DA goes for broke with P2.5T, 10-year agri modernization plan

THE Department of Agriculture (DA) said its modernization plan for the industry will run for 10 years and cost P2.5 trillion, warning that the Philippines needs to act effectively to stave off an imminent food crisis.

"There is a growing food crisis, not only in our country, but also in developing countries," DA Secretary William D. Dar said in a briefing on Tuesday.

The National Agriculture and Fisheries Modernization and Industrialization Plan hopes to enhance food security by improving the resilience of agri-fishery communities and the quality of life of farmers and fisherfolk.

"The DA is looking at every possibility to increase the budget of the department," Mr. Dar said.

The 10-year funding proposal implies annual funding of P250 billion, which is significantly above recent budget levels. In 2021, the Department was allocated less than P69 billion. The approved budget this year is P85.5 billion.

"The Ukraine war came, and even after two months, it's not yet resolved. So many are affected by the disruption of the food supply chain, increasing petroleum prices and input prices. Everything is going up," Mr. Dar added.

Mr. Dar has floated a proposal to increase the DA's budget to P250 billion for 2023, though the department's aggressive submissions are typically trimmed down by economic managers.

Mr. Dar said that the department was able to raise P4 billion for its fertilizer subsidy program, but called this level of funding insufficient.

"We are requesting the National Government to please increase this budget for fertilizer subsidy. I previously asked for P8 billion. We need this for wet season planting to help our farmers," he said.

"The overarching goal of the department is to ensure food security for the country. We try our best to produce as much food as we can," he added. — **Luisa Maria Jacinta C. Jocson**

New Clark passenger terminal seen driving growth in visitor arrivals

THE recent opening of the Clark International Airport passenger terminal building is expected to drive visitor growth after the facility attracted more direct services from leading tourist source South Korea, according to the Department of Tourism (DoT).

The DoT said in a statement that two of South Korea's largest low-cost airlines were added to the list of airlines operating direct flights from Clark Airport.

"Jeju Air will launch its Incheon-Clark-Incheon route every Thursday and Sunday, while Jin Air will offer the same route beginning May 16, every Monday, Tuesday, Wednesday, Friday, and Saturday," the DoT said.

"Other foreign flights that will be utilizing the new passenger terminal include destinations to and from Singapore via Jetstar and Scoot; Doha via Qatar Airways; Air Asia; and Dubai via Emirates. Local air carriers Cebu Pacific and Philippine Airlines will also have flights operating at the new passenger terminal," it added.

Tourism Secretary Bernadette Romulo-Puyat said the opening of the new passenger terminal will boost the travel industry's recovery.

"Clark is one of the destinations included in the recently concluded World Travel and Tourism Council (WTTC) Global Summit. More than just a freeport zone, clearly, this place is an emerging tourism hub that has great potential to bring huge gains for the tourism industry," Ms. Puyat said.

The new 110,000-square meter Clark International Airport passenger terminal building started operations on Monday, and will serve both domestic and international flights. The terminal is a hybrid public-private partnership project under the government's Build, Build, Build program.

Meanwhile, the DoT said in a separate statement that it introduced the Colors of Mindanao campaign on May 2, which seeks to promote destinations in the south.

"It is high time that travelers and tourists think of Mindanao as a top destination in the Philippines. The island region is blessed with a multitude of beautiful destinations, historical sites, and cultural wonders. The Colors of Mindanao campaign aims to attract different types of travelers to the region, from divers, eco-adventurers, and beach bums — to history buffs, foodies, and the faithful," Ms. Puyat said.

"This campaign also highlights Halal and Muslim friendly tourism, one of the fastest growing tourism sectors in the world. As one of the major new products of the DoT, halal tourism will bring special attention to the attractions and cuisine in Mindanao and help boost the tourism economy in the area," she added. — **Revin Mikhael D. Ochave**

BOT IRR seen forcing private partners to take on more risk

THE revised implementing rules and regulations (IRR) of the Build-Operate-Transfer (BOT) Law will compel private proponents to shoulder more risk, possibly giving them pause before entering into future private-public partnerships, an economist said.

"The revised IRR places a lot more risk on the private sector by absolving the government of any project delays and increased costs," Ateneo de Manila University Economics Professor Leonardo A. Lanzona said in a Viber message.

"An efficient contract should be one that distributes the risks between the principal (government) and the agent (private contractor)."

Mr. Lanzona said that "instead of foisting the risks and unforeseen costs on the private sector, both parties should be made accountable for adverse changes that (they) directly caused," adding that arbitration should be available as a dispute mechanism, to ensure that the private sector "behave(s) in a way consistent with government demands."

The government cannot be taken to court for arbitration, according to Section 12.22 of the BOT Revised IRR, or the Resolution of Disputes between the Contracting Parties. The IRR states that "Acts and decisions of Regulators shall not be subject to arbitration," and that "in default thereof, the venue shall be in the Philippines."

