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SPECIAL POINTS OF INTEREST

PPP water project list expanded by 112 new sites

February 13, 2024 | Adrian H. Halili | BusinessWorld


DEPARTMENT OF AGRICULTURE HANDOUT

THE Department of Environment and Natural Resources (DENR) said it will open up 112 more water projects for public-private investment this year.

"Last year, we started with… announcing 135 water projects … We announce 112 more," Environment Undersecretary Carlos Primo C. David said in a forum on Tuesday.

Mr. David added that the sites being put up for private-public partnerships (PPPs) hold water rights via the National Irrigation Administration (NIA).

"You can find NIA facilities in almost all provinces," he said, putting the number of NIA sites at 505.

Mr. David said that the new PPP list involves a combined capacity of 100 to 170 million liters per day.

"They are a little bit smaller (than the first list of projects), but there is excess water in these facilities that can be converted into potable supply," he said.

The largest number of the sites are located in Calabarzon with 20, followed by Bicol Region (18) and Eastern Visayas (15).

Last year, the DENR offered 135 water projects to private investors to increase access to drinking water and expand hydropower capacity.

Environment Secretary Maria Antonia Yulo-Loyzaga has said that the projects will help mitigate the threat from El Niño, which is projected to affect 63 provinces with

In October, the DENR and the NIA signed a memorandum of agreement to repurpose surplus irrigation water.

The NIA said that the surplus water may now be used for power production, bulk water supply, aquaculture, recreation, and tourism.

Executive Order No. 22 created the Water Resources Management Office, which was tasked with integrating and harmonizing all government efforts and regulatory activity to ensure the availability and sustainable management of water resources.

"We also tried to package all these projects as much as we could. So that the potential investors… would have an easier time evaluating (the projects)," he said.

Mr. David told reporters that more than 60 water companies have expressed interest in investing in the DENR's initial list of 135 water projects.

Meanwhile, the DENR is planning to harness water within protected land and national parks to serve communities.

"There's a lot of water in protected areas in national parks… so (we) are now preparing guidelines for development within critical areas like protected areas. I think we can develop the water there (with minimal) impact in terms of deforestation and loss of biodiversity," Mr. David said on the sidelines.

He said that the water to be harnessed will also generate revenue to protect the critical sites.

Source: https://www.bworldonline.com/economy/2024/02/13/575506/ppp-water-project-list-expanded-by-112-new-sites/

Economists: Review of PH targets not out of the ordinary

February 13, 2024 | Miguel Gil | Philippine News Agency

REVIEWING GOALS. Finance Secretary Ralph Recto said the Development Budget Coordination Committee is currently evaluating economic growth targets. At a Bureau of Customs briefing on Jan. 24, 2024, Recto cited the importance of hitting the PHP4.3 trillion revenue target this year. *(Photo courtesy of BOC)*

MANILA – Economists in the financial markets and academe said a review of macroeconomic growth targets under the government's medium-term fiscal framework (MTFF) is not disconcerting and merely signals policy-makers' openness to factor in more recent developments.

They were reacting to Finance Secretary Ralph Recto's disclosure that the Development Budget Coordination Committee (DBCC) is currently evaluating MTFF goals to incorporate foreseeable effects of a protracted Russia-Ukraine conflict, the Israel-Hamas war, and other developments that might impact broad economic goals.

In an interview on Tuesday, veteran market analyst Astro del Castillo, managing director of First Grade Finance, said Recto did not signal pessimism because periodic reviews of economic targets are indicative of responsive governance and may even be welcomed by investors.

He pointed out that economists in the financial and capital markets have always taken a more conservative stance in relation to the growth targets set by the Department of Finance (DOF) and the National Economic and Development Authority (NEDA).

"Yes, we have considered the government's economic growth forecasts… and it is widely believed that the upper end of these forecasts is somewhat optimistic anyway. I think the market will be satisfied with hitting the lower end of the band. Besides, they are only reviewing the targets… there is no certainty they will adjust it downward," he added.

