



## 필리핀한인상공회의소뉴스

# KOREAN CHAMBER OF COMMERCE PHILIPPINES NEWSLETTER



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### May inflation likely hit 4% —poll

Jun 03, 2024 | Luisa Maria Jacinta C. Jocson | BusinessWorld

HEADLINE INFLATION likely quickened for a fourth straight month in May, mainly due to a spike in electricity costs, analysts said.

A *BusinessWorld* poll of 16 analysts yielded a median estimate of 4% for the consumer price index (CPI) in May. This is within the 3.7-4.5% forecast of the Bangko Sentral ng Pilipinas (BSP) for the month.

If realized, May inflation would be faster than 3.8% in April but slower than the 6.1% print a year earlier.

It would also mark the sixth straight month that inflation settled within the central bank's 2-4% target range.

The Philippine Statistics Authority is set to release May inflation data on Wednesday (June 5).

"We expect CPI inflation to rise to 4% in May. The rise largely comes on the back of unfavorable base effects, and the sequential momentum likely remained contained," Makoto Tsuchiya, an economist from Oxford Economics, said in an e-mail.

"Even with a modest month-on-month pickup, base effects remain unfavorable, and we expect inflation to still accelerate to 4% year on year — touching the BSP's upper bound

target," HSBC economist for ASEAN (Association of Southeast Asian Nations) Aris D. Dacanay said in an e-mail.



PHILIPPINE  
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Analysts said the faster inflation print in May is primarily due to higher electricity rates.

"Upward price pressures will come from higher electricity rates as retailers pass on higher costs from the Wholesale Electricity Spot Market amid a jump in electricity demand when temperatures spiked across the country in May," Moody's Analytics economist Sarah Tan said in an e-mail.

"That also resulted in power shortages, which led authorities to issue the red and yellow alerts," she added.

The National Grid Corp. of the Philippines had placed the Luzon and Visayas power grids on red alert for 12 and eight days, respectively, in May.

Yellow alerts have been raised over Luzon and Visayas for a total of 27 and 26 days, respectively. Mindanao was placed under yellow alert for two days.

"The heatwave increased demand and prices for electricity, with the latest increase in Manila Electric Co. (Meralco) electricity rates," Rizal Commercial Banking Corp. Chief Economist Michael L. Ricafort said in an e-mail.

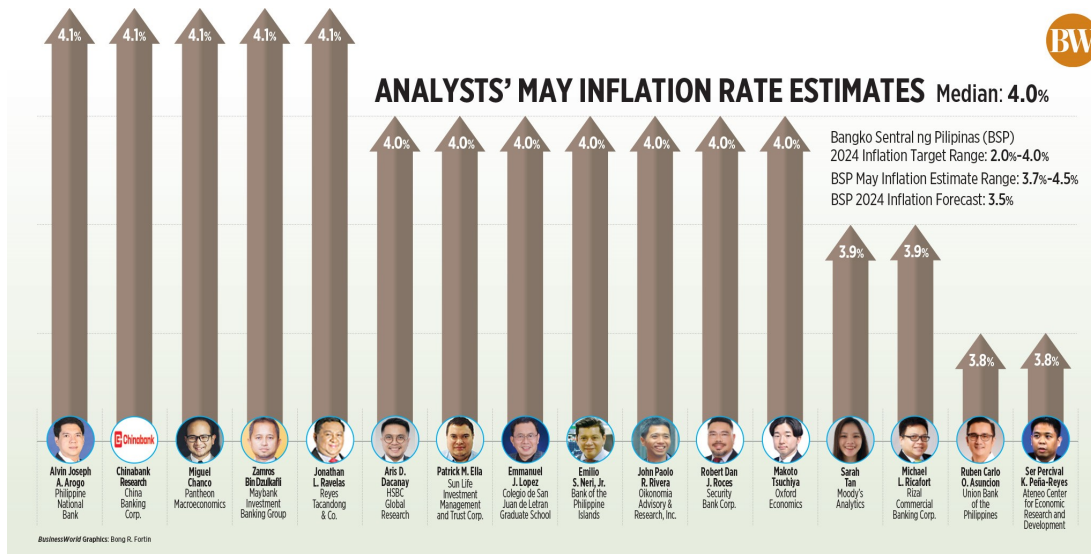
Customers in areas served by Meralco saw their overall rate climb by P0.4621 per kilowatt-hour (kWh) to P11.4139 per kWh in May due to the increase in the generation charge.

