

**Economic managers,**  
from S1/1

message said the appointees' "wealth of experience" would be an advantage for the incoming administration's economic team.

"The appointments will help ensure greater stability, order, and predictability on the local economy and financial markets. These appointments also help provide a more conducive environment for business and investment activities," he said.

In an e-mail, Pantheon Chief Emerging Asia Economist Miguel Chanco said it may be "a bit of a gamble" to move Mr. Diokno from the BSP at a time of rising inflation and policy normalization.

"(Mr. Diokno will) definitely bring some welcome credibility in

the post of Finance Secretary, which is much-needed given the Philippines' huge budget blowout over the past two years and the urgency to consolidate the country's finances as soon as possible," he said.

The BSP earlier this month raised interest rates for the first time since 2018, as it sought to curb intensifying inflationary pressure. Inflation surged to a three-year high of 4.9% in April due to the spike in oil and food prices.

The appointments signal a continuity in economic policy, Leonardo A. Lanzona, who teaches economics at the Ateneo de Manila University said in a Messenger chat.

"What we need to do is to address the structural weaknesses that were exposed by the pandemic. What we will see may mostly be a combination of monetary and fiscal policies intended to pay debts and minimize inflation. This will not be enough to produce growth," he said.

ING Bank N.V. Manila Senior Economist Nicholas Antonio T. Mapa said Messrs. Diokno and Medalla are "well aware of the challenges that the country faces, including high debt levels, accelerating inflation and rising borrowing costs."

"Next question is who will replace Medalla next year as BSP governor for a full six-year term," he said via e-mail.

**TAX RELIEF**

Meanwhile, Mr. Marcos said an economic recovery plan should be put in place before considering the fiscal consolidation plan of the outgoing Finance Secretary Carlos G. Dominguez III.

"We have to have an economic recovery plan (first) and fiscal policy will follow," he said.

The Finance department on Wednesday presented a fiscal consolidation plan for the next administration, which includes imposing new taxes and deferring personal income tax reductions in order to generate more revenues to pay off the country's ballooning debt. As of end-March, National Government

debt stood at a record P12.68 trillion.

Mr. Marcos said they are considering tax relief for sectors most affected by the pandemic such as micro, small and medium enterprises (MSME) and the agriculture sector.

"For MSMEs, we can reduce (tax), give tax holiday, tax amnesty, we're studying it right now, microfinancing. We want them to come back... We want to reduce as much of the tax collections from those who are suffering from the pandemic, MSMEs, agri sector, transport," he said.

Mr. Marcos was also cool to the proposal to immediately suspend the excise tax on fuel products,

as the government would need funds for its projects. Instead, he said he is considering subsidy programs for the transport sector.

"In terms of oil excise tax, I think we still have to look at that very well. We can support those areas hit by rising oil prices — number one there was transport," he said.

President Rodrigo R. Duterte's administration rejected calls to suspend the excise tax on fuel, saying it could reduce government revenues by billions. Instead, cash subsidies were given to the transport and agriculture sector. — **Kyle Aristophere T. Atienza** with inputs from **Tobias Jared Tomas**

**Borrow,**  
from S1/1

"With this, and this month's CPI (consumer price index) focus for June, [the] market will continue to be defensive moving forward."

Rizal Commercial Banking Corp. Chief Economist Michael L. Ricafort said that the higher borrowing plan reflects the need to finance the widening budget deficit as the government continues to spend for infrastructure projects and pandemic response programs.

The National Government recorded a P187.7-billion budget deficit as of end-March. Its total debt surged to a record-high P12.68 trillion as of end-March.

"(Government security) maturities and issuances tend to be less shortly before the elections and tend to increase again after the elections, a pattern consistently seen in recent years," Mr. Ricafort said.

The government borrows from local and external sources to help fund a budget deficit capped at 7.7% of gross domestic product this year.

The National Government has a gross domestic borrowing program of P1.91 trillion this year. Of this amount, T-bills are expected to bring in P52 billion, while the fixed-rate T-bonds are seen to raise P1.86 trillion. — **Tobias Jared Tomas**

**BUSINESSWORLD B-SIDE****We can be heroes**

THE STORY of the *bayani* — the local term for "hero" — is the story of the Filipino people.

"You cannot separate Jose Rizal from Philippine society, or Andres Bonifacio from the *Katipuneros*. ...

You cannot remove them from their context," said John Ray B. Ramos, historian and author of *Bayani Biographies: Jose Rizal and the coauthor of Bayani*

*Biographies: Andres Bonifacio*, published by Kahel Press. "They are not much different from us. That's what makes the stories of our *bayanis* inspiring."

In this B-Side episode, Mr. Ramos tells *BusinessWorld* reporter Tobias Jared Tomas about the lesser known side of celebrated heroes and heroes who may have been forgotten: "Our history is not a history of defeat, it is not a history of being weak, but rather it is a history of struggle. Our heroes died and fought for the values and ideals we uphold today."

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**Finance,**  
from S1/1

Also, Mr. Diokno said they will look at the fiscal consolidation plan proposed by outgoing Finance Secretary Carlos G. Dominguez III.

"This government has done a lot of reforms. The tax system that we are leaving to the next government, which I'm going to receive for the incoming government, is much much better than the tax system that we inherited from the previous administration. I'm not saying it's a perfect tax system. There can be some improvements," he said.

The Department of Finance (DoF) proposed three tax reform packages that it described as "fair, efficient and corrective," which will be implemented from 2023 to 2025. This includes imposition of new taxes on digital services, luxury goods and single-use plastic; deferment of personal income tax reductions for three years; and a repeal of some tax exemptions.

The Bureau of the Treasury has estimated the government needs to raise P249 billion every year in revenues to avoid resorting to borrowings to pay the P3.2-trillion additional debt incurred during the pandemic.

Mr. Dominguez also warned the government should not cover existing debt by borrowing more or reducing spending. — **Keisha B. Ta-asan**

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