

**AN APPEAL TO PRESIDENT RODRIGO ROA DUTERTE, PRESIDENT-ELECT FERDINAND MARCOS, JR., NATIONAL ECONOMIC AND DEVELOPMENT AUTHORITY (NEDA) SECRETARY KARL KENDRICK T. CHUA AND TO INCOMING NEDA SECRETARY ARSENIO BALISACAN TO INTERVENE IN THE IMPLEMENTATION OF UNJUSTIFIABLE TARIFF INCREASE AT THE PORT OF PASIG, AND TO INVESTIGATE.**

We, the undersigned, urgently and humbly seek your intervention in the Philippine Port Authority's attempt to unjustifiably and unconscionably increase arrastre, mooring and other tariffs at the Port of Pasig by as much as 949% for dry bulk cargo (such as grains used for flour and bread), 615 % for general cargoes (animal feeds, construction materials) and 71% for prime commodities (sugar, rice, cooking oil). This is because of the ill execution by the Philippine Ports Authority of PPA A.O. 03-2016 (Port Terminal Management Regulatory Framework) ("Framework" for brevity) and will unjustifiably increase end-consumer prices of goods shipped between Pasig and other domestic ports.

We issued a similar appeal to the PPA Board of Directors on April 11, 2022 which appears to have fallen on deaf ears, brushed aside without the decency of a reply from the PPA who are supposed to serve us port users. In fact, news reports and other sources claim that similar appeals to PPA management have been made in the recent past by port users in Palawan, Tacloban and others that were also disregarded or not directly addressed.

The reasons we seek your intervention in order to reverse the service tariffs are:

**a. The end-consumers will suffer.**

Recent world events have raised energy prices and there is global expert opinion that a food crisis is imminent. The Philippines is still in the early stages of its economic recovery from COVID. To raise tariffs by the aforementioned percentages is clearly against the interest of the people, and particularly of the poorest among us. The Framework clearly states that its objectives are to reduce compliance, transport and transaction costs for agricultural and other products and to allow costs, including a reasonable return on port investments to be recovered through port tariffs, while taken into consideration the affordability of port services.

**b. The new tariffs are exorbitant, without justification and disregard the qualities of the individual port/s.**

In November, 2021, the Philippine Chamber of Commerce and Industry Tacloban published a paper studying how the PPA could have arrived at the increased tariffs. In conclusion, PCCI Tacloban stated that it "appears to have been done arbitrarily and is exorbitant. It was done by the PPA for the sake of uniformity and without regard for the prescribed formula of its own administrative order."

When questioned about these rate increases, the PPA responds merely responded that "it was based on the rates of Cagayan de Oro" and "rates have not been increased for 10 years". To date the PPA has not shown the basis of its calculations for the increased tariffs, which cannot, under any reasonable conditions, justify tariff increases of up to 949 percent.

Additionally, PPA General Manager Santiago on several occasions claims that the tariff increases are very negligible – “maliit lang” – to the increase of prices in products. However, the tariff for a bag of cement increased from P4.72 to P21.72, a P17.00 increase, per the PCCI Tacloban study. By no stretch of the imagination is a P17 increase in the DTI-monitored cement price of P220 “maliit” and we note that such a claim by the PPA is “salitang walang malasakit sa mahihirap”.

Additionally, the port tariffs are “uniform” and applicable across all Tier 3 Ports (which Pasig is), without consideration for the minimum wage of the locality of the affected port users. This is clearly discriminatory and disadvantageous to some lower-wage provincial port users.

**c. The new tariffs will be a double-whammy for end-customers of trade between affected ports.**

If tariffs are increased at the Port of Pasig, which ships to and from Palawan, the increase in tariff rates at Palawan will be added on to the increase in rates at the Port of Pasig for products shipped to the Port of Pasig, and vice-versa. In other words, for dry bulk cargo imported at both Pasig and Palawan, the Palawan increase of 215% will be added to the 949% increase of Pasig, for a punishing 1164% increase to the end consumer.

