

“MAPping the Future” Column in the INQUIRER



*Value Resulting from the Development
of the COVID Vaccine: Who Benefits?*

December 22, 2020

Dr. NICETO “Nick” S. POBLADOR

U.S.- based drug company Pfizer made the startling announcement on November 9, 2020 that its COVID-19 vaccine, co-developed with German biotechnology company BioNTech, is over 90 per cent effective in preventing the illness. The announcement was made in the midst of a relentless upsurge in coronavirus cases in the U.S., in many parts of Europe, and elsewhere on the globe. This announcement was followed in the following week by an equally surprising disclosure from biotechnology firm Moderna that its vaccine is nearly 95% effective in overcoming the deadly virus, and 100 per cent for preventing severe cases.

The reaction of stock markets was immediate and overwhelming.

- The value of the blue-chips FTSE 100 companies went up by 6,186 points (or by 4.7%) to £70 Billion (or approximately \$93 Billion);
- On Wall Street, the benchmark S&P 500 index rose to a record high of 3,645.99 points; and
- The DOW index ended the day up 2.95%.

Shares of Pfizer jumped by almost 15% on day that the announcement was made, increasing its market capitalization to \$214.67 Billion as of November 16, 2020, and BioNTech market cap jumped nearly 20 per cent, from \$92 per share to \$112.76.

MAP Theme for 2021:
THE GREAT RESET: Leading for the Common Good

The increase in the market value of Pfizer's and BioNTech's shares of stock resulting from the COVID-19 vaccine signifies a substantial increase in shareholder wealth (a.k.a. producer surplus). However, it grossly understates the increase in total economic value resulting from the development of the vaccine because it does not reflect the corresponding increase in consumer value, which could be enormous considering the drug's potential for preventing the deadly disease and saving lives.

Clearly, the development of the vaccine has been a source of considerable newfound wealth for both Pfizer and BioNTech shareholders.

Do this select group of investors have exclusive claim to this newly created economic value?

Following a long-standing tradition in business finance which regards profits as the economic reward for the entrepreneurial risks assumed by owners of businesses, the windfall profits realized by Pfizer and BioNTech for developing COVID-19 vaccine rightfully belongs to their shareholders for having invested money in the companies. We note, in particular, Pfizer's strategic move in investing heavily in its effort to develop a coronavirus vaccine despite the slim odds of successfully coming up with one, and in deciding to scale up production and distribution facilities well in advance of its availability for distribution.

The increase in shareholder wealth accruing to the owners of corporate stocks is a residual that remains after all contractual obligations with the other stakeholders have been met. These include the agreed share of profits between Pfizer and BioNTech resulting from their joint endeavor, pay-for-performance commitments with corporate executives and managers, bonuses for company employees, and so on.

We take special notice of the role played by the two scientists who are credited for having been largely responsible for the development of the vaccine: Ugur Sahin and Ozlem Tureci, the husband and wife team that co-founded BioNTech in 2008. Countless other scientists in both companies, corporate managers, suppliers and distributors, all the way down to the lowliest lab technicians, form part of a huge value network that created the vaccine, touted by Pfizer CEO Albert Bourla as "the greatest medical advance in the last 100 years".

Sharing value with all stakeholders

From a long-run strategic perspective, both companies and all others that are actively engaged in developing anti-COVID vaccines should appropriate part of the value arising from their inventions to all of those who collaborated in the development of the vaccine, ***not as a voluntary gesture of benevolence or gratitude, but as part of a strategy of providing incentives to spur further value creation in the future.*** These incentives take the form of expenditures on human capital to enhance productivity, largely in terms of new knowledge and current information, and as part of their remuneration systems that reward their scientists, managers and workers to encourage superior performance. These expenditures are investments to enhance value in the future, and not short-run costs to be minimized.

Not to be forgotten are the tens of millions of potential users of the vaccines across the entire face of the COVID-ravage world, a good number of whom are too impoverished to afford the life-saving drug. Long-established pricing strategies require pricing new products at the highest feasible prices in order to recoup huge initial investment and to insure shareholders of a high return on their investment. These rapacious pricing strategies leave unserved or under-served countless of potential consumers and result in huge economic value foregone (referred to as “deadweight loss” in economics textbooks).

Currently emerging progressive strategies call for more consumer-focused approaches to pricing and product development. While such strategies may entail short-run declines in net revenues, they help expand markets and insure sustained revenue streams over the long haul.

(The article reflects the personal opinion of the author and does not reflect the official stand of the Management Association of the Philippines or MAP. The author is a Retired Professor of Economics and Management, and currently Professorial Lecturer at the University of the Philippines - Diliman. Feedback at <map@map.org.ph> and <nspoblador@gmail.com>. For previous articles, please visit <map.org.ph>)

“MAP Insights” Column in BUSINESSWORLD



Your Network is your Net Worth

December 22, 2020

Ms. MA. AURORA “Boots” D. GEOTINA-GARCIA

Over the last five years, agriculture grew by a meager 0.9 percent per annum. This year is likely no exception, considering the impacts of the COVID-19 pandemic and climate change (such as the recent super typhoons Rolly and Ulysses).

What’s in it for me? This – more often than not – is a question we frequently ask before we get involved in any project or even join an organization. This is not a judgment. In fact, I think it is understandable for people to sometimes make decisions based on what we may or may not gain from any undertaking.

Many individuals view networking as such. Truth be told, many people do not like it, while others enjoy it and even thrive in it. But wherever you stand on the concept of networking, I think we can all agree that networking has evolved to be a fundamental individual and business strategy.

While reflecting on MAP’s 2020 battlecry of “LEAD for a Competitive Tomorrow,” this brought me to the realization that now more than ever, it is important to strengthen networks to create support systems for those affected most by the pandemic—and I believe it to be women in this case. As business leaders, we have the responsibility to ensure that our businesses —and these include MSMEs—will be able to not just survive, but thrive in our new “competitive tomorrow.”

