NEDA sees pre-pandemic growth restored this year

SOCIOECONOMIC Planning Secretary Karl Kendrick T. Chua

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THE National Economic and Development Authority (NEDA) said the economy is projected to return to its pre-pandemic growth track by this year, aided by laws liberalizing investment in several industries.

In a statement on Sunday, Socioeconomic Planning Secretary Karl Kendrick T. Chua said the easing of restrictions governing foreign investment in industries like telecommunications, retail and railways is expected to drive a wave of interest from overseas, where investment interest has long been deterred by the foreign ownership caps of 40% set in the Constitution for many industries.

Gross domestic product (GDP) grew by 5.7% in 2021, following a contraction of 9.5% in 2020. The government is targeting a growth of between 7% and 9% this year.

On April 29, Mr. Chua said that "Without a doubt, the pandemic and its adverse economic impacts are indeed testing the Philippine economy like never before. But unlike past crises, the Philippines has solid fundamentals to address this crisis."

"It is very important at the outset to have a strong macroeconomy so that you have enough buffers and enough resources to withstand any shocks, and you can concentrate on improving the welfare of the people," Mr. Chua added.

"In the final months of the Duterte administration, we are vigorously pursuing the economy's full recovery to restore jobs and bring more people out of poverty," Mr. Chua said. "Executive Order (EO) No. 166, signed a few weeks ago, fully opens the economy, and we are working on getting tourists back (and) getting travel back to as normal as possible," he said.

The government's approach to reviving the economy centers on accelerating the vaccination program, reducing restrictions on foreign and domestic travel, and fast-tracking digitalization.

Mr. Chua specifically cited amendments to the Retail Trade Liberalization Act, the Foreign Investment Act, and the Public Service Act, all of which reduce foreign ownership restrictions.

The amended Public Service Act now allows 100% foreign ownership in public utilities, which includes telecommunications, domestic shipping, railways, subways, airlines, expressways, tollways and airports.

UnionBank of the Philippines, Inc. Chief Economist Ruben Carlo O. Asuncion projects full-year GDP growth at around the 5.8% mark, below the goal set by economic managers for this year.

On the other hand, he expects first-quarter growth to come in at 5.5%, a forecast he called "robust," given the contraction of 3.8% in the year-earlier period.

"With so much uncertainty all over, it is very difficult to determine if government will hit its 2022 growth target," Mr. Asuncion said.

He said that external headwinds, including the Russia-Ukraine war, China's economic slowdown, and a hawkish US Fed "can weigh down on overall economic growth especially as the Philippine economy is yet to return to a pre-COVID economic growth trajectory."

Mr. Asuncion said that the reforms Mr. Chua highlighted may not start showing up until long after the administration steps down. — **Tobias Jared Tomas**

Export performance touted as heralding broader recovery

THE 9.8% growth posted by exports in the first quarter inspires confidence in the growth in the overall economy, the Department of Trade and Industry (DTI) said.

"The Philippine economy will continue to rebound and grow in the coming months. Of course, this will just depend on how bad the world economies will be affected by the prolonged war in Ukraine," Trade Secretary Ramon M. Lopez said in a statement on Sunday.

"The rate of Philippine export recovery in terms of both our key export products and markets brings greater optimism for a stronger Philippine economy. The only uncertainty is the possible global slowdown towards the second half of the year," he added.

According to preliminary data from the Philippine Statistics Authority, exports in the three months to March grew 9.8% year on year to $19.42 billion.

The DTI said exports of manufactured goods were particularly strong in electronic products, garments, textile, and travel goods.

It added that agro-based exports posted 32.6% growth in March, due to higher export sales of coconut products and other fruits and vegetables.

"Twenty-one out of 48 Philippine export commodity groups drove the resurgence of the export sector, registering consistent increases in export sales as compared to three time periods: 2021, 2020, and the pre-pandemic average over 2017-2019. This growth was propelled by exports in electronics, other mineral products, copper cathodes and sections of cathodes, coconut oil, and processed food and beverages," the DTI said.

"In terms of markets, while China was the Philippines' top export destination for the month of March, the US was the country's largest export market in the first quarter of 2022. Completing the country's top five markets for the quarter are Japan, Hong Kong and Singapore," it added.

Mr. Lopez said the growth in the manufacturing sector and overall economy were driven by the reopening of the economy.

"The full reopening of more sectors, the de-escalation of all areas to (quarantine) Alert Levels 1 and 2, and the intensified vaccination efforts drove increased mobility throughout the country, thus further increasing demand," Mr. Lopez said. — **Revin Mikhael D. Ochave**

E-vehicle industry law seen driving technology investment

THE signing of Republic Act No. 11697 or the Electric Vehicle Industry Development Act (EVIDA) is expected to attract tech investment as the industry gears up, according to the Department of Trade and Industry (DTI).

"With EVIDA, the Philippines is now in a stronger position to further attract tech investment and create high-value jobs by taking advantage of the ongoing global shift to electric vehicles (EVs)," Trade Secretary Ramon M. Lopez said in a statement on Sunday.

"This measure (is) a move towards lessening direct usage of oil products in transport, thus, signifying reduced air and noise pollution in urban areas. This will also reduce the transportation sector's direct dependence on oil, especially amidst rising fuel prices affecting both businesses and consumers," he added.

The DTI said the EVIDA, which lapsed into law on April 15, directs the Board of Investments to create an EV Incentive Strategy (EVIS) that will provide fiscal and non-fiscal inducements to reduce the production cost gap between EVs and traditional vehicles.

According to Trade Undersecretary Rafaelita M. Aldaba, the EVIDA is vital in the context of rising competition in the Association of Southeast Asian Nations to attract EV investment.