The revised IRR also includes a material adverse government action (MAGA) clause. It defines MAGA as "any act of the executive branch, which the Project Proponent had no knowledge of, or could not reasonably be expected to have had knowledge of, prior to the effectivity of the contract; and that occurs after the effectivity of the contract, that: specifically discriminates against the project proponent; and has a material adverse effect on the ability of the project proponent to comply with any of its obligations under the contract."

"What should be clear is that in these cases, no single party has some sort of veto power so that parties can negotiate for the right conditions and incentives. This will guarantee a more socially efficient outcome."

In November 2019, Manila Water won an arbitration case against the Philippine government at the Permanent Court of Arbitration, in which it was awarded P7.39 million, based on actual losses it incurred between June 1, 2015 and Nov. 22, 2019. The losses were incurred after the government declined to approve water rate hikes in 2015.

The International Chamber of Commerce also ruled in favor of the Philippine government against the Philippine International Air Terminals Co. (PIATCO) in 2010, following a long-running dispute regarding the concession agreement for operating the Ninoy Aquino International Airport. PIATCO's German investor Fraport AG similarly sued the government and lost. — **Tobias Jared Tomas**

PMI reading pointing to manufacturing revival, DTI says

THE Purchasing Managers' Index (PMI) is signaling a strong revival in manufacturing activity, after the April indicator rose to its highest level in over four years, the Department of Trade and Industry (DTI) said.

S&P Global Philippines said on May 2 that the Philippine Manufacturing PMI improved to 54.3 in April from 53.2 in March. The April reading was the highest since November 2017, when the PMI came in at 54.8.

"We expect both mobility and manufacturing PMI to stay above 90% and 50, respectively, in May as restrictions are lessened and vaccination drive intensified, as well as the ongoing election-related economic activities," Trade Secretary Ramon M. Lopez said in a statement on Tuesday.

"We are hopeful that these gains will not be outweighed by the downside from Russia-Ukraine conflict," he added.

PMIs are presented on a scale of 50. Readings above 50 suggest future expansion, while those below 50 indicate subdued activity. Purchasing managers in manufacturing companies are responsible for ordering raw materials, with their order volumes considered to be an indication of the level of manufacturing activity their companies expect to carry out in the following months.

Mr. Lopez said the April PMI reflects the reopening of the economy.

"We continue to be optimistic with the country now progressing towards economic recovery as proven by the expansion in our manufacturing sector," Mr. Lopez said.

"The continuous growth of our manufacturing sector was propelled by the more economic sectors reopening, as well as the de-escalation of more areas in the country to (quarantine) Alert Levels 1 and 2 that led to eased mobility, which reached its highest in Association of Southeast Asian Nations (ASEAN) at 96% compared to pre-pandemic levels," he added.

The DTI also cited the Philippines' improving employment situation, business confidence, and mobility as driving PMI.

"The country's employment rate also stabilized after a 25-month period of drop due to the coronavirus disease 2019 (COVID-19) pandemic. Furthermore, business confidence outlook was at four-month high while the country's transport mobility jumped to 96% of pre-pandemic levels in April 2022, the highest in ASEAN," the DTI said. — **Revin Mikhael D. Ochave**

DoF's Dominguez calls speed of loan dealings with Japan a model for development partners

FINANCE Secretary Carlos G. Dominguez III called the Philippines' loan and grant dealings with Japan an example for development partners, in particular the "fast and sure" approach introduced by a senior Japanese official.

In a statement, the Department of Finance (DoF) said on Tuesday that Mr. Dominguez, visiting Tokyo, credited Dr. Hiroto Izumi, former Special Advisor to the Japanese Prime Minister, for "initiating this 'fast and sure' strategy, which has led to the swift approval of concessional loans to the Philippines in support of 16 of the big-ticket infrastructure projects under 'Build, Build, Build.'"

"The 'fast and sure' approach enabled Japan and the Philippines to process and complete loan approvals for most of these projects in a span of only three to six months," the DoF said.

Mr. Dominguez has said that the Japan International Cooperation Agency (JICA), the foreign aid financing arm of the Japanese government, remains the country's largest source of official development assistance, with ¥1 trillion worth of financing for flagship infrastructure projects.

Recently, the Philippines obtained a P12.3-billion loan from JICA from the agency's COVID-19 Crisis Response Emergency Support Loan facility.

Separately, DoF Chief Economist Gil S. Beltran was elected the Philippine Tax Academy's (PTA) first president by the PTA's board.

Mr. Beltran was formerly the undersecretary for the DoF's Corporate Affairs Group and Privatization Office.

Finance Secretary Carlos G. Dominguez III, who also chairs the board, nominated Mr. Beltran, while retired DoF Assistant Secretary Maria Teresa S. Habitan was appointed PTA chancellor.