Last November 9, I had the privilege of speaking at the ASEAN Women CEOs Summit. I joined other women business leaders from Southeast Asian countries who shared important insights about the benefits of networks in ASEAN.

As a person who meticulously ensures that nothing falls through the cracks (and those I work with can attest to this), I shared my own list – a list of “Cs” – of how networks can support women entrepreneurs in the region. In the same vein, I also took the opportunity to emphasize that networks should be supported, not just by the private sector, but governments, institutions, and other stakeholders. Allow me to share you this list:

1. Clarity of goals and objectives

Setting what the network hopes to achieve should be clear at the outset to the potential members. In the case of women entrepreneurship networks in particular, this is the point where we ask: What is the goal? Is it just networking to meet contemporaries in the same field? Will the network be about partnerships and collaborations? Will the network seek to provide access to markets, to finance? Will it be about skills and capacity building? These have to be clear from the start.

2. Comprehensive and Inclusive

Time and again, we must ensure that no one must be left behind. And when applying this to women entrepreneurship networks, these are the things to consider as well: Should it include women in the workplace and in the marketplace? How about those in Micro, Small, and Medium enterprises? How about the more vulnerable sectors such as: marginalized women, women in the rural areas, and women in the informal economy?

Leaders of these networks should always bear in mind that not everyone has the same situation, access, and resources at hand.

3. Common interest

The vision for the network as well as the decisions made should always be based on what is beneficial to and in the best interest of the members. All actions and results should transcend both collective and individual interests.

4. Communication and Interaction

As in any organization or situation, there should always be open and constant communication within the network so that all concerned will be informed. Given the

technologically advanced and creative platforms we have available, there are many effective ways to communicate and stay connected: virtual meetings, social media, and live broadcasts, as well as the traditional route of regular newsletters or bulletins. Networks should find inclusive ways to communicate and interact with members.

5. Commitment

A true mark of success is very much anchored on the long term view. It is vital that members or participants of our networks are here for good and for the long run. Having their commitment to grow in and with the organization will be the bloodline of the network.

In the course of the discussion with the remarkable women from my panel, one panelist contributed another “C” and a very important one at that:

6. Connect

This goes to the very heart of networks and its ability to provide members the access and privilege to be connected to people, opportunities, mentorship, and knowledge. Networks must be able to connect people to one another, especially during this “age of social distancing.” It is the way networks connect us to one another that also keep all of us tethered to the real world.

I cannot overemphasize the importance of being part of a network, especially during these difficult times when working together is of much importance. When we say **“Your network is your net worth,”** this speaks volumes of what one can gain by being part of a network. This includes the unique advantage of access to the wealth of mentors, advisors, and learnings from experienced and knowledgeable professionals, as well as access to growth and business opportunities. Furthermore, from networks you can achieve growth in many areas and gain new perspectives and expand perceptions, especially in business.

The learnings, benefits, and possibilities are limitless. One day, we will look back on this time and realize that networks paved the way for the business sector’s continued growth and ultimately kept the world running.

(This article reflects the personal opinion of the author and does not reflect the official stand of the Management Association of the Philippines or the MAP.)

*The author, Ma. Aurora “Boots” Geotina-Garcia is President of Mageo Consulting Inc., which provides a corporate finance advisory services. She is a member of the MAP Shared Prosperity Committee and MAP Corporate Governance Committee. She is the Chair of the Philippine Women’s Economic Network (PhilWEN) and Co-Chair of the Philippine Business Coalition for Women Empowerment (PBCWE).
map@map.org.ph*

MAP Statement on the Effect of the Roll-out of Vaccines on Business Confidence and Economic Recovery

December 14, 2020

"Based on the MAP-PwC Survey presented during the MAP CEO International Conference last September 15, our CEOs are cautiously optimistic about the prospects of the economy. Fifty-nine percent (59%) of them are confident about their organizations' revenue prospects over the next 12 months and 83% of them expect the economy to recover within 1-3 years.

The roll-out of the vaccines, especially if their acquisition and distribution are accelerated, will certainly boost this confidence and hasten the economic recovery of our country."

FRANCIS LIM
President
Management Association of the Philippines (MAP)

MAP Statement on the IATF Rules on Conferences, Seminars and Workshops

December 4, 2020

"We welcome the initiative of the IATF to allow physical attendance of participants in conferences, seminars, workshops to the extent of 30% of the capacity of the venue.

The move will help boost the economy. It is consistent with the government's desire to return to normalcy. It will lend a helping hand to the hotel and accommodation industry, which is highly impacted by the pandemic.

We urge the venue and the organizers to put in place a system to ensure that the Seven Commandments for health protocols are strictly observed."

FRANCIS LIM
President
Management Association of the Philippines (MAP)

FORTHCOMING EVENTS



72nd MAP INAUGURAL MEETING 2021 and INDUCTION OF 2021 MAP BOARD OF GOVERNORS

January 12, 2021, Tuesday, 12:30 PM to 2:30 PM via ZOOM

MAP Theme for 2021: **“THE GREAT RESET: Leading for the Common Good”**



Guest Speaker and Inducting Officer:

Sec. CARLOS “Sonny” G. DOMINGUEZ III
Department of Finance (DOF)

MAP Board of Governors for 2021



President:
Mr. AURELIO “Gigi” R. MONTINOLA III
Chair
Far Eastern University (FEU)



Vice President:
Atty. EMMANUEL “Noel” P. BONOAN
Vice Chair and COO
KPMG R. G. Manabat & Co.



Governor:
Atty. DANILO “Danicon” L. CONCEPCION
President
University of the Philippines (UP)



Treasurer:
Ms. MARIA VICTORIA “Marivic” C. ESPAÑO
Chair and CEO
P&A Grant Thornton



Governor:
Mr. ALFREDO “Fred” E. PASCUAL
Lead Independent Director
SM Investments Corporation



Asst. Treasurer:
Mr. ROMEO “Romy” L. BERNARDO
Managing Director
Lazaro Bernardo Tiu & Associates



Governor:
Sec. ROGELIO “Babes” L. SINGSON
President and CEO
Meralco Powergen Corporation



Secretary:
Ms. MARIANNE “Maan” B. HONTIVEROS
Managing Director
CEO Advisors, Inc.