"The EVIS will allow the government to provide competitive and industry-specific fiscal and non-fiscal support to attract private sector investments in strategic EV segments, especially manufacturing, which is a crucial step in deepening our participation in the regional automotive value chain," Ms. Aldaba said.

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The EVIDA authorizes the creation of the Comprehensive Roadmap for the Electric Vehicle Industry (CREVI), which will serve as the development plan for the industry en route to the commercialization of EVs.

The law also requires government offices and private companies to meet a quota of 5% electric vehicles in their fleets based on a timetable to be set by the CREVI.

"EVIDA aims to promote innovation in the field of clean energy and sustainable transportation while developing a sunrise industry in the country and generating more employment," the DTI said.

"EVIDA will also serve as a blueprint for a comprehensive and coordinated policy direction among national government agencies in terms of promoting EV to ensure investors' confidence and attract EV-related investments," it added.

The DTI has said that it is hoping to pass a zero tariff policy for EV imports, down from the current 30% tariff, to lower EV prices and drive greater adoption of the technology. — **Revin Mikhael D. Ochave**

MERALCO PREPARES DISTRIBUTION FACILITIES AHEAD OF 2022 NATIONAL AND LOCAL ELECTIONS. Seen in photos are Meralco crews energizing the newly constructed building of San Joaquin Elementary School in Pasig City, which will be used as a polling center in the upcoming elections. The project involved the installation of a new 50-ft concrete pole, two (2) 75-kVA distribution transformers, service wires, and metering facilities. In preparation for the May 9 polls, Meralco continues work to ensure the delivery of safe, adequate, and reliable electric service to over 3,000 polling, canvassing centers, and vital election sites within in its franchise area.

OPINION

Winning consumers with a future-fit operating model

SUITS THE C-SUITE

MARIA KATHRINA S. MACAISA-PEÑA

(First of two parts)

Chief executive officers of global consumer product companies face the challenge of transforming their organizations at a rapid pace to ensure they stay relevant to evolving consumers. Part of this challenge entails strategizing and delivering multiple business models and propositions swiftly, but due to time and cost constraints, CEOs cannot build a new operating model from scratch every time something new has to be done.

This calls for more agile, responsive and resilient ways of working that will allow consumer companies to pivot overnight when necessary. In fact, according to a recent global C-Suite survey commissioned by EY from MIT SMR Connections, **Becoming Future Fit: Challenges and Opportunities for Today's Consumer Products Companies**, 86% of the surveyed C-Suites said transformation was essential to become future ready. However, the study also revealed that there was great uncertainty in whether leaders are keeping the process of continual change in their organizations on the right track.

How products, services and experiences are valued is dictated by evolving consumer perspectives, while technology is key to enabling new ways of purchasing and engaging with products. Technology is also what redefines the kind of value propositions that companies can offer consumers, as well as how these propositions are delivered. There are increasingly more options in how companies can design, create, market, combine, package, and deliver their products and experiences to get them closer to the consumer than ever, enabled by technological capabilities in data and analytics.

CEOs will need to apply a transformation mindset and create a C-Suite agenda reflecting the new reality of things. With the pandemic bringing to light uncertainty and the urgent need for technological change, these and more factors have already changed every aspect of a consumer's life and will continue to do so. Their needs, expectations and behaviors have shifted in ways that put the old ways of working and the companies that propagate them at risk.

The current times require companies to be agile, responsive, and resilient. These characteristics can be built into a business by applying five interconnected design principles that CEOs must follow to lead systemic transformation and become future-ready.

The first of this two-part article will discuss the first two principles: becoming part of dynamic business ecosystems and building upon data and analytics with data fabric.

BECOME PART OF DYNAMIC BUSINESS ECOSYSTEMS

Companies that harness dynamic business ecosystems are better positioned to drive capital efficiency and innovation that creates long-term customer value. It becomes imperative to have a good understanding of ecosystems to stay ahead of the pace of change, especially in anticipation of potential disruptors.

Those who participate in business ecosystems are more likely to create increased value in a group than they would individually, putting companies who are unable to adapt at the risk of falling behind. By building ecosystem models into the structure of their value creation strategy, consumer companies can more effectively navigate the digital space and more quickly generate customer value.

A previous Suits the C-Suites article, **How to win Asia-Pacific consumers in the new era**, found that digital business ecosystems have emerged in recent years to allow companies to complement each other and offer interconnected products and services in a singular integrated experience. This is already seen in the super apps that consumers are familiar with today, with local examples such as ride-sharing apps with expanded services that include on-demand purchase assistance, food delivery, and even bill payment functions.

BUILD UPON DATA AND ANALYTICS WITH DATA FABRIC

Companies are facing more pressure than ever to become data-driven as leaders understand the value of data and use it to generate valuable insights. While a listening organization that is built on data and analytics allows CEOs to make timely, informed decisions, simply prioritizing analytics is not enough. Data fabric, a set of independent services put together to provide a single, focused view of data relevant to business across all sources, will be necessary for many large enterprises to operationalize data in order to address specific challenges as well as innovate.

Digital networks and their data flows serve as the connective tissue and nervous system that lets the body of the ecosystem function by integrating disparate data sources. Data fabric connects the threads of information across an enterprise, delivering value in the short term with a long-term transformation strategy. It is not designed to collect and store information, as opposed to data warehouses, and there is no need to replicate data or start from scratch when searching and aggregating it.

By utilizing the data fabric approach, data is integrated into useful formats that allow for maximum reuse. It enables sharing, portability and governance by intertwining threads of structured and unstructured data to form a consolidated view made available to users in formats they can use and in terms they can understand.

In the second part of this article, we discuss the remaining three key design principles necessary to drive agility, responsiveness and resilience: encouraging talent flexibility, innovating at scale, and embedding a purpose-led strategy into every facet of the organization.

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