**d. The PPA violates its own policies on numerous occasions, as though they are above their own rules.**

The Policy requires a Master Plan study to be conducted prior to bidding to determine the optimal conditions to be included in the Terms of Reference (of the Bidding Documents); however, no Master Plan study was conducted for the Port of Pasig, as confirmed by the PPA.

While the current cargo handler’s Holdover Authority expired on December 31, 2021, it has not been renewed, despite the requirement for it to be renewed as stated in the Section VII of the Framework.

The timing of the bidding, nearing the very end of the current PPA management’s term, is in violation of PPA A.O. 12-2018 (“Guidelines”), which states that bidding for contracts should commence six to twelve months before the existing contracts expiration. The bidding should have been conducted between January and June, 2021 instead of on April 25, 2022.

These are but a few examples of the PPA’s blatant disregard for its own policies.

**e. The financial requirements placed on potential bidders at the last minute is anti-competitive and again is not in compliance with the one of Guideline’s Governing Principles of “competitiveness by extending equal opportunity to all prospective bidders.”**

Upon purchase of the bid documents for the Port of Pasig, the prospective bidder is confronted with a requirement for paid-up capital 3 times the First Year Concession Fee. This requirement immediately excludes experienced and capable but small-cap cargo handlers from participating in the bidding. Oddly, this key requirement is not found in the Policy and Guidelines but only in the Instruction to Bidders upon purchase of the Bid Documents from the PPA.

The PPA claims the capital requirement is to ensure the bidder is financially capable of entering into a contract. However, the winning bidder is expected to post a Performance Security equivalent to the Concession Fee of the first year. In addition, the Concession Fee is collected monthly. The Performance Security and monthly fee collections should be more than enough guarantee of the winning bidder’s ability to comply with the contract conditions.

To reiterate, it appears that the only purpose for the high paid-up capital is to exclude small-cap but very experienced and capable cargo handlers.

**f. Curiously and in spite of the exclusive capital requirements, the 2-year experience requirement in port services for prospective bidders was removed for the bidding of the Pasig and Pagadian Ports by a mere Supplemental/Bid Bulletin signed by the BAC Chairman.**

For the approximately 15 cargo-handling contracts bid out 2021, the 2-year experience requirement in port services was a necessary qualification for prospective bidders. Curiously, the winning bidder in 2022 for both Pagadian and Pasig is a company with new owners, new Board of Directors and a revised Articles of Incorporation making it a cargo-handling operator.

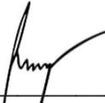
**g. Only the Winning Bidder and the PPA will gain at the expense of the end consumers.**

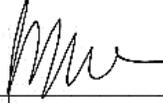
It is estimated that the winning bidder stands to earn up to four times the gross income of the previous operator without need for large investments. The Port of Pasig already has a port terminal building and RORO ramp, and the winning bidder is expected to provide 1 cargo truck, 5 cranes, 2 forklifts, 1 weighbridge, 1 firetruck and a variety of other small equipment.

There is no indication in the bid documents of improvement in services as claimed by the PPA. Certainly, no amount of improvement in services can justify the up to 949% increase in tariffs.

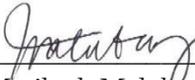
Pasig Port Users Against PPA Tariff Increases

  
\_\_\_\_\_  
Josefino G. Baltazar  
President  
Movers and Managers  
Corporation

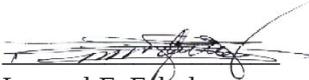
  
\_\_\_\_\_  
Raquel M. Poco  
President/CEO  
J-Tram Integrated and  
Marketing Corp.

  
\_\_\_\_\_  
Ralph Ricardo Palanca  
Shipper  
MCR LPG Store

  
\_\_\_\_\_  
Cenmark R. Quincela  
General Manager  
CQ Heirs Shipping Lines

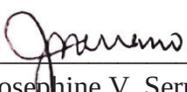
  
\_\_\_\_\_  
Maribeth Malubay  
Owner/Sole Proprietor  
TBB Enterprises

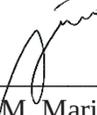
  
\_\_\_\_\_  
Cinthia Baracoso  
Shipper  
CCB

  
\_\_\_\_\_  
Lemuel F. Fabula  
President & General Manager  
San Nicholas Lines, Inc.