Governor:
Mr. WILSON P. TAN
Chair and Country Managing Partner
SGV & Co.

This event is FREE for MAP Members and Guests.

MAP Circular No. 136-2020

News Articles on the December 21, 2020 MAP Online Panel Discussion on “A YEAR OF COVID: Gloom or Boom?”

**1. “Businesses in PH seek financial stimulus to cope with COVID-19, study says”
by BRUCE RODRIGUEZ
December 21, 2020
ABS-CBN News**

MANILA - The Philippine business sector needs financial stimulus to cope and recover from the negative economic impact of the COVID-19 pandemic, according to a study commissioned by the Management Association of the Philippines (MAP) and undertaken by the University of Asia and the Pacific (UA&P).

The survey showed companies, both big and small, need financial relief through loans to support additional working capital, pay-off existing loans and mortgages, and set aside money to comply with stricter health and safety protocols.

Micro, small, and medium enterprises, especially in the travel and restaurant sectors, are asking for low- or interest-free loans of as much as P1 million because of their higher levels of vulnerability and lower levels of resistance to the health crisis.

"It would be helpful if some kind of stimulus package is indeed forthcoming. I said it's extraordinary times and I think as a country we probably have to borrow for our future," UA&P professor and economist Peter U said. "Fortunately our fiscal position, due to very responsible management in the past few years, we're in a better position than we have been in the past."

But aside from support companies, U said, there should also be some kind of support for consumers to ensure there will be demand for the businesses.

"It's two things. It's demand and supply. By all means we should all help the firms and the producers survive to continue operating but they would also have to be able to sell and that means that the buyers would have to be buying also," he said.

For Nestor Tan, president of the country's biggest lender, BDO Unibank, getting the economy moving again is one way of helping sectors that were hit by the pandemic.

"While I do admit that we need to help the sectors that were badly hit, we are not focusing our attention on how to stimulate the economy," Tan said. "The key is to have economic activity so that small businesses can have demand on their side in order to survive and in my view, the ones that are actually greatly hit are the daily wage earners."

He added, "we need to put in a lot of effort in trying to put in the construction, infrastructure, the real estate sector, to get the daily wage earners back moving."

Tan said bringing back efficient public transportation is crucial to be able to do this, as well as creating a harmonized guidelines among local government units to ensure mobility is not impeded.

Meanwhile, Arthur Tan, vice chairman and chief executive officer of Integrated Micro-Electronics, said the country should also focus on boosting its manufacturing sector which could help lead a strong economic rebound from the pandemic.

Tan said IMI's locally manufactured KTM motorcycles have seen sales exceed pre-COVID levels this year with 80% exported to countries like China.

"Mobility will happen and people will have to move themselves," Tan said. "The KTM motorcycles that we built this year, 2020, we have built more than what we've built since three years that we've produced motorcycles."

He said these are, "fully-built, Philippine-made motorcycles," which, "debunks all of these things that the only thing we can do is consume goods. We can actually compete."

Both local and global financial institutions see the Philippines lagging behind its Southeast Asian peers in terms of economic recovery amid one of the strictest and longest lockdowns against the pandemic and the slowest recovery in mobility.

That's why some lawmakers and industry observers have been urging government to boost its stimulus package which is at the lower end of the spectrum when compared to other economies in the region.

However, economic managers have yet to budge as they assert, quality and not quantity is important in terms of government spending to combat the economic effects of the health crisis.

2. “Liquidity woes hound MSMEs amid pandemic”

by JENINA P. IBAÑEZ

December 22, 2020

BusinessWorld

ABOUT 40% of surveyed Philippine businesses have up to five months of liquidity left due to the impact of lockdown restrictions, a study conducted by the Management Association of the Philippines (MAP) and the University of Asia and the Pacific (UA&P) showed.

UA&P School of Economics Vice Dean Peter Lee U in an online event held by MAP on Monday presented the COVID-19 (coronavirus disease 2019) Outbreak and Impact on Business Establishments study, which collected online survey responses from 33 representatives across various sectors and conducted online interviews with representatives from 10 firms.

The study in September and October covered the food manufacturing, accommodation and food services, construction, wholesale and retail trade, and transport sectors, of which more than 60% were micro-, small-, and medium-sized enterprises (MSMEs).

Among the respondents, 40.7% said they had up to five months of financial liquidity left to continue operations. Broken down, 21.9% said they had less than three months of liquidity, while 18.8% said they had three to five months left.

In contrast, 31.3% said they had a year or more financial liquidity left.

Advertisement

Asked to select three business areas that were affected the most by the pandemic, respondents identified the financial, transport and production areas as top concerns.

The financial area figured most often among companies' top three areas, but sales and production were more often cited as the number one concern, Mr. Lee U said.

The survey found that the drop in headcount varied for each sector, with travel and recreation as well as hotel and accommodation sectors seeing the biggest reductions at 67% and 48% respectively.

The construction sector's average headcount reduction was 47%. Nonfood manufacturing had a 39% drop, while the food counterpart only had a 14% decline.

The hotel, restaurant, and art sectors experienced more than 50% decline in sales, which resulted in salary declines of 31-50% for the majority of the businesses. But the salaries of many fell by more than half.

"The decline in sales here is also an explanation for the reduction in employment and headcount," Mr. Lee U said.

"As jobs are lost, therefore, for many households, incomes then are also lost. This later on aggravated or was expected to aggravate further the dropping demand and sales. And so it becomes a vicious cycle."

In construction and food manufacturing, sales dropped by 10-50%. Salaries also slipped by 31-50%.

Firms reported some challenges, including mobility restrictions leading to canceled projects and lower customer orders.

Most companies saw raw materials costs increased by 25-50% due to the added costs of transporting goods during the lockdown, Mr. Lee U said.