Carlos Manapat, chair of the economics department of the University of Santo Tomas, said it is not out of the ordinary for the administration's economic team to recalibrate its policy to stay ahead of developments in two to four years.

He expressed confidence in the ability of government economists to anticipate future shocks because they are privy to a wealth of actionable information, allowing them to make policy adjustments before it is already too late.

"You need to recalibrate your policies today to match the economic issues in the future. Maybe he (Recto) sees a prolonged war (Ukraine, Gaza) or other economic shocks that may temper economic goals. They have to try to prepare for that now by reviewing their assumptions," he told the Philippine News Agency.

Meanwhile, Roberto Galang Jr., dean of the Ateneo de Manila's John Gokongwei School of Management, said it is unclear right now if the DOF and NEDA ought to adjust their growth targets upward or downward.

However, "reviewing targets are always good. Targets from 1.5 years ago may no longer be applicable," he pointed out.

The DBCC reviews and approves macroeconomic targets, revenue projections, borrowing level, aggregate budget level and expenditure priorities, and makes appropriate recommendations to the President and Cabinet.

This cabinet-level body is composed of top officials of the DOF, NEDA, Department of Budget and Management, and Bangko Sentral ng Pilipinas.

Source: https://www.pna.gov.ph/articles/1218799

PH markets now in 'risk-on' mode

February 14, 2024 | Niña Myka Pauline Arceo | The Manila Times

RISK appetites have risen as expected threats failed to materialize last year, the Financial Stability Coordination Council (FSCC) said, opening up opportunities not only for businesses but also regulators to prepare for and prevent future shocks.

"To borrow from investment terminology, we believe that we are squarely in the risk-on part of the financial cycle," Bangko Sentral ng Pilipinas (BSP) Governor and FSCC Chairman Eli Remolona said in a foreword to the 2023 Financial Stability Report released on Tuesday. *[Cont. page 3]*

PH markets now in 'risk-on' mode

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Bangko Sentral ng Pilipinas (BSP) Governor Eli Remolona Jr. Photo from BSP

"There is momentum, and that is something that should be nurtured and its opportunities maximized," he added. "And yet, as the macroprudential authority, we must strike a careful balance between fueling the momentum further and taking a cautious stance against the build up of excesses."

The FSCC, which is comprised of the BSP, Department of Finance, Philippine Deposit Insurance Corp. (PDIC), Insurance Commission, and the Securities and Exchange Commission, first met in 2011 as part of a voluntary initiative to assess systemic risks and decide on policy interventions.

Its activities, powers and responsibilities were formalized in 2021, and it now has the legal personality to set guidelines and regulations in line with the country's financial stability agenda.

Last year, the FSCC said, "was the year that everyone expected... until it was not."

With inflation still stubbornly high across the world and bank collapses in the United States, 2023 was supposed to be a year of recessions and economic malaise. The US was particularly expected to see its economy contract given aggressive monetary tightening but this did not materialize, which had a follow-on effect on sentiment in the Philippines.

Given a market that "essentially runs off dynamic changes in perceptions," the FSCC said that measuring risk-on risk-off sentiment would provide a better gauge about what market players were anticipating.

"This measure can still be tweaked in several respects," it added. "What it does tell us though is that we finished the year in risk-on territory after shifting into that mode at the start of November."

"That this arises from both expected downside risks not materializing as well as from truly positive developments in the macro-financial market offers a good balance. It also provides an opportunity for market calm which can be leveraged to strengthen, if not build, guard rails against too much euphoria and/or unexpected shocks."

The challenge, Remolona said, is that "systemic risk is inherently difficult to comprehend. Markets are fluid and things can change very quickly. There are risks arising from our own markets... risks coming from foreign markets that can spill over onto our shores."

"These are the things we worry about. Indeed, financial market participants often make risky investments based on rosy scenarios. The more widely shared the scenario, the more dangerous it is," he added.

"If something goes wrong, these scenarios sometimes lead to mass panic. There is a rush for the exits, causing massive investments to collapse."