"However, these upward pressures were tempered by lower costs of key food items such as rice, fish, and fruits, and rollbacks in LPG and domestic pump prices," Chinabank Research said.

Security Bank Corp. Chief Economist Robert Dan J. Roces said food price growth likely slowed in May, although rice will still remain a "major culprit." [Cont. page 2]

## May inflation likely hit 4% —poll

[Cont. from page 1]



In April, rice inflation was recorded at 23.9%, easing from 24.4% in March. Rice inflation in March was its fastest print since February 2009.

Agriculture department data showed that the average price of a kilogram of local well-milled rice ranged from P48-55 as of end-May while regular milled averaged P45-52 per kilogram.

### UPTREND

Chinabank Research said it expects inflation to “sustain its recent uptrend and remain above the BSP’s target until July, unless significant price reversals materialize.”

Zamros Bin Dzulkafli, economist at Maybank Investment Banking Group, said that inflation would likely overshoot the 2-4% target band from May to July, in line with the central bank’s expectations.

The BSP is anticipating faster inflation from May to July but expects inflation to ease to the target after July.

“We expect the headline inflation to hover around 4% in the coming few months, but this is unlikely to make the BSP more hawkish, as such an overshoot is already priced in by the central bank,” Mr. Tsuchiya said.

Ms. Tan said if inflation settles below the upper end of the target, this would add to the case for a rate cut in August.

“This is contingent on subsequent readings before the August policy meeting staying below, or at, the upper bound, which is what we are expecting. Otherwise, the first cut may only come in the fourth quarter,” she added.

BSP Governor Eli M. Remolona, Jr. earlier said the central bank can cut rates as early as August, possibly by 25 basis points (bps).

Bank of the Philippine Islands Lead Economist Emilio S. Neri, Jr. said he expects the Monetary Board to “keep policy settings neutral” at the June 27 meeting.

“Rhetoric could become even less hawkish, especially if headline prints fall below expectations,” he added.

“I doubt that the May print will significantly affect the BSP’s thinking in June, assuming the breach of the 4% mark is only small and if core inflation remains subdued and stable,” Pantheon Chief Emerging Asia Economist Miguel Chanco said.

The Monetary Board kept its key policy rate steady at a 17-year high of 6.5% for a fifth straight meeting in May.

From May 2022 to October 2023, the central bank has raised borrowing costs by 450 bps to tame inflation.

Ms. Tan noted that the BSP is unlikely to deliver a rate hike this year.

“It is unlikely that inflation will sharply exceed the BSP’s upper target of 4%, so we don’t expect any more hikes. A cooling core inflation reading will also give BSP confidence to keep the policy rate steady,” she said.

Philippine National Bank (PNB) economist Alvin Joseph A. Arogo said that the BSP should not reduce rates until inflation can settle “sustainably” within target. [Cont. page 3]

## May inflation likely hit 4% —poll

[Cont. from page 2]

### NO RATE HIKE

“Moreover, our monetary authorities should not cut ahead of the Fed or else risk further exchange rate weakness. If the Fed eases by 25 bps each in September and December, this opens the room for the BSP to follow in October and December,” Mr. Arogo added.

On May 21, the peso closed at P58.27 against the greenback, its first time closing at the P58-per-dollar level since Nov. 10, 2022.

Ruben Carlo O. Asuncion, chief economist at Union Bank of the Philippines, Inc., said a rate cut would likely be delivered later this year, but not before the US Federal Reserve.

“With inflation plateauing in the near-term despite the drought effects alongside a benign core, we believe the risks to the outlook has moderated that support a BSP rate cut later in the year,” he said in an e-mail.

“We do not believe the BSP will cut its policy rate before the Fed because the Monetary Board will wait until El Niño effects have receded, local food supply has normalized, and rice inflation has materially narrowed,” he added.