The firms said they needed direct financing through loans, tax incentives, subsidies for utilities and added health safety costs, and access to newer financing models like crowdfunding and peer-to-peer lending.

The businesses were also seeking consistent safety rules and government assistance in moving goods. — Jenina P. Ibañez

3. "Consistency needed for econ recovery"
by ANNA LEAH E. GONZALES
The Manila Times
December 22, 2020

Stimulating economic activity and having consistent guidelines are needed for the Philippine economy to recover from the impact of the coronavirus disease 2019 (Covid-19) pandemic, an economist and the business sector said on Monday.

"The key is to have economic activity so that small businesses can have demand on their side in order to survive and, in my view, the ones that are actually greatly hit are the daily wage earners and we need to put in a lot of effort in trying to stimulate infrastructure, real estate sector to get the daily wage earners moving," said BDO President and Chief Executive Officer Nestor Tan during the "A Year of Covid-Gloom or Boom" forum organized by the Management Association of the Philippines (MAP).

"We need to find a way to bring back public transportation because this is mobility. We need to find a way to create consistency among the LGU (local government unit) guidelines and mandates because we are a mobile country. We need a lot of the people that work in the city, go

to provinces on weekends or sometimes they commute to several LGUs, so we need to be able to find a way to get the economy moving by addressing that transition,” he added.

The quarantine restrictions imposed since mid-March this year caused the Philippine economy to plunge into recession.

Year-to-date, domestic output slid by 10 percent as the lockdowns severely impacted businesses’ operations.

Peter Lee, vice dean of the school of economics of the University of Asia and the Pacific (UA&P) said that based on a study commissioned by MAP and conducted by UA&P researchers, the lockdowns imposed severely impacted the food manufacturing, accommodation and food service, construction, wholesale and retail trade, and transport sectors.

UA&P conducted an online survey of pre-selected 33 representatives from key priority sectors of the economy and stakeholder interviews with more than 10 firms to validate the survey results.

Lee said that survey results revealed that those in hotel and accommodation, restaurant and food activities, arts and entertainment and recreation reported more than 50-percent decline in sales while those in manufacturing of non-food and construction saw a 10- to 50-percent decline in sales.

He said that strict mobility restrictions, cancellation of projects, drop in volume of customers order also significantly hampered production.

“A number sought direct financial relief through loans for additional working capital, service existing loans, and allocate resources to comply with health and safety protocols,” said Lee.

He said that based on the survey, financial stimulus policies needed by firms include tax incentives and relief to support business operations, facilitating access to new financing, and subsidy for utility expenses and added costs.

Non-financial stimulus policies needed, meanwhile, include clear, consistent health and safety protocols; the help of the Department of Trade and Industry in facilitating mobility of goods; easing restrictions and allowing more access to raw materials; providing relief from the tedious permits, license process; financial advice in reporting due to supply chain disruptions; training on business digitalization and transformation; government intervention to improve information and communication and technology (ICT) infrastructure; and streamlining labor regulations.

Lee said the government is urged to cushion the shock and get people to spend again by stimulating economic activity.

He said there is also a need to restore mobility to the extent that protocols allow and for the government to build confidence in a safe health environment by investing in facilities and informing the public on vaccine procurement efforts.

Articles/Papers from MAP Members

1. **“BPI names Limcaoco as new president, CEO”**

by **DORIS DUMLAO-ABADILLA**

Philippine Daily Inquirer

December 11, 2020

MANILA, Philippines—Bank of the Philippine Islands (BPI) has named Ayala group’s homegrown corporate, consumer and investment banking veteran, Jose Teodoro “TG” Limcaoco, as its new president and chief executive officer effective April 22, 2021.

The 58-year-old Limcaoco, currently chief financial officer of parent conglomerate, Ayala Corp., will succeed Cezar “Bong” Consing who had reached retirement age in 2019 but agreed to extend his term to ensure a smooth leadership transition.

“TG is an excellent choice to lead BPI,” Consing, 61, said in a press statement on Wednesday (Dec. 16).

“Prior to his many roles in Ayala, he headed the bank’s investment banking business, and later our retail lending business. He has been a banker for most of his career, and his strong technological bent and commitment to sustainability will be critical for the BPI of the future,” said Consing.

This is seen as a suitable homecoming for Limcaoco, who had been an executive vice president of BPI, president of BPI Capital (2007-2010) and president of BPI Family Savings Bank (2010-2015) before taking on his current roles at Ayala.

He is deemed by the group as a “proven leader and industry expert.”

Concurrent to his roles at Ayala, he has been a board member of BPI since February 2019 and a member of the executive committee since April 2019.

He had likewise been in charge of BPI’s insurance businesses, Ayala Life and Ayala Plans, and had primary oversight over BPI Philam and BPI’s non-life insurance business.

Limcaoco holds a BS in Mathematical Sciences (Honors Program) from Stanford University and an MBA from the Wharton School of the University of Pennsylvania.

2. **“Why ‘CREATE’ is worth the wait”**

from **MAP Tax Committee Chair ALEXANDER B. CABRERA’s**

“As easy as ABC” Column in THE PHILIPPINE STAR on December 13, 2020

The latest Corporate Recovery and Tax Incentives for Enterprises (CREATE) bill under SB 1357, which will hopefully be acceded to by the House and make its way to become law barring presidential veto, is the best version of this tax reform bill that evolved from TRABAHO, to CITIRA, to CREATE, or the adjusted CREATE.

The biggest backlash of the adjusted CREATE is that corporate income tax is no longer programmed to go down to 20 percent eventually. It will stay at 25 percent. My thought on this matter is, 25 percent would be merely lagging behind our neighbors in the region but it is not a rate that would fend off any investor that is trying to leverage on the vibrant Philippine domestic market.

Without further ado, here for me are five reasons, among others, that create tons of opportunities for the country with the CREATE bill.

