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SPECIAL POINTS OF INTEREST

March factory output falls, steepest in almost 2 years

May 09, 2024 | Abigail Marie P. Yraola | BusinessWorld


REUTERS

PHILIPPINE FACTORIES posted their worst performance in 23 months after output fell by 0.8% in March, according to the local statistics agency.

This was a reversal of the 7.2% growth in February, based on the results of the Philippine Statistics Authority's (PSA) Monthly Integrated Survey of Selected Industries. Factory output rose by 6% in March last year.

Robert Dan J. Roces, chief economist at Security Bank Corp., blamed rising material costs and softening domestic demand for the plunge in the output as measured by the volume of production index.

"Deterioration in operations due to this seems likely, given the substantial output drop compared with February's revised growth," he said via Viber.

The production decline suggests potentially weaker demand and production challenges, he added.

Month on month, the manufacturing sector's output rose by 0.8%, compared with 0.5% in February. Stripping out seasonality factors, factory output declined by 4.7%.

Output growth slowed to 3% last quarter from 5.5% a year earlier.

This was probably due to inflation, high interest rates and the global economic uncertainty, Mr. Roces said.

Inflation quickened for the third straight month to 3.8% in April. It was 3.7% in March and 3.4% in February.

Markets expect the Philippine central bank to delay interest rate cuts because of this. The Monetary Board has kept its key rate to a 17-year high of 6.5% after increasing it by 450 basis points (bps) from May 2022 to October 2023.

Philippine Chamber of Commerce and Industry (PCCI) President George T. Barcelon attributed the March contraction to weak demand in the retail sector, the peso's depreciation against the dollar and higher import costs.

Manufacturers could also not pass on their costs given the weak market, he said by telephone. Mr. Barcelon expects factory output growth to slow this year.

Average capacity utilization averaged 75.3% in March compared with 75.1% a month earlier and 73.6% a year ago.

In contrast to the PSA report, S&P Global Purchasing Managers' Index (PMI) for March was 50.9, suggesting that factory activity expanded, though slower than in January.

A reading above 50 shows expansion in manufacturing activity, anything below 50 shows the opposite.

The index was 52.2 in April, the strongest improvement in five months.

The statistics agency said the factory output decline in March was driven by the manufacture of food products, which contracted by 8.1%. Food products account for 18.7% of manufacturing activity.

Also contributing to the decline was computer, electronic and optical products, whose growth slowed to 5.3%, and coke and refined petroleum products, whose growth slowed to 10.2%.

Out of the remaining 19 industry divisions, 12 posted yearly declines, while seven recorded higher growth, the PSA said.

The manufacture of chemical and chemical products had the highest growth at 29.1%.

Source: https://www.bworldonline.com/top-stories/2024/05/09/593792/march-factory-output-falls-steepest-in-almost-2-years/

Seoul, Manila explore economic, investment prospects

May 08, 2024 | Reine Juvierre Alberto | BusinessMirror

REUTERS

THE Republic of Korea expressed interest in strengthening its economic ties and possible investment cooperation with the Philippines.

The Department of Finance (DOF) said in a social media post on Monday that Finance Secretary Ralph G. Recto discussed with Ambassador Lee Sang-hwa on May 3, 2024, in a courtesy meeting on possible economic and investment opportunities between the two countries.

According to the DOF, the Government of Korea is keen on establishing an Economic Development Promotion Facility (EDPF) amounting to $3 billion through the Export-Import Bank of Korea as an additional source of financing.

The cooperation agreement is set to be inked within the year, the DOF noted.

Meanwhile, the DOF added that a new loan agreement is also targeted to be signed, which will replace the Dumaguete Airport.

Furthermore, the Korean Embassy proposed to sign a memorandum of understanding to conduct a feasibility study on the mothballed 620-megawatt Bataan Nuclear Power Plant (BNPP) to enhance energy security in the country, according to the DOF.

State-owned power generation firm Korea Hydro & Nuclear Power (KHNP) Co. Ltd. has undertaken the first pre-feasibility study on the rehabilitation of BNPP in partnership with the National Power Corp. (Napocor) in 2023.

Moreover, Ambassador Lee indicated interest in the Philippines's reform measures, specifically the Corporate Recovery and Tax Incentives for Enterprises to Maximize Opportunities for Reinvigorating the Economy Act (Create More) bill, which he said was a "noble approach" to attracting investments to the country.

As for the Philippines's part, the DOF said Recto asserted to continue Manila's collaboration with Seoul.

The Finance chief also vowed to resolve the issues raised in terms of streamlining processes and approvals and other tax-related concerns.

Furthermore, the DOF also sought the support of the Korean government for the Philippines' campaign to renew its term as an Alternate Board Member to the Incheon/Seoul-based Green Climate Fund (GCF).