The Federal Reserve is more likely to deliver a long-awaited rate cut in September after a US Commerce department report showed inflation made a bit of progress toward the Fed’s 2% goal last month and spending softened, traders expect, Reuters reported.

After the data release, traders priced in about a 53% chance of a rate cut in September, versus about 49% before the report. Mr. Dacanay likewise said that rate cuts are off the table until the Fed turns more dovish.

“The timing will be important to provide some support to the peso throughout the BSP’s easing cycle,” he added.

*Source: <https://www.bworldonline.com/top-stories/2024/06/03/599041/may-inflation-likely-hit-4-poll/>*

## PEZA bares logistics, supply chain strategies

Jun 03, 2024 | Irma Isip | Malaya Business Insight



Convergence. A truck moves container cargoes in a port. PEZA says it is working with other government agencies in ensuring it can provide all infrastructure needs of zone locators. (PNA Photo)

The Philippine Economic Zone Authority (PEZA) said it is implementing “leap-frogging” strategies that will address the challenges in the supply chain, industrial, and logistics sectors and in the process attract more industrial investments, particularly in the ecozones.

Tereso Panga, director-general of the Philippine Economic Zone Authority (PEZA) bared this at the Future of Logistics 2024 forum in Makati City last May 29.

Panga said PEZA is automating its systems and processes to provide excellent service to its clients.

He said the agency is pushing for the creation of the following: an off-dock container yard in its zones for a more effective container exchange; ecozone container freight station and; a logistics park under PEZA’s new frontiers in ecozone development.

One other strategy is multi-industry infrastructure convergence where PEZA and the government are committed to providing for all infrastructure needs of zone locators.

Panga said PEZA is strengthening its partnership with the Bureau of Customs to ensure unhampered operations to and from the zones.

The agency also continues to work with lawmakers for the possible amendments on investment laws and other economic provisions as well as in updating archaic laws such as the parameters for regulated commodities that are not aligned with international standards.

“We see investors taking advantage of the upcoming Luzon economic corridor which will support connectivity among Subic Bay, Clark, Manila, and Batangas as well as facilitate strategic, anchor investments within each hub in high-impact infrastructure projects among others,” said Panga, referring to the planned Luzon Economic Corridor supported by the G7 countries.

Panga said the inclusion of ecozone logistics service enterprises in the new Strategic Investment Priorities Plan allows for more logistics companies to come in and support the upcoming new investments, especially within the ecozones.

“If we can grow the number of our locator companies, all those in the supply chain, logistics, and others will benefit from it. PEZA is the microcosm of the bigger economy. If we see ecozones flourishing, we can also see a more vibrant economy,” he said.

*Source: [https://malaya.com.ph/news\\_business/peza-bares-logistics-supply-chain-strategies/](https://malaya.com.ph/news_business/peza-bares-logistics-supply-chain-strategies/)*

## Pipeline for PPPs now covers 134 projects worth P3.03T

June 03, 2024 | Cai U. Ordinario | BusinessMirror

THE national government's pipeline for public private partnerships (PPPs) now covers 134 projects amounting to P3.03 trillion, according to the PPP Center.

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The pipeline was recently updated to include 13 new projects, estimated to cost at least P38 billion, and delisted four projects. With this, the pipeline is shorter than the 137 projects initially included which amounted to P3.1 trillion.

The four delisted projects were the Cavite Tagaytay Batangas Expressway Project; Unsolicited Proposal for EDSA Bus Rapid Transit (BRT); Unsolicited Proposal for the Development, Operations, and Management of the Davao International Airport; and Advance Passenger Processing and Passenger Name Record (APP-PNR).

"The change in the number of projects in the pipeline is due to the addition in the list of unsolicited proposals endorsed by the PPP Center to Implementing Agencies [IA] for their decision to proceed with detailed evaluation or rejection of the same; addition of projects included in the Lists of PPP Projects submitted by IAs to the PPP Center; [and] delisting of PPP projects," the PPP Center said in a document it recently shared with reporters.

