

BOI INITIATIVES IN PROMOTING INVESTMENTS IN THE PHILIPPINE LIVESTOCK INDUSTRY

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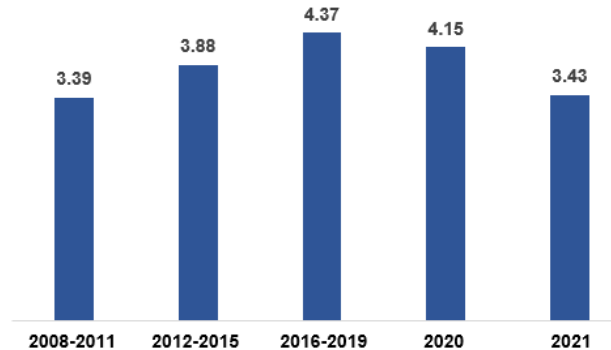
Management Association of the Philippines Webinar on
“Pushing for Livestock Industry Development”
29 April 2022

BRIEF INDUSTRY INFORMATION

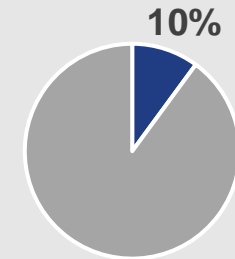
Livestock Industry: Economic Contribution

- Contributed more than PHP 179 billion (US\$ 3.43 billion) to the Philippine economy in 2021
- Accounts for 10% of the country's AFF GVA
- Remained resilient in 2021 – a positive comeback in GVA growth rate in Q3-Q4

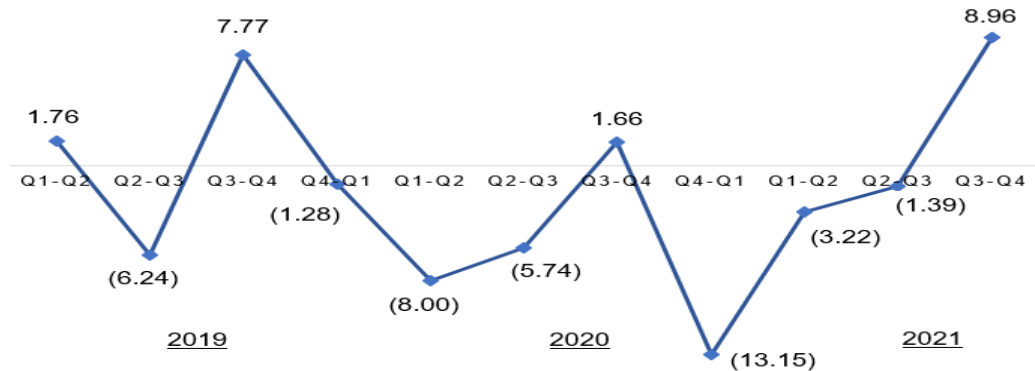
GROSS VALUE ADDED (GVA)
(average value in US\$ billion)