  
\_\_\_\_\_  
Tristan Fritz A. Palanca  
General Manager  
JCAP Shipping Lines

  
\_\_\_\_\_  
Ruel G. Arelas  
VP Contract Logistics  
XVC Logistics, Inc.

  
\_\_\_\_\_  
Josephine V. Serrano  
President Owner  
JVS Journey Sea Trans. Inc.

  
\_\_\_\_\_  
Yeto M. Mariano  
Operation-in-Charge  
Masuda Marine Corp.

  
\_\_\_\_\_  
Teresita A. Mercado  
Shipper  
Tam Gen. MDSE

Sponsored Post

Fatima S. Gandionco  
Sales and Marketing Manager  
G Power Cargo Handling  
Services (OPC)

Cecille Palanca  
Shipper  
RRIBB

Geraldine T. Señedo  
Shipper  
Ging's Pharmashoppe

Redelyn Be Larmino  
Shipper  
3N-Cullon Trucking

Catacino F. Arandala  
ShipperIs  
CFA Gen. Merchandise

Isla Cullon Consumer  
Coop.

Josie Rose Castro  
Shipper  
JRC Store

Felipe N. Solas  
Shipper  
BGS Hardware Store

Bernadette Albay  
Shipper  
Bernadette Albay Store

Paul V. Aldag  
Shipper  
BAPJ Sari-sari Store

Michael Anthony Poblete  
Shipper  
Wanbol General Mdse.

Aida P. Marasigan  
Shipper  
A.Marasigan Gen.Mdse

Nancy Cabillon  
Shipper  
Nancy Store

George Asili  
Shipper

Jonathan R. Barut  
Shipper  
JRB Store

Eleonor D. Dela Cruz  
Shipper  
Ducay Store

Raquel M. Yusi  
Shipper  
Jan2 Store

Roberto B. Potestad  
Shipper  
Potestad Sari-sari Store

Alexander Torres  
Shipper  
Erma Tores Sari-sari store

Mila C. Alinsog  
Shipper  
MCA Store

Luzviminda Balleca  
Shipper  
Ka Minda Batanguina

Mergie A. Revil  
Shipper  
Ghie Sari-Sari Store

Teody O. Rana  
Shipper  
Troy-Eva Store

Penilda E. Orenua  
Shipper  
Orenua Store

# Sponsored Post



Allan G. Romanta  
Shipper  
Allan Romanta Gen. Mdse.



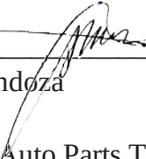
Shipper  
Nitro Fuel Station



Benilda Paray  
Shipper  
J&B Store



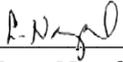
Nilo Malawan  
Shipper  
Acec Store



Eric Mendoza  
Shipper  
Cathy's Auto Parts Trading



Karlo Barracoso  
Shipper  
JSB Store/CCB



Lani Nagal  
Shipper  
Magleo Trading



Dominic Se  
Shipper



Shipper  
PYY Hardware Trading



Reyhan C. Ritch  
Shipper  
Enjoy Store



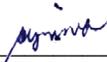
Michelle R. Sotto  
Shipper  
Michellane Trading



Dolores Tonglenti  
Shipper  
MM Store



Nicanor F. Aguinaldo Jr.  
Shipper  
Lucky 4-T Store



Andrialyn Jambaro  
Shipper  
Christijjosh Store



Jimmy Mandap  
Shipper  
Malabon Hardware



Simon Evangelista  
Shipper  
Olympia Store



Guadalupe d. Aguinaldo  
Shipper  
Sinamay Family Corp.



Stanley Martinez  
Shipper  
Island Steel Enterprise