Among the risks tagged by the FSCC was the perception of how soon key interest rates would be lowered. It said that this would largely still depend on how the US Federal Reserve moves and added that "any expectation of an early rate cut is optimistic."

Interest rates in the US will likely stay higher longer than expected, it added, also noting that the possibility of more rate hikes remained on the table.

A rise in real estate loans in the Philippines despite higher interest rates was also noted and bears watching, the FSCC said.

PDIC President Roberto Tan highlighted the need for banks to guard against risky behavior and said that they were now in "the process of studying how we will be increasing our insurance coverage, and what measures we need to instill market discipline and avoid moral hazards or riskier behavior by banks as well as depositors in this respect."

Risk-on, the FSCC said, "is ultimately an indicator that liquidity is much more willingly deployable. Stakeholders are open to taking more risks, and this is reflected in the increased demand for and release of liquidity."

"What risk-on cannot do is determine in which economic activities that liquidity will be used. This is inherently and remains a private sector decision," it added.

Source: https://www.manilatimes.net/2024/02/14/business/top-business/ph-markets-now-in-risk-on-mode/1932472

PBBM orders FDA to streamline drug regulatory process, create 'pharma zones' for cheaper medicines

February 14, 2024 | Samuel Medenilla | BusinessMirror

To make affordable drugs more accessible to the public, the Food and Drug Administration (FDA) will be streamlining the application process for new generic drugs along with the establishment of "pharma zones."

In a news conference at the Palace Tuesday, FDA Director General Samuel A. Zacate announced they would be issuing soon a memorandum circular (MC), which will reduce the processing time for generic drugs from 120 days to just 45 days, in line with the instruction of President Ferdinand R. Marcos Jr.

"I'd like to confirm that the President has directed the Food and Drug Administration to further streamline the drug application process in the Philippines and to provide further drug accessibility for all the Filipinos, and in the future, the cheaper medicine for us to be accessible also to the Filipino people," Zacate said.

The President gave the instruction during a sectoral meeting with FDA last Tuesday.

Zacate said the faster processing time will apply to generic drugs, which have no patent issue, and come from a country with a strict regulatory agency such as the United States (US) FDA.

FDA Director Jesusa Joyce N. Cirunay stressed they will not reduce the documentary requirement for the applications, which is set under the Asean common technical document.

"We will look into the paper used [by the regulatory agency]. If it satisfactorily complied with the requirements of the Asean common technical documents. We will not repeat [the screening process]," Cirunay said.

Pharma zones

FDA also said the Philippine Economic Zone Authority (PEZA) will establish "pharma-zones" to encourage foreign pharmaceutical firms, which manufacture essential medicines and generic drugs, to establish their operations in the country.

In a statement, the Presidential Communications Office (PCO) said the new zones would consolidate companies that are engaged in all aspects of drug manufacturing, including research and development, clinical testing and trials as well as regulation.

They will be located in areas under jurisdiction of PEZA and will enjoy "certain tax and other financial incentives in order to bring down the cost of manufacturing."

Under pharma-zone scheme, FDA will fast track the testing and registration of drugs to be manufactured by the said pharmaceutical companies through one-stop shops.

Zacate said the zone would be established in Clark and two other areas to be determined by PEZA.

He said the President also instructed concerned agencies to amend Administrative Order 67 from 1989 to allow "foreign common drugs to come in" and help bring down drug prices.

Also part of FDA's efforts to make the country more attractive to drug manufacturers is its efforts to extend the validation or the validity of the license to operate and the certificate of product registration from five years initial and 10 years renewal.

It is also "revising" its fees so it can upgrade its laboratory and testing abilities so it will be at par with other international regulation agencies.

Source: https://businessmirror.com.ph/2024/02/13/pbbm-orders-fda-to-streamline-drug-regulatory-process-create-pharma-zones-for-cheaper-medicines/

DOE slates 3rd round of Green Energy Auction

February 13, 2024 | Patrick Miguel | The Philippine Star

MANILA, Philippines — Another round of the Green Energy Auction (GEA) will be conducted this year as part of the country's utilization of renewable energy resources and attainment of energy security and reliability, the Department of Energy (DOE) said.