SHARE TO AGRICULTURE, FORESTRY, AND FISHING (AFF) GVA IN 2021

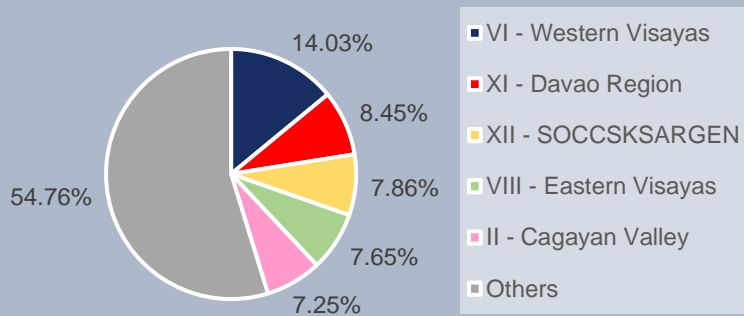


GVA GROWTH

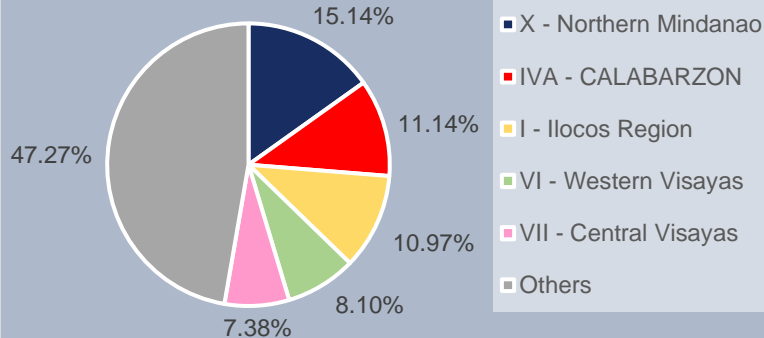


Top Five Livestock Producing Regions, 2020

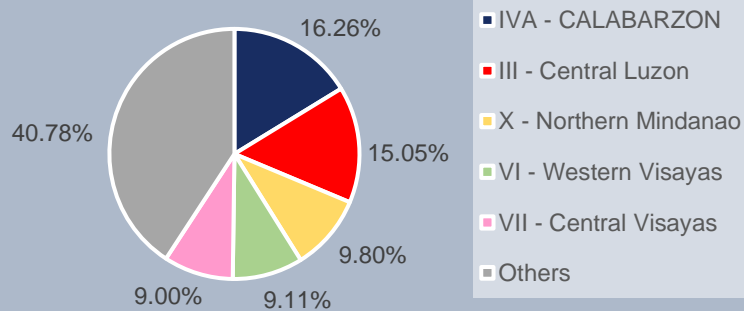
Carabao



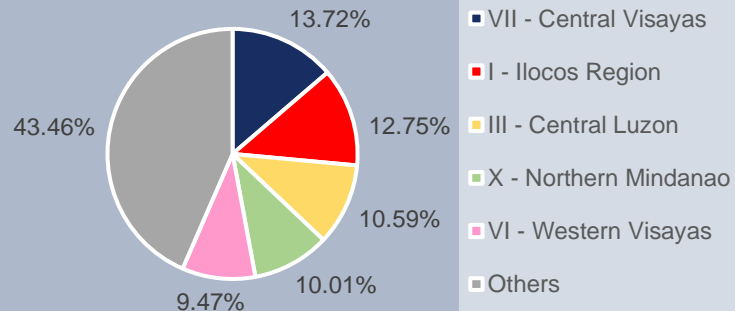
Cattle



Hog



Goat

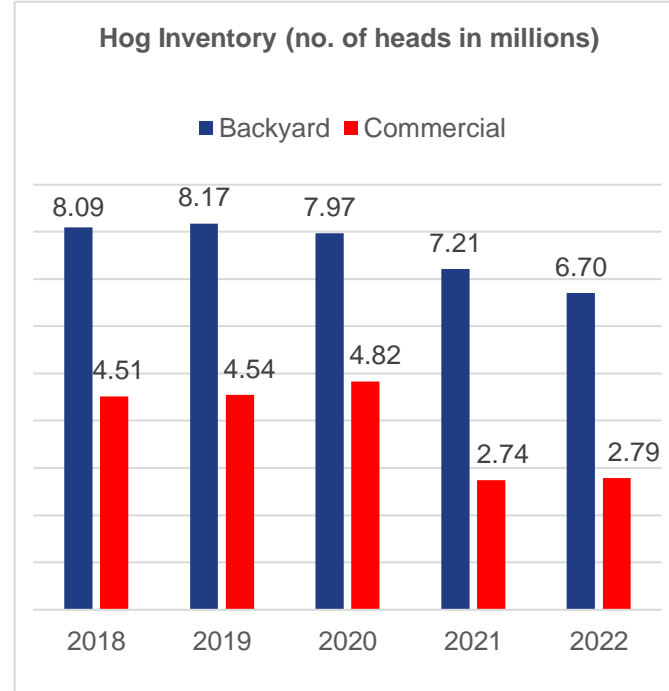


African Swine Fever (ASF)