1. A chance to bring back your money outside, tax-free.

It is not unusual for Filipino businessmen to have a regional or even global structure, for business or for tax reasons, or so it was thought. The problem is, if you earn money outside the Philippines and you bring it back here, it gets taxed at 30 percent on gross. Good luck on trying to get deductions against that income because your expenses here are not necessary business expenses that produced that foreign income.

The CREATE bill would now allow you to repatriate those profits back to the Philippines without any tax, provided that you reinvest them in your business here. This creates multipliers in the Philippine economy vs those resources being kept abroad for fear of the big chunk of tax if they ever return.

2. Smaller companies pay income tax at only 20 percent, immediately.

Net income tax rate is now two-tiered in the bill, with corporations in general to pay 25 percent net income tax, but the smaller corporations with an annual net taxable income of not more than P5 million and assets of not more than P100 million (excluding land) paying only 20 percent tax. Along with the retention of the 40 percent optional standard deduction, this may just really increase compliance.

I would however continue to argue for the barangay micro business enterprises (BMBEs) to be relieved of their income tax obligation via an updated BMBE law.

3. The 5 percent gross income tax for registered companies is status quo for 10 years.

The big-ticket issue that kept the bill at bay was the proposal to sunset the 5 percent gross income tax (GIT) quickly for existing enterprises. This got not a few investors thinking into bringing their operation or expansion elsewhere. But with the 5 percent status quo for 10 years, there is no talk of leaving anymore.

Also, for those who are better off going for the 25 percent net income tax regime with the enhanced deductions for registered enterprises provided in the bill, they can do so anytime. This net income tax regime is good for companies with huge 'below the line' expenses such as advertising, selling, travel, representation, and staff expenses.

4. Reinvesting profits for a registered manufacturer is a deductible expense.

The bill provides an alternative to being in the 5 percent GIT regime, which is to be subjected to regular corporate income tax but with special/enhanced deductions. Among these deductions is the reinvestment allowance for manufacturers. If the manufacturer, instead of declaring

dividends, reinvests the money for working capital, capital equipment or expansion, they will get a deduction to the extent of 50 percent of the amount reinvested. This gives the right boost and message to our manufacturing sector.

5. Incentive rules can be liberalized if a gargantuan investor is in play.

One of the resounding stories on incentive competition is how we would sometimes lose big investors who were lured by our neighbors with superior incentives. Government hands would be tied because our incentive laws are precise.

In this regard, the bill now provides that the President may tailor incentives for a highly desirable project. For those exceptional projects, the President may grant income tax holiday for as long as eight years and thereafter, a special corporate tax rate of 5 percent may be granted for more than 30 years.

The above are not the only good things about the bill. There is for instance an emphasis on more favorable incentives for investments in less developed areas (localities with a low per capita gross domestic product, low levels of investments, employment, and infrastructure).

Under the CREATE bill, the period of incentives for registered business enterprises located in less developed areas can be as long as 17 years.

The success, however, of this particular initiative may not come from the incentive per se, but I would say from a sense of purpose. Areas like Northern Samar, Lanao del Sur, Maguindanao, Saranggani and Sulu have barely improved economically over the last few decades. These are targets for “shared prosperity” and for consideration of every entrepreneur who believes no one should be left behind. It is encouraging that the CREATE bill is somehow tasking the government to take the lead. This effort is now yearning for partnerships.

So let CREATE be law. Let it be passed as we rise from the depths of a pandemic, and let partnership between government and business proceed, but this time with more purpose and intensity.

* * *

Alexander B. Cabrera is the chairman and senior partner of Isla Lipana & Co./PwC Philippines. He is the Chairman of the Integrity Initiative, Inc. (II, Inc.), a non-profit organization that promotes common ethical and acceptable integrity standards. Email your comments and questions to aseasyasABC@ph.pwc.com. This content is for general information purposes only, and should not be used as a substitute for consultation with professional advisors.

3. “A reflection (1)” from former MAP Governor PETER WALLACE’s “Like it is” Column in the PHILIPPINE DAILY INQUIRER on December 17, 2020

Christmas is coming, so time to relax with a little light reading.

With spare time in COVID-19 seclusion, my research manager, Mike Saulo, and I thought we’d go back and look at what I’d said in the past year or so. A kind of encapsulation of recent Philippine history.

But let me start with where the future lies. Way back in 2013, I argued for the President to recognize that IT is our future. It took three long years to convince him. What my column said then was:

“I’d like to argue for an issue in the hope of convincing the President to create a Department of Information Communications Technology (DICT). IT is the future of the world. Countries that embrace this sector today will be the world’s leaders tomorrow.” (“Leadership and a DICT,” 3/13/13)

That reality is coming up in spades now. COVID-19 has accelerated this shift into the virtual world. I emphasized the importance of this numerous times after that. What was expected to take many years to achieve has happened in months. We are now living in a virtual world. The new normal.

COVID-19 has emphasized and accelerated the need and importance of a Department of ICT. So I’m glad the Duterte administration recognized this and has built a strong DICT to take us into the future. Its importance can’t be understated. With it must be the Department of Education. As I explained in my column last week, “We are moving from a physical world to a virtual one. The jobs of the future will require brain power the physical world could manage without.”

Now, some history.