In terms of the latest addition to the PPP pipeline, the largest projects were Pampanga Bulk Water Supply Project and Civil Aviation and Immigration Security Services, which were estimated to cost P18.70 billion and P16.89 billion, respectively.

The Pampanga Bulk Water Supply Project is an unsolicited proposal that is currently under evaluation by the IA. It will be undertaken by the provincial government of Pampanga and Manila Water Philippine Ventures Inc.

The Civil Aviation and Immigration Security Services, meanwhile, is also an unsolicited proposal that has been endorsed to an IA for their decision to proceed with the detailed evaluation. It will be undertaken by the Bureau of Immigration and Securiport LLC.

Of the 13 projects added to the list, two still do not have cost estimates as they are under conceptualization. These are the establishment of Bulk Water Facility for La Union and the La Union Integrated Terminal Exchange.

The PPP Center also said there are no cost estimates yet for three projects due to the need for verification. These are the establishment of Dialysis Center in all Provincial Government of La Union (PGLU) District Hospitals (DH) and La Union Medical Center (LUMC), and the Bus Rapid Transit System in Cavite.

Earlier, the PPP Center said it expects at least 20 solicited projects to advance to the Investment Coordination Committee (ICC) and/or the National Economic and Development Authority (Neda) for approval this year.

Initially, PPP Center Undersecretary and Executive Director Ma. Cynthia C. Hernandez said only 15 projects are expected to be approved this year.

(See: <https://businessmirror.com.ph/2024/02/20/ppp-center-lists-28-projects-up-for-implementation-in-24-25/>).

Hernandez said there could be more projects, depending on the number of unsolicited projects that could be submitted for ICC or Neda Board evaluation and approval. Right after the passage of the PPP Code, the PPP Center has already processed 20 unsolicited projects. (See: <https://businessmirror.com.ph/2024/03/22/ppp-center-expects-20-solicited-projects-to-advance-to-neda/>).

Source: <https://businessmirror.com.ph/2024/06/03/pipeline-for-ppps-now-covers-134-projects-worth-%e2%82%b13-03t/>

## 'Give Cha-cha one last chance'

June 03, 2024 | Wendell Vigilia | Malaya Business Insight

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### Unlock full economic potential of PH – House

ADMINISTRATION lawmakers yesterday pressed the Escudero-led Senate to give the Marcos Jr. administration's push for constitutional reforms one last chance for

the sake of economic development.

"We urge the Senate to join us in unlocking our nation's full potential and ensuring sustained economic growth through constitutional economic amendments. By attracting foreign investments and fostering a competitive, inclusive business environment, we can generate more jobs for Filipinos," Rep. Ramon Rodrigo Gutierrez (PL, 1-Rider) said in a joint statement with colleagues. [Cont. page 5]

## **‘Give Cha-cha one last chance’**

[Cont. from page 4]

Zambales Rep. Jefferson Khonghun said that in the era of fast global digitalization, “the Philippines needs to level up by trying to compete, or at least be at par, with advanced economies. We are sorely lacking infrastructure, which is why our Asian neighbors left us behind.”

La Union Rep. Paolo Ortega V added that “after nearly 40 years since the post-Marcos Sr. era, do we need a status quo? We have seen our neighbors progress. We have been a laggard; that’s the hard truth. But do we need to be a laggard forever?”

Lanao del Sur Rep. Zia Alonto Adiong also stressed that “status quo is the last thing we need and we have to wake up from our long slumber, so to speak. Don’t we need to catch up? Can we not entertain change at all? Can we not try something new?”

Rep. Raul Angelo Bongalon (PL, Ako Bicol) likewise reminded senators that the country badly needs some “economic adjustments to keep pace with the demands of the global economy.”

“Opening specific economic provisions can create a more dynamic and resilient economy facing future challenges. The proposal will help attract more foreign direct investments crucial for the Philippines’ financial expansion and infrastructure development,” he said.

Members of the House of Representatives have earlier expressed optimism that the leadership change in the Senate before Congress went on sine die break is a boon for the Charter change campaign. “It’s always possible that a change of leadership will also enhance the chances of Charter change,” Rep. Edcel Lagman has said.