- First outbreak in the Philippines started on 25 July 2019 in Rizal
- Affected backyard farms with 525 deaths and 7,416 hogs
- The President has placed the country under a state of calamity for a period of one year effective 10 May 2021
- As of 17 March 2022, active ASF cases still exists in 5 regions covering 7 provinces, 9 municipalities and 12 barangays.
- Per PSA report, the country lost about 3 million of the local hogs inventory from 2019 to January 2021
- DA projected that the pork supply in 2022 will have an estimated gap of 120,889 MT

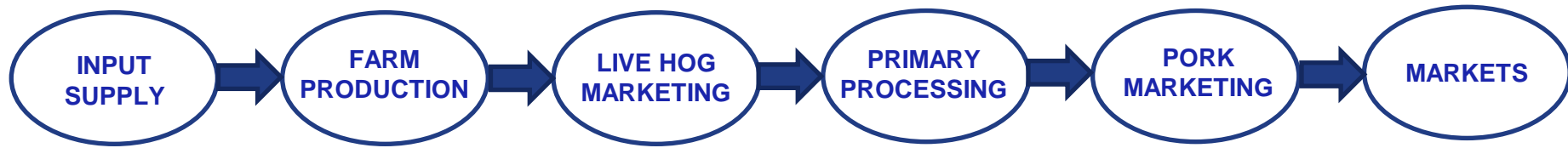


Source: DA-BAI



Source: PSA (data as of 01 January of every year; 2022 data preliminary only)

**PHILIPPINE HOG SUPPLY CHAIN AND
REGISTRATION FOR INCENTIVES UNDER THE
CREATE ACT BASED ON THE 2020 INVESTMENT
PRIORITIES PLAN**



Local and Imported Ingredients

Feed Millers

Veterinary Suppliers

Breeders

Contract Breeders

Backyard Farms

Commercial Farms

Integrators

Contract Growers

Viajeros

Slaughter-Houses*

Small Traders

Big Traders

Cold Chain*

Local Consumers

Wet markets

Super Markets

Hotels, Restaurants, other Institutional buyers

Meat Processors*

Overseas Consumers

In yellow boxes are eligible for BOI registration (for feed ingredients, only local production)

***Segments with BOI initiatives**

- **Processed Meat Industry Regulators' Forum**
- **High-level meeting with the FDA**
- **Roadmaps for Cold Chain and Processed Meat Industries**
- **Info Session on NARIS**
- **FS on MDM**

R.A. No. 11534 - CREATE

- Corporate Recovery and Tax Incentives for Enterprises Act
- Amended incentives provisions of E.O. 226 (Omnibus Investment Code of 1987) and other incentives laws
- Covers all Investment Promotion Agencies (IPAs)
- IPAs shall maintain their functions under the laws governing them, except to the extent modified by CREATE
- BOI shall formulate the Strategic Investment Priority Plan (SIPP)
 - 2020 IPP as the transitional SIPP

- New Incentives Regime for Qualified Projects (new or expansion)
- Qualification of projects is based on Industry Tier and Location
- Approval or disapproval of incentives:
 - **IPAs** - projects with investment capital of Php1B and below.
 - **Fiscal Incentives Review Board (FIRB)** - projects with investment capital of more than Php1B.

Industry Tiers in the SIPP

The industry of the registered project or activity **shall be prioritized according to National Industrial Strategy specified in the SIPP**. The SIPP shall define the coverage of the tiers and provide the conditions for qualifying the activities.

