the tax reform program.

"We must view the persistent poverty and high inequality which results from the systemic inability of the poor to participate in society actively and productively. The poor are denied opportunities and are routinely excluded from access to adequate social services and infrastructure that boosts productivity," he said.

He said the law would also address the inability of poor Filipinos to participate more in economic growth and public spending by providing them assistance.

"Much more than providing higher take-home pay to wage earners, TRAIN would also mean more jobs, better infrastructure, and more efficient delivery of services from massive investment in infrastructure and on people," he said.

According to Roque, these investments would increase the productive capacity of the economy, and would mean creating more and better jobs and result in high quality education, better health services, and adequate social protection.

This will also allow everyone, especially the poor, to be accorded with equal economic opportunities toward prosperity, Roque said.

– With Christina Mendez