But newly-elected Senate President Francis Escudero doused cold water on Lagman’s positive outlook, saying his position against Cha-cha did not change despite his election as the leader of the upper chamber.

He has reiterated that he sees no reason to amend the Constitution for now since the so-called strict economic provisions being sought to be revised have already been remedied in the last Congress.

Escudero was one of the eight senators opposed to Cha-Cha as previously mentioned by Sen. Juan Miguel Zubiri.

Escudero said Charter change will be one of the issues that he will discuss with Speaker Martin Romualdez when they meet during the break, the date of which has yet to be settled.

The House-approved Resolution of Both Houses (RBH) No. 7 and the Senate’s version of the measure, RBH No. 6, only seek to amend what the House leadership describe as the “restrictive” economic provisions of the Constitution. No political amendments are included in both measures.

The House has already approved RBH 7, while RBH 6 is still pending in the Senate.

RBH No. 6 proposes that the voting be undertaken separately since senators will easily be outnumbered by congressmen if the voting will be done jointly.

[Source: https://malaya.com.ph/news\\_news/give-cha-cha-one-last-chance/](https://malaya.com.ph/news_news/give-cha-cha-one-last-chance/)

## **Lawmakers urged to consider policy costing before approving new laws**

June 03, 2024 | Beatriz Marie D. Cruz | Malaya Business Insight

LAWMAKERS must consider the cost of proposed laws to ease pressure on the government’s finances, according to a think tank attached to the House of Representatives.

“The Philippines presently has no office designated to do policy costing,” the Congressional Policy and Budget Research Department (CPBRD) said in a discussion paper.

The role of lawmakers in budgeting should not end with the passage of the national budget, the think tank said.

“Congress needs to evaluate how appropriation laws are implemented to ensure that public money is spent solely for the purposes for which they have been appropriated,” it said. [Cont. page 6]



PHILSTAR FILE PHOTO



## Lawmakers urged to consider policy costing before approving new laws

[Cont. from page 5]

Policy costing aims to guide lawmakers in assessing the adequacy of funds for a specific government program or project. It would also help in evaluating operational efficiency based on the costs.

“It simulates how much a policy proposal will change the amount by which the budget is expected to be in surplus or deficit,” CPBRD said. “Moreover, it assesses whether its implementation will have long-term budget consequences or if it would impose mandates on other levels of government.”

Even the Department of Budget and Management’s (DBM) proposed Budget Modernization bill, which seeks to institutionalize the cash budgeting system and improve fiscal planning, does not include a provision on policy costing, CPBRD noted.

The Budget Modernization bill is a priority measure of the Marcos administration but is still pending at the House and Senate committee levels.

In other countries, policy cost estimates are used as basis for mid- to long-term fiscal projections like gross revenue and expenditure, fiscal balance, and national debt, according to the CPBRD. Cost estimates are often produced by independent fiscal institutions, it added.

“If policy costing is to be considered in the Philippines, there is a need to clearly determine the purpose, extent, and institutional arrangements in preparing policy cost estimates.”

The think tank cited 2023 data from the DBM’s Fiscal Planning and Reforms Bureau, which showed that around 205 laws have funding deficiency, while 159 laws do not have specific budget requirements.

“These laws can put pressure on the government to increase deficits. This may also result to higher tax imposition at some future time,” CPBRD said.

Rizal Commercial Banking Corp. Chief Economist Michael L. Ricafort said policy costing could help the government narrow its budget deficit.

“This is part of fiscal reform measures in terms of more disciplined government spending to help narrow the budget deficit and make the country’s debt management more sustainable over the long term,” Mr. Ricafort said in a Facebook Messenger chat.

The Development Budget Coordination Committee in April raised its budget deficit ceiling to P1.48 trillion this year from P1.39 trillion previously. The deficit as a share of GDP is projected to stand at -5.6% this year from -5.1%.

Mr. Ricafort said the DBM or government agencies’ respective budget and planning teams can help provide policy cost estimates.

“I think DBM has the greatest expertise and specialization as it consolidates the budget from different government agencies,” he said.