Under Republic Act 10143, which established the PTA, officials and personnel of the Bureau of Internal Revenue (BIR), Bureau of Customs, and the Bureau of Local Government Finance (BLGF) must undergo the re-tooling and enhancement seminars and training programs to be conducted by the PTA. "All applicants to the said bureaus shall also be required to pass the basic courses before they can be hired whether on contractual or permanent status," according to the law.

Members of the PTA Board include BIR Commissioner Caesar R. Dulay and Customs Commissioner Rey Leonardo B. Guerrero, who are co-vice chairpersons; and BLGF Executive Director Niño Raymond B. Alvina. Two seats on the board remain vacant. — **Tobias Jared Tomas**

Trade department lobbies next gov't to expand local production as Duterte term winds down

THE next government needs to continue modernizing domestic manufacturing to raise productivity, according to the Department of Trade and Industry (DTI).

"They have to continue to pursue what we've started in terms of modernizing production (to help) local producers — those in agriculture, industry, and services," Trade Secretary Ramon M. Lopez said in a television interview on Tuesday.

He recommended a renewed focus on improving "productivity, yield, (and) competitiveness."

"In agriculture, we're talking of providing seed, seedlings, fertilizer, financing, and equipment," he said, while for industry, the key areas were equipment and skills training.

Mr. Lopez also backed continued efforts in streamlining government transactions.

"We have some programs that (we hope will) continue especially in streamlining and automating government transactions (in accordance with) the Ease of Doing Business Act," Mr. Lopez said.

Asked to comment further, Mr. Lopez said via Viber message that he will push for the next government to pursue legislation like the Internet Transactions bill and the One Town, One Product (OTOP) Philippines bill.

The Internet Transaction bill, or House Bill No. 7805, seeks to enhance regulation of e-commerce industry, while the House Bill 9350, or the OTOP Philippines bill, aims to help various municipalities specialize in certain products for which their resources and local talent are best suited.

Meanwhile, Mr. Lopez said he is confident that consumer spending will bounce back.

"We see more and more jobs being recovered, the opening of the tourism sector, and the opening of all sectors of the economy as we lower the alert levels," Mr. Lopez said.

He said more investment is expected following the passage of economic reforms such as amendments to the Public Service Act, Foreign Investment Act, and Retail Trade Liberalization Act. — **Revin Mikhael D. Ochave**

Wholesale price growth of NCR building materials hits highest level since 2012

THE wholesale price growth of building materials in Metro Manila rose to its highest level in over 10 years in March, according to preliminary data issued by the Philippine Statistics Authority (PSA).

The PSA said price growth was driven by a pickup in construction activity, and supply issues arising from Russia's invasion of Ukraine and fresh coronavirus outbreaks in China.

The PSA said the construction materials wholesale price index (CMWPI) in the National Capital Region (NCR) rose by 6.6% year on year in March, accelerating from 5.2% in February and 2.2% a year earlier.

The March reading was the highest since the 6.9% posted in January 2012.

In the year to date, CMWPI averaged 5.7%, against the 1.8% year-earlier average.

The jump in the CMWPI was propelled by price growth in most commodities, with fuels and lubricants prices rising 36.3% in March from 31.8% in February, followed by reinforcing and structural steel (10.5% from 7.2%), and electrical works (10% from 9.2%).

Other commodities posting price growth were GI sheets (13.5% in March from 13% in February), plumbing fixtures and accessories/waterworks (7.4% from 6.6%), concrete products and cement (4.8% from 3.3%), plywood (4.5% from 4.1%), hardware (3.5% from 3.2%), lumber (3.1% from 2.5%), and sand and gravel (2.5% from 2.2%).

Prices of tileworks, meanwhile, declined by 0.4% in March, following a 1.5% retreat in February.

Price growth of doors, jambs, and steel casements eased 1.4% in March from 2.2% in February. Price growth of the remaining commodity categories was unchanged.

Asian Institute of Management Economist John Paolo R. Rivera said the lowering of movement restrictions in Metro Manila allowed construction projects to operate full-time.

"Demand for construction materials increased as construction activities entered full swing," he said in an e-mail interview.

"However, supply chain constraints persist due to a lot of factors such as the continuing war in Eastern Europe (and) new lockdowns in other countries," Mr. Rivera added.

Metro Manila and other areas were placed under the more permissive Alert level 1 quarantine setting in March, allowing more businesses to operate at full capacity.

In late March, China locked down its financial capital Shanghai in pursuit of a zero-COVID policy, hindering business operations in all but essential sectors.

"CMWPI may continue to increase as demand continues to increase and supply chain constraints persist. However, this can be tempered if supply chain constraints (are) alleviated," Mr. Rivera said. — **Bernadette Therese M. Gadon**