Education. “Confronting the challenges facing IT-BPM involves support from the educational system in developing curricula oriented toward up-scaling IT skills and focusing on science, technology, engineering, and mathematics (STEM) courses—not only boosting enrollment in these high-tech courses, but also changing them rapidly as the technology changes.” (“Still one of Asia’s fastest (2),” 1/23/20)

“Whether in the classroom or at home, the shift now must be toward computerized learning: every child with a tablet, and all learning will be on-screen.” (“Learning alone,” 4/30/20)

“Not only do we have to get our scientists back, we also have to get far more Filipinos into college to start a career in science and engineering. But it all needs to be adequately funded by the government.” (“Bring Filipino scientists home,” 10/18/18)

Health. “Spending on health is the government’s investment in the country’s economic future. A sick or sickly Filipino puts emotional and financial pressure on their families and government finances. This a losing situation for everybody. Let’s keep Filipinos healthy.” (“Getting UHC to work,” 2/6/20)

“Let’s modernize our public hospitals with the help of the private sector. There should be an aggressive implementation of PPP in the health sector.” (“Health through PPP,” 12/3/20)

“I accept that we start with medicinal use and gaining experience on how to control it before widening it to recreational use, too. The world is moving that way, and we should follow. If it’s true that there are risks of misuse in legalizing cannabis, then there are risks of doing everything in life. Life is a risk. If humankind had taken no risks, we’d still be using clubs and spears.” (“It’s not only a weed,” 11/2/17)

“Let’s get smokers to vape, not ban it; and kids not to start. Let’s save lives.” (“Save lives,” 12/19/19)

Agriculture “This is at the heart of agriculture’s failure, an inability to use land in the most efficient manner. I venture to suggest that farmers may want to own land, but, more importantly, they want to feed their children. Land ownership can come later.” (“Let’s grow it,” 5/7/20)

“Most of our crops are in a sorry state. Except for bananas and mangoes, everything else is grown less productively here than elsewhere. That provides a lot of room for improvement. If we can attain the levels others have, we’ll feed the people better, and provide opportunity for earning much-needed dollars.” (“Let’s feed them,” 9/17/20)

“I’ll come back to my old hobby horse, the Comprehensive Agrarian Reform Program. Its all-or-nothing approach was just plain wrong. Some agricultural crops have to be grown on large plantations... If these were done, the Philippines may even become a net exporter of agricultural products, eventually expanding the country’s export base.” (“Is this a turning point?” 8/8/19)

More next week.

Email: wallace_likeitis@wbf.ph

MAP Videos on Facebook

<https://web.facebook.com/map.org.ph/videos>

1. **December 21, 2020** December 21, 2020 MAP Online Panel Discussion on “A YEAR OF COVID: Gloom or Boom?”
2. **November 26, 2020** “A CONCERT WITH A FLAVOR OF VIENNA” - A Reprise of the Tribute to 50 Years of “MAP Management Man of the Year” Awards Program
3. **November 20, 2020** First MAP NextGen Web Conference
4. **September 15, 2020** MAP International CEO Web Conference on “A WHOLE NEW WORLD: Reigniting the Stalled Global Economy”
5. **November 23, 2020 (Monday)** MAP Online Annual General Membership Meeting and “MAP Management Man of the Year 2020” Awarding Ceremony
6. **October 13, 2020 (Tuesday)** MAP Online General Membership Meeting on “ESG and its Linkage to Long-term Value Creation”
7. **September 8, 2020 (Tuesday)** MAP-PMAP Joint Online General Membership Meeting (GMM) on “Deepening the Bench for Future Business Leaders”

8. **July 14, 2020** MAP 5th Online GMM on “Landscape and Control Mechanisms for Business Crimes and Fraud” with Mr. ALEX TAN, Partner for Consulting of PwC Malaysia
9. **June 9, 2020** MAP 4th Online GMM on “MAYORS ENVISION A POST-COVID FUTURE”
10. **June 26, 2020** MAP Webinar on “DIVERSITY & INCLUSION AGENDA: Does it Matter during the Pandemic?”
11. **June 24, 2020** MAP 2nd Webinar on the Anti-Terrorism Bill with Senator PANFILO “Ping” M. LACSON, Chair of Senate Committee on National Defense and Security, Peace, Unification and Reconciliation

MAP Talks on Youtube

<https://www.youtube.com/user/TheMAPph>

Video Recordings of MAP GMMs

1. **November 23, 2020** (Monday) MAP Online Annual General Membership Meeting and Awarding Ceremony for “MAP Management Man of the Year 2020”
2. **October 13, 2020** (Tuesday) MAP Online General Membership Meeting on “ESG and its Linkage to Long-term Value Creation”
3. **September 8, 2020** (Tuesday) MAP-PMAP Joint Online General Membership Meeting on “Deepening the Bench for Future Business Leaders”
4. **August 18, 2020** MAP 6th Online General Membership Meeting on “The Urgent Need for a Future-Ready Board” with Ms. ALIZA KNOX, Mr. REY LUGTU and Dr. JUSTO “Tito” A. ORTIZ
5. **July 14, 2020** MAP 5th Online General Membership Meeting on “Landscape and Control Mechanisms for Business Crimes and Fraud” with Mr. ALEX TAN, Partner for Consulting of PwC Malaysia
6. **June 9, 2020** MAP 4th Online General Membership Meeting (GMM) on “MAYORS ENVISION A POST-COVID FUTURE”
7. **May 20, 2020** MAP 3rd Online GMM on “Leveling the Playing Field amid the COVID-19 Pandemic” with PCC Chairman ARSENIO M. BALISACAN
8. **April 14, 2020** MAP 2nd Online GMM on “Leading Through COVID-19”

Video Recordings of MAP Webinars

9. **September 25, 2020** MAP Sustainable Development Committee Webinar on “MOVING FORWARD WITH OUR MANA TOWARDS A SUSTAINABLE BLUE ECONOMY” to Celebrate September as MANA Mo (Maritime & Archipelagic Nation Awareness Month)
10. **June 26, 2020** MAP Webinar on “DIVERSITY & INCLUSION AGENDA: Does it Matter during the Pandemic?”
11. **June 24, 2020** MAP 2nd Webinar on the Anti-Terrorism Bill with Senator PANFILO “Ping” M. LACSON, Chair of Senate Committee on National Defense and Security, Peace, Unification and Reconciliation
12. **June 17, 2020** MAP 1st Webinar on the Anti-Terrorism Bill with former Supreme Court Senior Associate Justice ANTONIO “Tony” T. CARPIO
13. **May 8, 2020** MAP Webinar on “Helping the MSMEs Survive the Pandemic”
14. **April 24, 2020** MAP Webinar on "Developing Health Protocols for Workforce Re-Entry"
15. **April 17, 2020** MAP Webinar on "Managing the Workforce Today and Preparing them for the New Normal"
16. **April 2, 2020** MAP Webinar on “Responding to COVID-19”