The Philippines and South Korea have renewed the Framework Arrangement between the two countries in 2022 which will allow the Philippine government to access up to $3 billion of official development assistance (Oda) from Korea's Economic Development Cooperation Fund from 2022 to 2026.

South Korea is one of the largest providers of ODA to the Philippines, with loan and grant commitments amounting to around $850.88 million.

Image credits: Dreamstime.com

Source: https://businessmirror.com.ph/2024/05/08/seoul-manila-explore-economic-investment-prospects/

Trade deficit shrinks

May 09, 2024 | Angela Celis | Malaya Business Insight

The country's trade deficit narrowed in March as imports recorded a sharper contraction versus that of exports.

According to the Philippine Statistics Authority (PSA), the trade deficit in March slid by 36.6 percent to $3.18 billion versus the $5.02 billion recorded a year ago.

It is also lower than the previous month's level of $3.66 billion.

The total imported goods in March 2024 amounted to $9.31 billion, indicating a drop of 20 percent from the $11.63 billion import value in the same month of the previous year. *[Cont. page 3]*

A father and his son ride a small boat near a container port in Manila. (Reuters Photo)

Trade deficit shrinks

[Cont. from page 2]

The commodity group with the highest annual decline in the value of imported goods was electronic products at $350.61 million.

This was followed by mineral fuels, lubricants and related materials which declined by $323.56 million, and metalliferous ores and metal scrap with an annual decrease of $287.48 million.

The year-to-date annual total import value thus amounted to $29.22 billion, down 7.6 percent from the total import value of $31.61 billion recorded in the same period a year ago.

Meanwhile, the country's total export sales in March 2024 amounted to $6.13 billion, posting a decline of 7.3 percent from the $6.61 billion total exports in the same month of the previous year.

Mineral products recorded the highest year-on-year drop in the value of exports among commodity groups with $195.08 million.

This was followed by other manufactured goods with an annual decrease of $66.48 million, and cathodes and sections of cathodes, of refined copper with an annual decline of $56.05 million.

The year-to-date annual total value of exports amounted to $17.98 billion, up 4.8 percent from the total export value of $17.16 billion in January to March 2023.

The country's total external trade in goods in March amounted to $15.44 billion, down 15.4 percent from the $18.25 billion total external trade in the same period of the previous year.

Source: https://malaya.com.ph/news_business/trade-deficit-shrinks/

NEDA: EO 59 to prevent delays in infrastructure projects

May 07, 2024 | Xander Dave Ceballos | Manila Bulletin

The National Economic and Development Authority (NEDA) said the recently signed Executive Order (EO) No. 59 will modernize and prevent delays in the implementation of the country's infrastructure flagship projects (IFPs).

NEDA Secretary Arsenio M. Balisacan said that the EO would support the goals of the Philippines' medium-term goal by expanding and upgrading the country's infrastructure sector as part of the government's efforts toward social and economic transformation.

"By streamlining the processing of IFPs, we are making it easier for implementing agencies and more attractive for our partners in the private sector to execute transformative infrastructure projects that would spur job creation for our people and enable us to sustain our economy's rapid expansion," Balisacan stated.

"The primary goal of this EO is to minimize, if not eliminate, delays in the implementation of IFPs. We are in a hurry to catch up with our neighbors in the region so the government must enable—not hinder—the timely completion of these projects," he further said.

EO 59 aims to simplify the requirements for the NEDA Board-approved list of IFPs and will direct national government agencies (NGAs) and local government units (LGUs) to review their Citizen's Charters to eliminate redundant procedures.

It will also implement electronic application submissions to concerned agencies and LGUs, including streamlined payment processes and issuance of receipts.

In addition, the order mandates NGAs to automate and computerize their databases, which will promote data sharing among government entities and eliminate unnecessary document duplication.

LGUs are also mandated to establish business one-stop shops to simplify interactions for investors and are encouraged to collaborate with the Department of Information and Communications Technology to adopt interoperable ICT platforms.

The EO covers all NGAs, government-owned or -controlled corporations, and other government instrumentalities and will apply to LGUs involved in the issuance of licenses, clearances, permits, certifications, and authorizations that are required for projects included in the NEDA Board-approved list of IFPs.

"With this EO in place, the Marcos Administration signifies its commitment to aggressively advance infrastructure development as a key driver to our social and economic transformation," the NEDA chief stated.

Currently, there are 185 IFPs in the pipeline with a total amount of P9.14 trillion.

Source: https://mb.com.ph/2024/5/7/article-2249nedaeo59topreventdelaysininfrastructureprojects

Senate pressed on bill to develop natural gas

May 09, 2024 | The Philippine Star

MANILA, Philippines — Senators are being urged to immediately deliberate on a pending legislation that would put in place state policy for the full development of the Philippine natural gas industry.