[Source: https://www.bworldonline.com/top-stories/2024/06/03/599042/lawmakers-urged-to-consider-policy-costing-before-approving-new-laws/](https://www.bworldonline.com/top-stories/2024/06/03/599042/lawmakers-urged-to-consider-policy-costing-before-approving-new-laws/)

## May manufacturing growth slows

June 04, 2024 | Beatriz Marie D. Cruz | BusinessWorld



THE HEALTH of the manufacturing sector in the Philippines continued to improve in May, according to the S&P Global Philippines Manufacturing Purchasing Managers’ Index (PMI). — REUTERS

FACTORY ACTIVITY in the Philippines expanded at a slower pace in May as employment fell for the first time in five months, S&P Global said on Monday.

The S&P Global Philippines Manufacturing Purchasing Managers’ Index (PMI) stood at 51.9, slightly down from 52.2 in April, indicating “modest improvement” in factory activity.

A PMI reading above 50 signifies improved operating conditions from the previous month, while a reading below 50 shows the opposite.

“The [Philippine] manufacturing sector continued to report further gains midway through the second quarter, with growth sustained in new orders and output,” Maryam Baluch, an economist at S&P Global Market Intelligence, said in the report.

[Cont. page 7]

**May manufacturing growth slows***[Cont. from page 6]*

“However, firms struggled to maintain their workforce numbers with job shedding noted for the first time in five months.”

The Philippines’ PMI reading remained the second-fastest among four Association of Southeast Asian Nations member countries in May, behind Indonesia and Myanmar (52.1) and ahead of Vietnam (50.3).

As of publishing time, no PMI data for Thailand and Malaysia were available.

For the Philippines, S&P Global noted total sales growth continued in May, although this “eased fractionally” from April.

“Nonetheless, a further improvement in underlying demand trends and an expanding customer base helped stretch the current run of increase to nine consecutive months,” it said.

New export orders increased for a fourth straight month and “at a pace most pronounced since December 2016,” S&P Global said.

“Growth in new sales from abroad was widely attributed to improved demand trends in key export markets and new client wins,” it added.

Strong growth sales pushed factories to increase their production, S&P Global said. Factory output grew at the fastest pace in the year to date.

Even as production grew, S&P Global noted that manufacturing jobs dropped for the first time since December 2023.

“The rate of decrease was the fastest in nine months, with firms largely attributing this to voluntary leavers,” it said. “Backlogs, though, continued to fall, indicating that many companies were equipped to handle the sustained rise in demand.”

Meanwhile, manufacturers continued to increase purchases of inputs for a sixth straight month. Pre-production inventories also expanded at the fastest pace in 13 months.

“Stocks of finished goods were also raised in May, though the rate of growth was the weakest in the current three-month sequence of expansion,” S&P Global added.

Input prices dipped for the first time since April 2020 as some companies said they switched to “more competitively priced” suppliers.

“However, charges continued to rise, indicating that firms wished to maintain and build their margins,” Ms. Baluch said.

S&P Global said Filipino manufacturers were hopeful of improved demand and plan to expand operations and launch new products. It noted that expectations for the 12-month outlook for output rose for the first time in five months.

“Subdued inflationary pressures and a further improvement in the demand picture indicates that economic growth will likely be sustained in the coming months. Reflecting positive sentiment, optimism picked up to a nine-month high,” Ms. Baluch said.

PMI measures a country’s manufacturing activity based on the weighted average of five indices — new orders (30%), output (25%), employment (20%), suppliers’ delivery times (15%) and stocks of purchases (10%).

“The recovery in external demand may still be attributable to the cyclical rebound in global electronics trade. The slower hiring may be a one-off. Prints for forthcoming months may improve by July,” Bank of the Philippine Islands Lead Economist Emilio S. Neri, Jr. said in a Viber message.

Security Bank Corp. Chief Economist Robert Dan J. Roces said in a Viber message the strong external demand can be traced to the “ongoing recovery in major export markets, weakening Philippine peso making exports more competitive, growth in digitalization and e-commerce driving demand for electronics, a rebound in global travel and tourism, and a generally brighter economic outlook.”