MAP Legacy Series 2019 on ANC featuring the following:

17. **MMY 1996, Mr. DAVID M. CONSUNJI**
18. **MY 1998, Gov. GABRIEL C. SINGSON**
19. **MMY 1999, Mr. HENRY SY, SR.**
20. **MMY 1967, Mr. WASHINGTON Z. SYCIP**
21. **MMY 2006, Dr. GEORGE S.K. TY**
22. **MMY 1992, Amb. ALFONSO T. YUCHENCO**

The MAP Lifestyle Masters on Living Well and Aging Well

Happy Birthday to the following MAP Members who are celebrating their birthdays within December 1 to 31, 2020

December 1

1. Mr. WINSTON "Winnie" A. CHAN
2. Mr. VENJOSEF "Ven" M. SIO, President, Sanitary Care Products Asia, Inc. (SCPA)

December 2

3. Dr. MELITON "Chito" B. SALAZAR JR., President, PHINMA Education Network

December 3

4. Mr. NOEL E. BONGAT, President & CEO, Corinthians Integrated Security, Inc.
5. Mr. RONALD FRANCIS "Ron" M. DOMPOR, CEO, Fast Distribution Corporation
6. Ms. EMMA IMPERIAL, President and CEO, Imperial Homes Corporation

December 4

7. Mr. BENJAMIN "Ben" V. RAMOS, President and CEO, Eternal Gardens Memorial Park Corporation

December 5

8. Mr. JOSE ANGELITO "Joel" M. PALMA, President and CEO, WWF-Philippines
9. Ms. MARIA CORAZON "Corrie" D. PURISIMA, Head of Debt Capital Markets, Global Banking and Markets, HSBC Philippines
10. Consul ANTONIO "Tony" A. RUFINO, Consul a.h., Consulate of Portugal

December 6

11. Mr. EDMUNDO "Ed" S. ISIDRO, President, EI Operations Management Group, Inc.
12. Mr. ROBERT "Bob" C. MEILY LEHMANN, President and CEO, Amalgamated Investment Bancorporation
13. Ms. MARIA AZALEA "Lea" S. PACIS, Marketing Communications Director, Sanitary Care Products Asia, Inc. (SCPA)
14. Mr. DANIEL RODRIGO "Danny" D. REYES, VP for Business Development, University of Asia and the Pacific (UA&P)
15. Mr. ANTHONY JOSE "Anthony" M. TAMAYO, President, University of Perpetual Help System DALTA

December 7

16. Mr. ERIC NG MENDOZA, President and CEO, Mastercraft Philippines, Inc.

December 8

17. Mr. JOEY A. BERMUDEZ, Chair and CEO, Maybridge Finance and Leasing, Inc.
18. Atty. FELIPE "Henry" L. GOZON, Chair and CEO, GMA Network, Inc.

December 9

19. Mr. TOMAS "Tim" S. CHUIDIAN, SVP and Head of BPI Private Banking, Bank of the Philippine Islands (BPI)
20. Mr. RICHARD ANTONIO "Richard" MORAN TAMAYO, President, University of Perpetual Help System DALTA Medical Center
21. Atty. EDGAR S. TORDESILLAS, Corporate Counsel, Sun Life of Canada (Philippines), Inc.

December 10

22. Ms. NINA DATU "Nina" AGUAS, Executive Chair of the Board of Trustees, InLife
23. Ms. LEAH Z. CARINGAL, President and CEO, Green Bulb Public Relations, Inc.
24. Ms. MHARICAR "Cai" CASTILLO REYES, President and CEO, Asticom Technology Inc.

December 11

25. Cong. JANETTE LORETO GARIN, Representative, 1st District of Iloilo, House of Representatives
26. Mr. RICHARD S. LIM, President, Sun Life Grepa Financial, Inc.
27. Mr. ALEXANDER "Alex" S. NARCISO, President, Sun Life of Canada (Philippines), Inc.

December 12

28. Mr. HERBERT "*Herby*" M. CONSUNJI, EVP and CFO, DMCI Holdings, Inc.
29. Dr. ARTURO "*Art*" S. DE LA PEÑA, President and CEO, St. Luke's Medical Center
30. Mr. FERDINAND "*Perry*" A. FERRER, Chair and CEO, EMS Components Assembly, Inc.
31. Dr. ANDREAS "*Andi*" KLIPPE, President and CEO, FLOOD CONTROL Asia RS Corporation
32. Cong. ROMERO "*Miro*" F.S. QUIMBO, Representative - 2nd District of Marikina City, House of Representatives
33. Ms. CHRISTINA "*Tina*" CHUA TAN, President, Suy Sing Commercial Corporation
34. Mr. CESAR E.A. VIRATA, Corporate Vice Chair, Rizal Commercial Banking Corporation (RCBC)

December 13

35. Sen. MANUEL "*Manny*" B. VILLAR JR., Chair, Vista Land and Lifescapes, Inc.
36. Mr. ROBERT L. YUPANGCO, President, Zoomanity Group

December 14

37. Mr. FRANCISCO "*Frank*" R. BILLANO, CEO, President and General Manager, Interphil Laboratories, Inc.
38. Ms. VICTORIA "*Viksi*" Z. EGAN
39. Dr. JESUS "*Jess*" P. ESTANISLAO, Chair Emeritus, Institute of Corporate Directors (ICD)
40. Mr. EUSEBIO "*Bimbo*" M. GARCIA JR., Director, Chemphil Group of Companies
41. Mr. ZDENEK "*Z*" JANKOVSKY, Executive Director and Corporate Treasurer, HC Consumer Finance Philippines, Inc. – Home Credit
42. Dr. PHILIP "*Popoy*" ELLA JUICO, Senior Professional Lecturer, De La Salle University (DLSU)