Tier I

- High potential for job creation
- Sectors with market failures resulting in under provision of basic goods & services
- Value creation through innovation, upgrading, moving up the value chain
- Essential support to sectors critical to industrial development
- Emerging owing to potential comparative advantage

Tier II

- Activities that produce supplies, parts & components, & intermediate services that are not locally produced but are **critical to industrial development & import substituting activities**

Tier III

- R&D with Significant Value Added, Higher Productivity, Breakthroughs in Science and Health and High Paying Jobs
- Generation of new knowledge & IP registered or licensed in PH
- Commercialization of patents, industrial designs, copyrights, & utility models
- Highly technical manufacturing
- **Critical to structural transformation of the economy**

INCENTIVES UNDER CREATE ACT

INCENTIVES

- ✓ Income Tax Holiday (ITH) - 4 to 7 years
- ✓ 5% Special Corporate Income Tax (SCIT) based on Gross Income Earned, in lieu of all national and local taxes, 10 years
- ✓ Enhanced Deductions
- ✓ Duty exemption on importation of Capital Equipment, raw materials, spare parts, or accessories
- ✓ VAT exemption on importation and VAT Zero-rating on local purchases

ENHANCED DEDUCTIONS

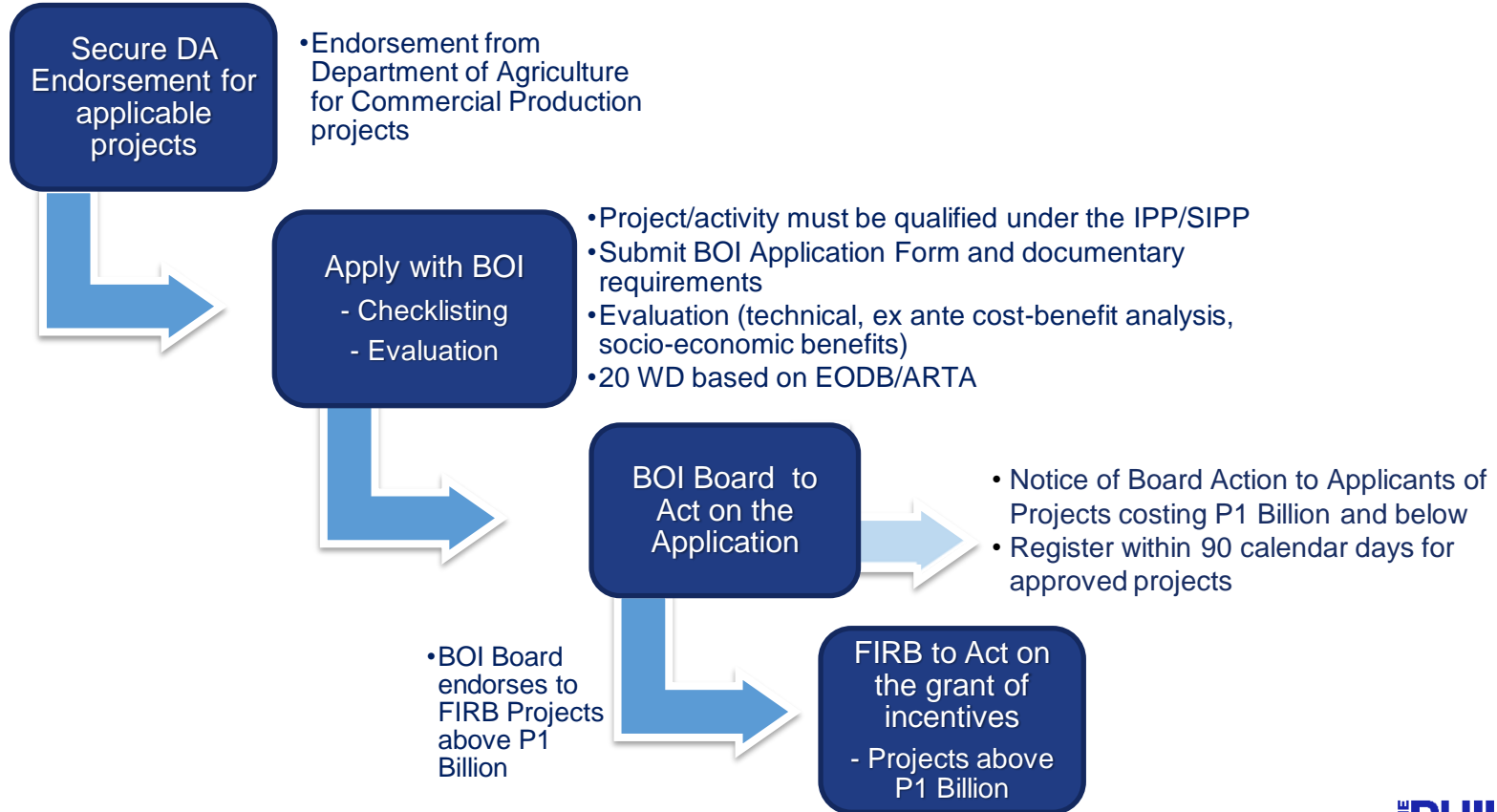
- ❑ Depreciation allowance of assets additional 10% for buildings; and additional 20% for machineries and equipment
- ❑ 50% additional deduction on labor expense
- ❑ 100% additional deduction on R&D
- ❑ 100% additional deduction on training expense
- ❑ 50% additional deduction on domestic input expense
- ❑ 50% additional deduction on power expense
- ❑ Deduction for reinvestment allowance to manufacturing industry – the amount reinvested to a maximum of 50%
- ❑ Enhanced *Net Operating Loss Carry-Over*