However, supply chain bottlenecks, rising shipping costs, and a possible slowdown in key markets could hamper growth in the manufacturing sector in the coming months, Mr. Roces added.

Union Bank of the Philippines, Inc. Chief Economist Ruben Carlo O. Asuncion said some manufacturers might have lacked the capacity to meet the uptick in demand.

“Some firms may have not been able to respond by adding more people to work and meet the higher demand,” he said in a Viber message.

In an e-mail, Rizal Commercial Banking Corp. Chief Economist Michael L. Ricafort said slower manufacturing activity in May could be partly attributed to the heatwave that led to some reduction in business activities, as well as a tight power supply.

*Source: <https://www.bworldonline.com/top-stories/2024/06/04/599402/may-manufacturing-growth-slows/>*

### BSP reminds public about rules on cross-border transfer of currencies

June 03, 2024 | Anna Leah Gonzales | Philippine News Agency

**MANILA** – The Bangko Sentral ng Pilipinas (BSP) on Monday expressed support to the eTravel Customs System but reminded the public about the rules on cross-border transfer of currencies.

The eTravel Customs System enables all arriving and departing travelers to fill out the electronic Customs Baggage Declaration Form (e-CBDF) and electronic Currencies Declaration Form (e-CDF) using the eTravel website or by downloading the eGovPH application within 72 hours before arrival into or departure from the Philippines.



In a statement, the BSP said under Section of the Manual of Regulations on Foreign Exchange Transactions, any person who brings into or takes out of the Philippines foreign currency, in excess of USD10,000 or its equivalent in other foreign currencies is required to declare the whole amount brought into or taken out of the Philippines using the e-CDF.

"For Philippine currency, a person may bring into or take out of the Philippines an amount not exceeding PHP50,000," the BSP said.

The BSP said amounts in excess of the limit shall require prior written authorization from the BSP and declaration of the whole amount brought into or taken out of the Philippines in the e-CDF.

"The BSP, however, allows cross-border transfer of local currency in excess of the limit only for the following purposes: testing/calibration/configuration of money counting/sorting machines; numismatics or collection of currency; and currency awareness," it said.

The BSP urged all travelers to fully comply with these requirements to ensure seamless international travel clearance.

*Source: <https://www.pna.gov.ph/articles/1226075>*

### Investors urged to bankroll microgrid dev't in PH

June 03, 2024 | Leonel Abasola | Philippine News Agency



**MANILA** – Senator Win Gatchalian on Monday encouraged investors to provide capital for the development of microgrids in the country, especially in off-grid areas, to help achieve full electrification.

"Electrification is usually followed by economic development and the government in partnership with the private sector should aim to provide power for unserved and underserved areas in Mindanao," he said in a news release.

Gatchalian is the principal author of the Microgrid Systems Act, which aims to promote the use of microgrid systems for rural electrification in the country.

He said Mindanao consistently has the lowest electrification rate among the major grids, with only 80.25 percent as of 2023.

"Electric cooperatives in Mindanao, which cover 84 percent of total households in the region, only have a corresponding electrification rate of 78.98 percent," he said.

By comparison, the electrification rate in Luzon as of 2023 is at 97.54 percent while the rate in Visayas is at 92.36 percent. Overall, the Philippines has a total electrification rate of 92.75 percent.

Gatchalian said the state-run National Power Corp. and the Maharlika Consortium recently teamed up for the provision of microgrids in Cebu, Quezon, and Palawan provinces. The contract signed with Maharlika Consortium covers eight unserved areas in these three provinces.

"We are encouraged to see investors taking an interest in the development of microgrids in Luzon and Visayas. We hope to see the same level of interest for the establishment of microgrids in Mindanao," Gatchalian said.

He said microgrid service providers do not need a congressional franchise to operate.

"Also, unserved or underserved areas, as declared by the Department of Energy, shall be deemed waived by the distribution utility involved of its obligation to provide distribution services and connections to end users and supply electricity to the area concerned," he said.

"Such areas are also given priority for low-cost, indigenous, renewable, and environment-friendly sources of energy," he added.

*Source: <https://www.pna.gov.ph/articles/1226081>*



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