December 15

43. Mr. RAMON "*Mon*" F. GARCIA, Managing Partner, Ramon F. Garcia and Company, CPAs
44. Mr. GIL B. GENIO, Chief Technology and Information Officer, Globe Telecom, Inc.
45. Mr. WILSON P. NG, President and CEO, Ng Khai Development Corporation
46. Mr. ELFREN ANTONIO "*Boyie*" S. SARTE, President and CEO, Robinsons Bank Corporation

December 16

47. Mr. VINCE LAWRENCE "*Vince*" L. ABEJO, Chief Sales and Marketing Officer, Filinvest Land, Inc. (FLI)
48. Mr. JAMES PATRICK "*James*" A. ALBA, CEO, Vendo Corporation
49. Mr. PHILLIP L. ONG, President, Santeh Feeds Corporation
50. Ms. SUSAN GRACE "*Susan*" C. RIVERA, Managing Consultant, Talent, Leadership and Change (TLC)

December 17

51. Mr. CHRISTIAN DANIEL "*Chris*" S. FERRERAS, COO, Manila Uni Capital Group of Companies
52. Mr. RAUL L. IGNACIO, COO, NLEX Corporation
53. Atty. MARIA PURISIMA "*Mimi*" Q. SISON, Board Director, Caleb Motor Corporation

December 18

54. Mr. CESAR A. BUENAVENTURA, Senior Partner, Buenaventura, Echaz and Partners
55. Ms. MA. RHODORA "*Ayhee*" L. CAMPOS, Country Head, Infosys BPO Limited

December 19

56. Ms. GINA MARIE "*Gina*" G. ANGANGCO, Senior EVP and Deputy CEO, Arms Corporation of the Philippines
57. Dr. ELFREN S. CRUZ, Chair, Lockton Philippines Insurance and Reinsurance Brokers, Inc.
58. Ms. CARMELITA "*Carmie*" P. DE LEON, VP for Sales and Marketing, HMC, INC. (Healthway Medical)

December 20

59. Engr. LIBERITO "*Levy*" V. ESPIRITU, President, Datem, Inc.
60. Mr. GENARO "*Genju*" V. LAPEZ, EVP, Union Bank of the Philippines
61. Ms. ROWENA LIZA "*Rowena*" D. SAQUIN, VP and General Manager, Fisher Rosemount Systems Inc. - Philippine Branch (FRSI-PB)

December 21

62. Ms. OLIVIA "*Olive*" LIMPE AW, President and CEO, Destileria Limtuaco and Company, Inc.
63. Mr. LEONARDO "*Jun*" D. CUARESMA JR., Managing Partner and COO, P&A Grant Thornton

- 64. Mr. BALTAZAR "*Bal*" N. ENDRIGA, President, Meridian International Business, Arts and Technology College (MINT College)
- 65. Ms. TOMASA "*Tammy*" H. LIPANA, Independent Director, SM Investments Corporation
- 66. Mr. GERARDO "*Gerry*" A. PLANA, President and CEO, Investors in People Philippines
- 67. Mr. GLICERIO "*Glicer*" V. SICAT, Vice Chair, MRAIL INC.
- 68. Amb. JESUS "*Chuching*" P. TAMBUNTING, Chair and President, Capital Shares Investment Corporation

December 22

- 69. Atty. JOSE "*Joey*" D. LINA JR., President, Manila Hotel
- 70. Ms. SYLVIA STOLK, VP - Operations, Maxicare

December 23

- 71. Mr. VICTORIO "*Vic*" M. AMANTE
- 72. Ms. MA. VICTORIA "*Marivic*" E. AÑONUEVO, Chair and President, Mejora Ferro Corporation
- 73. Mr. EMMANUEL "*Noel*" A. RAPADAS, SVP and CFO, Torre Lorenzo Development Corporation
- 74. Mr. CESAR N. SARINO

December 24

- 75. Prof. EMMANUEL "*Noel*" A. LEYCO, President, Pamantasan ng Lungsod ng Maynila (PLM)

December 25

- 76. Mr. EMMANUEL "*Sonny*" V. HALILI, CEO, Intellection Corp
- 77. Mr. ERNESTO E. "*Esto*" LICHAUCO, VP, Resins Incorporated

December 26

- 78. Mr. ANTOLIN "*Len*" M. ORETA JR., Director, Intra Strata Assurance Corporation
- 79. Mr. JOLLY L. TING, Chair, Jolliville Holdings Corporation
- 80. Ms. ODETTE G. UY, President, IPM Holdings, Inc.

December 27

- 81. Mr. JUSTINO JUAN "*Justin*" R. OCAMPO, Managing Director and Head - Macquarie Capital Philippines, Macquarie Group of Companies (Manila Office)

December 28

- 82. Mr. ROBIN "*Rob*" BRADSHAW, Country Manager - Philippines, Cathay Pacific Airways Limited
- 83. Ms. ELIZABETH "*Liz*" S.P. LIETZ, CEO, Rudolf Lietz, Inc.

December 29

- 84. Mr. RAUL "*Ronnie*" T. CONCEPCION, Chair and CEO, Concepcion Industries, Inc.
- 85. Mr. JOSE "*Joe*" S. CONCEPCION JR., Chair, RFM Corporation
- 86. Mr. REYNALDO "*Rene*" R. HUERGAS
- 87. Mr. RICARDO "*Ric*" S. PASCUA, Chair, Caelum Developers Inc.
- 88. Mr. REMY "*Rem*" T. TIGULO, Chair, Chemitron Enterprises, Inc.
- 89. Ms. IMELDA "*Ida*" C. TIONGSON, President and CEO, OPAL Portfolio Investments (SPV-AMC) Inc.

December 30

- 90. Mr. EXEQUIEL "*Jun*" P. VILLACORTA JR., Chair and President, Financial Advisers and Strategic Thinkers, Inc.

December 31

- 91. Mr. TIMOTHY PAUL "*Tim*" ALDROW, Managing Director, MOOG Controls Corporation - Philippine Branch

Please like MAP on Facebook by clicking the following:

<https://www.facebook.com/map.org.ph/>