The third GEA round will cater to non-feed-in tariff (non-FIT) eligible RE technologies such as geothermal, impounding hydro and pumped-storage hydro.

STAR / File

The third GEA round will cater to non-feed-in tariff (non-FIT) eligible RE technologies such as geothermal, impounding hydro and pumped-storage hydro.

GEA-3 will also allow the inclusion of FIT run-of-river (ROR) hydro, the DOE said.

The estimated capacities for each technology are 699 megawatts from impounding hydro; 3,120 MW from pumped-storage hydro; and 380 MW from geothermal.

Meanwhile, about 200 MW of capacity from ROR hydro will be auctioned off. *[Cont. page 5]*

DOE slates 3rd round of Green Energy Auction
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Impounding hydro and pumped-storage hydro will commence from 2028 to 2030. The delivery commencement period (DCP) for geothermal will begin in 2024 until 2030.

DCP for ROR hydro will begin in 2026 and end in 2028.

Publication of the notice of auction, terms of reference, and release of price determination methodology for non-FIT eligible RE technologies and Green Energy Auction Reserve (GEAR) price for ROR hydro are expected to kick off on April 29.

Registration and posting of the list of qualified suppliers are scheduled on May 13 and July 4, respectively.

The auction proper is scheduled on Aug. 21.

Posting of the notice of award for FIT and non-FIT technologies will be on Sept. 18 and Dec. 10, respectively.

In July last year, the DOE was able to generate 3,580.76 MW of renewable energy capacities under the second round of the GEA, which will be delivered between 2024 to 2026.

A total of 105 winning bids were awarded by DOE for renewable energy capacities that have been committed for development and installation from 2024 to 2026.

DOE plans the bidding to take place annually, and has earlier urged losing bidders to participate in future GEAP rounds.

Source: https://www.philstar.com/business/2024/02/13/2332865/doe-slates-3rd-round-green-energy-auction

Economists ask Marcos gov't to push easing foreign ownership cap while cutting red tape
February 15, 2024 | Beatriz Marie D. Cruz | BusinessWorld


PHILIPPINE STAR/KJ ROSALES

THE GOVERNMENT of President Ferdinand R. Marcos, Jr. should push easing foreign ownership restrictions in the 1987 Constitution while cutting bureaucratic red tape to attract foreign direct investments (FDI), according to economists.

"Removing the specific restrictive provisions in the 1987 Constitution is a necessary but not a sufficient condition to encourage more foreign direct investments," Former Finance Secretary Margarito B. Teves told a forum on Wednesday.

"Just kindly try to remove all those restrictive economic provisions which we can specify and put us on par with our colleagues in ASEAN (Association of Southeast Asian Nations)," he added.

Mr. Teves said the Philippines has one of the most restrictive economies in Southeast Asia, and it doesn't help that these limits are in the country's basic law.

"We're the only country whose restrictive economic provisions are embodied in the Constitution," he said. "No other country in Asia… has included these provisions in the Constitution."

FDI net inflows rose by 27.8% to $1.04 billion in November from a year earlier, the central bank said on Monday.

The FDI Regulatory Restrictiveness Index, which measures statutory restrictions on FDIs in 22 economic sectors across 69 countries, has not taken into account the country's liberalized public sector, Toby Melissa C. Monsod, an economics professor from the University of the Philippines, told the forum.

She said the government should delay Charter change until it reaps the benefits of potential FDIs in sectors opened up by the amended law that took effect in April. The law allows 100% foreign ownership in telecommunications, airlines and railways.

"The FDI restrictiveness index still does not incorporate gains from the Public Sector Act," she said. "My question is why don't we see what happens?"

The Organisation for Economic Co-operation and Development's FDI index gauges the restrictiveness of a country's FDI rules by looking at foreign equity restrictions, discriminatory screening or approval mechanisms, restrictions on key foreign personnel and operational restrictions.