Location and Industry Tier – Period of Availment

LOCATION	EXPORT MARKET ACTIVITIES			DOMESTIC MARKET ACTIVITIES		
	TIER I	TIER II	TIER III	TIER I	TIER II	TIER III
NCR	14 (4 Years of ITH and 10 Years of ED/SCIT)	15 (5 Years of ITH and 10 Years of ED/SCIT)	16 (6 Years of ITH and 10 Years of ED/SCIT)	9 (4 Years of ITH and 5 Years of ED)	10 (5 Years of ITH and 5 Years of ED)	11 (6 Years of ITH and 5 Years of ED)
METROPOLITAN AREAS AND AREAS OUTSIDE OF AND CONTIGUOUS OR ADJACENT TO NCR	15 (5 Years of ITH and 10 Years of ED/SCIT)	16 (6 Years of ITH and 10 Years of ED/SCIT)	17 (7 Years of ITH and 10 Years of ED/SCIT)	10 (5 Years of ITH and 5 Years of ED)	11 (6 Years of ITH and 5 Years of ED)	12 (7 Years of ITH and 5 Years of ED)
ALL OTHER AREAS	16 (6 Years of ITH and 10 Years of ED/SCIT)	17 (7 Years of ITH and 10 Years of ED/SCIT)	17 (7 Years of ITH and 10 Years of ED/SCIT)	11 (6 Years of ITH and 5 Years of ED)	12 (7 Years of ITH and 5 Years of ED)	12 (7 Years of ITH and 5 Years of ED)

- Export enterprise: export at least 70% of its total production or output
- Domestic market enterprise (DME): any enterprise registered with IPA other than export enterprise
- ITH: income tax holiday
- SCIT: special corporate income tax rate for export enterprise, tax rate of 5% GIE
- ED: enhanced deductions

BOI Registration Process



BOI-REGISTERED PROJECTS (2010-2021)

Nine (9) commercial livestock production projects

Region	No. of Project/s	Investment Cost (in PhP million)	No. of Employment Generated	ITH granted*: PhP 289.59 M
I	1	491.42	28	
III	6	5,640.48	502	
X	1	9.22	24	
XII	1	1,330.00	71	
TOTAL		7,471.12	625	

Four (4) support service facilities

Region	No. of Project/s	Investment Cost (in PhP million)	No. of Employment Generated	ITH granted*: None
III	2	868.27	300	
12	2	980.00	51	
TOTAL		1,848.27	351	

Seven (7) meat processing facilities

Region	No. of Project/s	Investment Cost (in PhP million)	No. of Employment Generated	ITH granted*: PhP 52.21 M
III	5	759.19	381	
IVA	2	5,799.00	1,273	
TOTAL		6,558.19	1,654	

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