April 5, 2002

GMA orders rollback of cargo rates

By IRMA ISIP

President Arroyo has ordered the Philippine Ports Authority to rollback cargo handling rates by 20 percent, according to presidential adviser Luis Lorenzo.

Lorenzo announced this yesterday morning before delegates of the Fourth Mindanao Food Congress in Cagayan de Oro City.

Lorenzo said the President made a commitment to effect an immediate rollback by lifting or rescinding two PPA orders which increased cargo handling rates by 20 percent issued within a year from each other for lack of legal basis.

The first 10-percent increase was implemented in February 1, 2001 while the other 10 percent hike was on Jan. 1, 2002 but because of protests, the latter was temporarily suspended.

Lorenzo's announcement followed President Arroyo's speech during the Congress where she directed Agriculture secretary Leonardo Montemayor and Transportation and Communication secretary Pantaleon Alvarez to resolve by May 1 the transport issues plaguing food production.

In his speech, Lorenzo also reiterated the President's commitment "to bring down the cost of moving goods."

Twenty business organizations, led by the Philippine Chamber of Commerce and Industry (PCCI), the Federation of Philippine Industries (FPI) and the Coalition for Shipping and Ports Modernization (CSPM), have protested what they called as "capricious" increases in cargo handling rates by the PPA. Shipping costs have gone up by 80 percent since 1998.

At the end of the Food Congress tomorrow, seven resolution are up for adoption among them the need to reform the sea transport industry and improve agricultural marketing/logistics system in Mindanao.

This calls for the amendment of the PPA charter to resolve the conflict of interest by being both regulator and operator and increase in the number of private sector representatives in the PPA board.

The resolution also calls for the immediate issuance of an administrative order by Alvarez to encourage the use of roll on-roll off (RO-RO) vessels.

APRIL 9, 2003

GMA orders PPA to cut rates

President Arroyo has ordered the Philippine Ports Authority (PPA) to implement a 20-percent reduction in cargo handling rates.

This was announced yesterday by Luis Lorenzo, presidential adviser on million jobs generation.

According to Lorenzo, President Arroyo's order is part of her commitment to bring down the cost of moving goods throughout the country as part of the economic development plan.

Earlier, the Coalition for Shipping and Ports Modernization (CSPM) called for an end to what they say as capricious increases in cargo handling rates. The group said shipping costs has risen by 80 percent since 1998.

The last increase of 20 percent, the CSPM said, was done only in the last few months.

The CSPM members include the Distribution Management Association of the Philippines (DMAP), the Philippine Chamber of Commerce and Industry (PCCI), the Export Development Council (EDC), the Federation of Free Farmers (FFF), the Federation of Philippine Industries, the Association of International Shipping Lines (AISL),

SETS UP ADVOCACY GROUP

Mindanao shippers push for port reforms

CAGAYAN DE ORO - Mindanao shippers recently agreed to set up a group to strengthen advocacy work for improved ports services.

The Coalition for Shipping and Ports Modernization (CSPM), the Mindanao Business Council (MBC) and the Northern Mindanao Shippers Association will spearhead the creation of the new advocacy group.

Marriz Agbon, MBC's executive director, said the group will start working by the second quarter. Shippers also agreed to meet again in early April to identify areas where shipping costs could be reduced.

"The group will help forge a unified lobby for pushing policy reforms in the shipping industry," he said.

By organizing themselves into a big unit, shippers also hope to achieve sufficient volumes to convince shipping lines to set up more routes in Mindanao for the transport of agricultural goods to domestic and export markets, he added.

Technical support for the conference was provided by the USAID-funded Growth with Equity in Mindanao (GEM) Program and Accelerating Growth and Investment and Liberalization with Equity (AGILE) Program.

Sea transport moves 80 percent of the country's trade, making it the country's primary means of inter-island transport for passage and cargo movement.

Inefficiencies in both shipping and port operations have contributed to high sea transport cost and low service levels, said Henry Basilio, vice president and director of the transport and logistics center of the Center for Research and Communication.

Basilio estimates that cargo handling rates make up 30-40 percent of total shipping costs. "These inefficiencies undermine food security, poverty alleviation, global competitiveness, and countryside development," he said.

Meneleo Carlos, Jr., materials supply chain committee head of the Export Development Council, added that while inflation is down 3.4 percent, cargo handling charges have gone up 10-15 percent per year. These increases jack up the cost of transporting raw materials and undermine the competitiveness of the country's exports.

In February this year, at least ten major business groups, including the CSPM, petitioned President Gloria Macapagal-Arroyo to roll back the 2001 and 2002 increases in cargo handling rates.

This followed a Philippine Ports Authority (PPA) circular mandating a 10 percent increase in cargo handling rates early this year at the Manila South Harbor and the Manila International Container Terminal.

The increase came even as the Arroyo government at the national socio-economic summit in December 2001 committed to bring down the cost of moving goods.

One way to bring down the cost is through the roll-on, roll-off (RoRO) mode of marine transport. "The RoRo is the most appropriate mode of sea transport for an archipelago such as the Philippines," said Carlos Tan, GEM infrastructure team leader.

LOWERING TRANSPORT COSTS

Palace orders rollback of cargo handling rates

By Gil C. Cabacungan Jr.

MALACAÑANG has ordered the Philippine Ports Authority (PPA) to roll back cargo handling rates by 20 percent as part of President Macapagal-Arroyo's mandate to lower transport costs in the country.

This was announced by Presidential Adviser Luis Lorenzo during the 4th Mindanao Food Congress in Cagayan de Oro City.

Lorenzo said the President's order was part of her commitment to bring down the cost of moving goods throughout the country as part of her economic development plan for the country.

The President had previously ordered Agriculture Secretary Leonardo Montemayor and Transportation and Communication Secretary Pantaleon Alvarez to resolve by Labor Day, May 1, the transport issues plaguing the country's food production and security.

The country's major business groups led by the Coalition for Shipping and Ports Modernization recently appealed to President Macapagal to stop the PPA's "capricious" increases in cargo handling rates that have nudged up shipping costs by up to 80 percent since 1998.

In a letter to Ms Macapagal, the business groups asked for a rollback of the 10 percent to 15 percent increase in arrastre and stevedoring services made in February last year; a revocation of the 10 percent increase approved in Jan. 12 this year; and a suspension of ongoing public hearings for another 25 percent hike in cargo rates.

Handling costs have gone up by 80 percent for foreign cargoes and 52 percent for domestic cargoes from 1998 to 2002. The increases were approved "unconscionably and capriciously" by the PPA without regard to the situation of port users and sometimes without even waiting for cargo handlers to petition for an increase.

The series of rate increases were approved without public hearings and under dubious procedures highlighted the PPA's conflict of interest in being both a regulator and revenue earner. "This is the equivalent of granting the Energy Regulatory Commission a percentage of every increase it grants in fuel prices," the business groups said. The PPA, which gets a 10-percent cut from cargo handling fees, saw its revenues rise by 48 percent even though total cargo volume shrank last year.

The business groups said the PPA's trigger-happy disposition on rate increases "has become ruinous to port users, costly to consumers, and harmful to the economy."

The business groups said the petitions for cargo rates should only be entertained after the PPA has established a clear mechanism for determining rate adjustments and a fair process for conducting public hearings.

The business groups that signed the letter included the Philippine Chamber of Commerce and Industry, Distribution Management Association of the Philippines, Federation of Philippine Industries, Export Development Council, Philippine Exporters Confederation, and business chambers from Cebu and Mindanao.