"I played with it," Ms. Monsod said, referring to the index. "If you put that in, the [Philippine] index goes down by about 5%." *[Cont. page 6]*

Economists ask Marcos gov't to push easing foreign ownership cap while cutting red tape

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"Relaxing equity restrictions may not be necessary and at best, its impact will only be one-eighth or one-fourteenth of what could be obtained if we worked on controlling corruption or human capital," she added.

But Rutcher Lacaza, a supervising legislative staff officer at the House of Representatives Congressional Policy and Budget Research Department, said it's not enough that Philippine FDIs continue to increase.

"Despite growing FDI inflows, the Philippines continues to lag behind our peers in the region," he said at the forum.

Mr. Teves said the legal challenge to the Public Service Act at the Supreme Court might discourage foreign investors from coming in.

"We want to see a situation where foreign investors would be encouraged really to come in rather than have that element of uncertainty or doubt that the Supreme Court might or might not support Congress for its act," he told *BusinessWorld* on the sidelines of the forum.

Raul V. Fabella, a retired professor at the University of the Philippines School of Economics, said any economic gains from existing laws outweigh the Philippines' tight investment climate.

"Even if the gains of the Public Service Act are there, you will still find some reason because power is still not competitive," he said. "You [should] improve the investment ecology whenever you can, and whenever you can, and one of them is by lifting Article 12."

The clause mandates the state to protect Filipino enterprises against unfair foreign competition and trade practices and limits land ownership to Filipino citizens and corporations that are at least 60% Filipino-owned.

Mr. Fabella said the Philippines' 22% savings rate is behind Asian peers including China (45%), Singapore (43%), Vietnam (33%) and Thailand (27%).

Lack of savings, an important source of economic growth, makes a country highly dependent on foreign investments, which also come with risks.

Senators and congressmen are studying several proposals to amend the Constitution including lifting foreign ownership limits.

The Philippines' most restrictive sectors are agriculture, forestry and fisheries, telecommunications, media, business services and transport, Mr. Lacaza said.

Jose Enrique A. Africa, executive director at think tank IBON Foundation, said the Philippines should not focus on being "at par" with its regional peers especially if it does not ensure national development.

"There's no sense in arguing that the objective of policy is to follow what others are doing because the real policy question is what is needed and should be done," he said in a Viber message.

"That grossly erroneous notion is behind so much of Philippine economic policy making in the last four decades being a 'race to the bottom' to liberalize without meaningful development in national productive capacities in agriculture or industry," he added.

Source: https://www.bworldonline.com/top-stories/2024/02/15/575836/economists-ask-marcos-govt-to-push-easing-foreign-ownership-cap-while-cutting-red-tape/

Senate Oks on second reading P100 wage hike

February 15, 2024 | Cecille Suerte Felipe | The Philippine Star

MANILA, Philippines — The Senate approved on second reading yesterday a bill seeking a P100 daily minimum wage increase for private sector workers – a Valentine's gift to minimum wage earners.

During plenary session, senators unanimously approved Senate Bill 2534 under Committee Report No. 190, a measure which, if it becomes law, could be the first since 1989 that a legislated pay hike would be implemented nationwide. *[Cont. page 7]*

Senate Oks on second reading P100 wage hike
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"This is our Valentine's Day gift to all our workers," Senate President Juan Miguel Zubiri said, hailing the passage of a landmark measure mandating an across-the-board increase of P100 in the daily minimum wage of workers in the private sector.

AFP / File

"This is our Valentine's Day gift to all our workers," Senate President Juan Miguel Zubiri said, hailing the passage of a landmark measure mandating an across-the-board increase of P100 in the daily minimum wage of workers in the private sector.

"This is for them (workers). I think it will be a perfect timing because today is the day of hearts. It's the day of love and sharing," the Senate chief said.

Employers have consistently opposed a legislated wage hike. The law leaves wage setting to regional tripartite wages and productivity boards.

The Senate President thanked his colleagues for supporting the measure and sharing his vision of uplifting the living conditions of Filipino families, citing in particular Sen. Jinggoy Estrada who shepherded the bill's passage.