House Deputy Majority Leader Jude Acidre of the Tingog party list said the Lower Chamber has already passed on third reading the proposed Philippine Downstream Natural Gas Industry (PDNGI) Development Act, a legislative priority of the Marcos administration.

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Bworldonline / File

“I urge our fellow lawmakers in the Senate to prioritize the deliberation on Philippine Downstream Natural Gas Industry Development Act. While this is not a silver bullet that will address all the problems in the energy sector, I am certain that it will alleviate the conditions of our energy supply,” he said.

“More importantly, its inclusion as one of the LEDAC priorities of this administration needs no further explanation or plea for its immediate passage,” he said, referring to the Legislative-Executive Development Advisory Council.

Acidre is one of the principal authors of the measure’s version in the House, HB 8456, which the chamber already approved on third reading on Aug. 3, 2023.

It seeks to establish the PDNGI to promote indigenous natural gas as a “safe, environment-friendly, efficient, and cost-effective source of energy.”

Its counterpart bill in the Senate, SB 2247, authored by Sen. Raffy Tulfo, is now being reviewed by a technical working group.

Acidre cited expert discussions in COP 28 held in Dubai “that natural gas is an important energy source that needs to be harnessed to reach energy independence.”

“Developing the natural gas industry can help the Philippines become more self-reliant in meeting its energy needs,” Acidre said.

“By tapping into domestic natural gas resources and building a robust industry around it, the country can reduce its dependence on imported energy sources,” he said.

Acidre said that the country needs to have a PDNGI in place to sustain stability in electricity supply.

“Considering the energy crisis that repeatedly comes to fore every summertime, the development of the downstream natural gas industry can help enhance the country’s energy security by diversifying its energy sources,” he said.

Source: https://www.philstar.com/business/2024/05/09/2353600/senate-pressed-bill-develop-natural-gas

Philippine economic growth slows to 5.7% in first quarter

May 09, 2024 | Chino S. Leyco | Manila Bulletin

MANILA BULLETIN

The Philippine economy increased by 5.7 percent in the first quarter of 2024, a slowdown compared to the 6.4 percent expansion recorded in the same period last year.

Based on the data released by the Philippine Statistics Authority, the gross domestic product (GDP) growth rate from January to March this year, however, is faster than the 5.5 percent growth achieved in the fourth quarter of 2023.

The 5.7 percent first three-month growth likewise fell short of the target range of 6.0 percent to 7.0 percent set by the Marcos administration for the year.

In 2023, the Philippine economy grew 5.5 percent.

Source: https://mb.com.ph/2024/5/9/philippine-economic-growth-slows-to-5-7-in-first-quarter

[MEDIA RELEASE] Joint Foreign Chambers Call for Immediate Passage of Bill to Expand Internet Access

May 09, 2024 | Arangkada Philippines

The Joint Foreign Chambers of the Philippines (JFC) called for the immediate passage of the *Konektadong Pinoy* Bill, formerly known as the Open Access in Data Transmission Act.

In a letter sent to the Senate, the JFC said, "According to a recent World Bank study, only about 33 percent of Filipino households have access to fixed internet. Prohibitive costs and lack of internet infrastructure contribute to the prevailing digital divide. The Philippines also lags behind its middle-income peers in ASEAN in internet access, speed, and affordability for mobile and fixed services. We call for swift passage of the *Konektadong Pinoy* (Open Access) bill to bridge these critical gaps in internet infrastructure and help ensure that families have the internet they need for work, school, and more."

"Passage of this bill will reduce costs and expand access to high-quality internet services by lowering barriers to entry in the data transmission sector and encouraging more competition and investment in data transmission, especially in underserved areas throughout the Philippines. It will accelerate the growing trend towards digital transformation in the Philippines."

This legislation is part of the Common Legislative Agenda of the Legislative-Executive Development Advisory Council (LEDAC).

It was recently identified by Senate President Juan Miguel Zubiri as among the LEDAC priority measures currently pending at committee level that the Senate is on track to approve before Congress adjourns sine die.

Since the 17th Congress, JFC has supported key reforms in the bill, such as the removal of the legislative franchise requirement for data transmission industry participants and adoption of a policy framework that promotes infrastructure sharing.

The statement was released following a roundtable discussion on the latest version of the *Konektadong Pinoy* Bill held on April 18 at the Makati Diamond Residences, attended by stakeholders in support of the legislation and legislative staff from the Senate.

The JFC is a coalition of the American, Australian-New Zealand, Canadian, European, Japanese, Korean chambers and PAMURI.

We represent over 3,000 members engaged in $100 billion worth of trade between our countries and the Philippines and over $30 billion worth of investments in the Philippines. The JFC supports and promotes open international trade, increased foreign investment, and improved conditions for business to benefit both the Philippines and the countries we represent.

https://arangkadaphilippines.com/media-release-joint-foreign-chambers-call-for-immediate-passage-of-bill-to-expand-internet-access/

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