Zubiri said he expects the measure to hurdle third and final reading next week and appealed to members of the House of Representatives to do their part and pass a counterpart measure.

"We feel that it's time to help increase the minimum wage of our workers, particularly those in the Visayas and Mindanao who are currently earning P360 a day," Zubiri said.

Source: https://www.philstar.com/headlines/2024/02/15/2333461/senate-oks-second-reading-p100-wage-hike#:~:text=MANILA%2C%20Philippines%20%E2%80%94%20The%20Senate%20approved,gift%20to%20minimum%20wage%20earners.

UPCOMING EVENT

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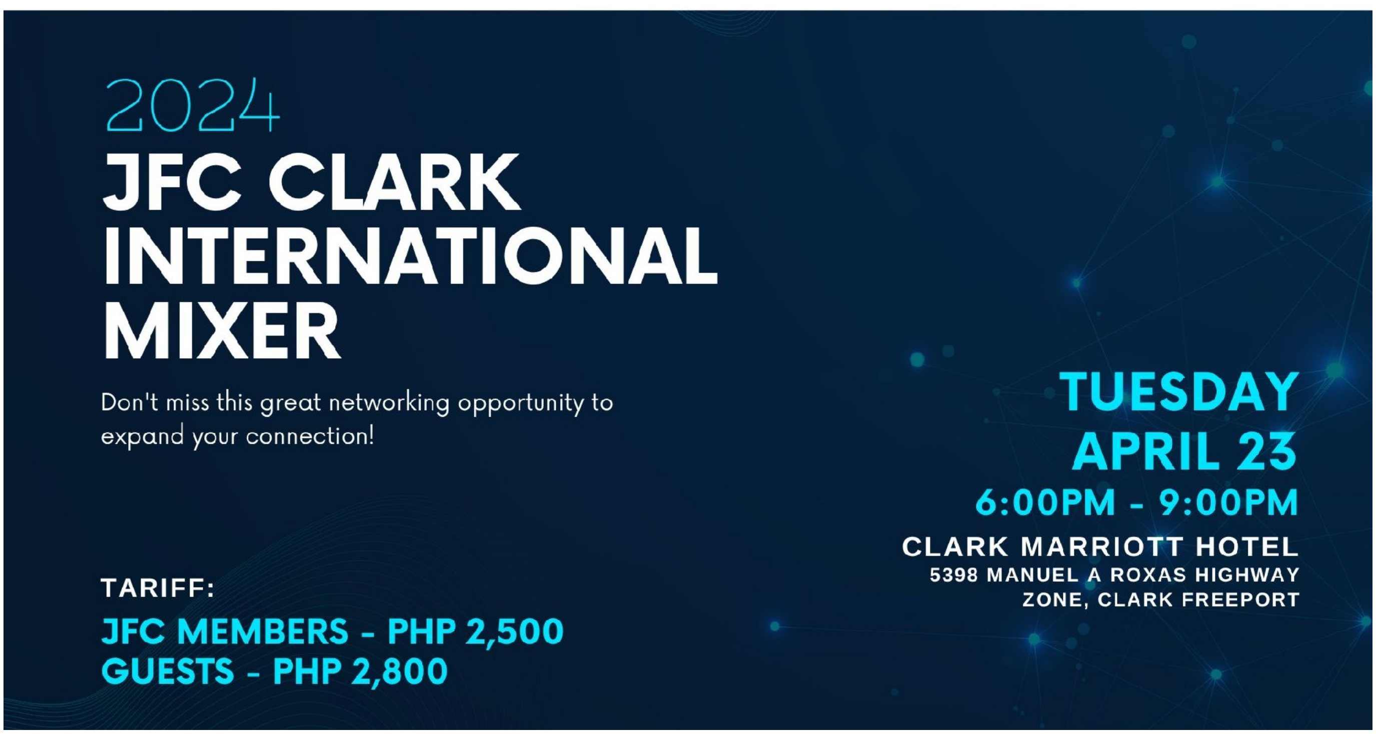

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