DoF says debt service bill only 11.6% of 2023 budget

FINANCE Secretary Benjamin E. Diokno said the debt service bill accounts for 11.6% of the proposed 2023 budget, rejecting a report that the payments amount to nearly 30% of government spending.

"Only 11.6% or P611 billion of the P5.268 trillion proposed 2023 national budget is allocated for debt burden. The amount includes P582.3 billion for interest payments and P28.7 billion for net lending," Mr. Diokno said in a Department of Finance (DoF) statement on Thursday.

He said the 11.6% total is reflected in the Department of Budget and Management's People's Budget primer.

He rejected a newspaper report that the debt service bill is P1.6 trillion or 29.8% of budget spending. The DoF said that the newspaper incorrectly calculated principal amortization of P1.02 trillion as part of the expenditure.

The DoF said principal amortization is not considered as an expense item in accounting as it is "merely the settlement of debt obligations incurred from expenses already recorded in the past."

The amortization of principal implies that the obligation is "only transferred from an old creditor to a new creditor in the process of refinancing."

The debt service bill as a share of the budget is 0.8 percentage points higher than the 10.8% in 2022, but lower than the 12.4% posted in 2021.

Last week, Mr. Diokno told both chambers of Congress the debt burden is manageable despite external shocks because 75% of the debt is expected to be from domestic sources by year's end.

Most of the national debt is also long term, spread out, and taken on at the lowest possible rate, he added in the statement.

Outstanding debt as a share of gross domestic product (GDP) eased to 62.1% at the end of June, after the national debt hit a record P12.79 trillion.

Based on the proposed 2023 national budget, outstanding debt is projected at P14.63 trillion by the end of 2023, with principal payments set at P1.6 trillion that year.

The government estimates the debt-to-GDP ratio to drop to 61.3% by next year from 62.1% at the end of June, and the budget deficit to 6.1% of GDP in 2023 from an estimated 7.6% in 2022.

Government revenue, buoyed by a reopening economy, will shrink the deficit, Mr. Diokno said, citing the 7.4% economic expansion in the second quarter.

The government expects the economy to grow 6.5-7.5% this year and 6.5-8% between next year and 2028.

"Economic analysts consider this goal to be the highest projected growth rate among the ASEAN+3 (Association of Southeast Asian Nations +3) countries, which include Japan, South Korea, and China," the DoF said. — **Diego Gabriel C. Robles**

Sugar at retail still above P100/kg — DTI

SUGAR PRICES at the retail level are selling for more than P100 per kilogram (/kg), according to the Department of Trade and Industry (DTI), which has taken on a price-monitoring role for the commodity.

"We are still seeing sugar that is expensive. The price is hitting P100 to P105/kg," Trade Undersecretary Ruth B. Castelo said in a televised briefing on Thursday.

Ms. Castelo said consumers have the option to shop for sugar in markets participating in a government scheme to offer sugar for less.

"We have given the consumers choice, since the three supermarkets that entered into an agreement with the President (Ferdinand R. Marcos, Jr.) — they are now selling P70/kg white refined sugar in all SM, Robinsons, and Puregold branches," Ms. Castelo said.

Ms. Castelo invited smaller supermarket groups to join the agreement, saying that the DTI will include them in their promotion efforts.

"The small supermarkets are most welcome to join us if they can sell P70/kg white refined sugar. Our incentive is that we will promote these stores so that the consumers will buy their sugar," Ms. Castelo said.

Separately, American Chamber of Commerce of the Philippines Executive Director Ebb Hinchliffe said on the sidelines of the business group's 120th anniversary celebration in Pasay City late Wednesday that the Philippines must import sugar to address the supply crisis.

"It is a crisis. It is a big one. Absolutely, we must import (sugar)," according to Mr. Hinchliffe, referring to the needs of US soft drink brands operating in the Philippines.

"I met with Coca-Cola and Pepsi. We've sent a letter to the President Marcos outlining that the *sari-sari* stores will not have Coca-Cola, RC, Pepsi by mid or late September, and it is a reality," he added.

According to Mr. Hinchliffe, the sugar supply deficit is around 600,000 metric tons (MT). This is much larger than the 150,000 MT the government plans to import.

"The President ordered the import of 150,000 MT. That is a good start. The backlog is 600,000 MT," Mr. Hinchliffe said.

Press Secretary Rose Beatrix Cruz-Angeles said on Aug. 18 that Mr. Marcos, Senate President Juan Miguel F. Zubiri, and the sugar industry reached an agreement to import 150,000 MT of sugar.

Mr. Hinchliffe said that the Philippines needs to upgrade its refining industry adding that he believes hoarding is not taking place.

"I'm not concerned about the sugar farmers. They're doing a pretty good job considering that they don't have the fertilizer made here. They had Typhoon Odette come through and hurt the crops... The capacity of the refineries is the problem. It is not getting from the farm to the refinery down to the market. I don't believe there is hoarding. I think there is a shortage," Mr. Hinchliffe said.

Typhoon Odette, which hit in mid-December, inflicted P13.3 billion worth of damage to agriculture, according to Agriculture department data. The crop year for the sugar industry begins in September.

The DTI's Ms. Castelo said that the country does not have supply issues with salt, after comments by Agriculture Undersecretary Domingo F. Panganiban about a shortage in industrial-grade salt.

"We have sufficient supply. We have around three or four large companies that are producing salt and we also have imported salt," Ms. Castelo said.

She added that the DTI is hoping to issue a suggested retail price bulletin for items typically served in the Christmas Eve meal — known as Noche Buena — by the end of October or early-November.

"Our advice to consumers is to buy these Noche Buena products now since these do not expire immediately. It is better to buy while it is still early," she added. — **Revin Mikhael D. Ochave**

White onion shortage seen as opportunity for farmer direct sales

THE Department of Agriculture (DA) called the white onion shortage an "opportunity" to forge direct links between institutional buyers and growers.

The DA said fastfood chains and restaurant owners have advised it of their volume and quality requirements to guide farmers' planting activities.

"A series of consultations and market linkage activities have resulted in the market entry of farmer cooperatives and fastfood chains that agreed to buy directly from farmers," the department said in a statement.

The shortage presents an "opportunity for aggressive market linkage of farmers to institutional buyers," it said.

Farmer groups, onion growers, traders and buyers said that they are "strongly objecting" to imports of white onions to address the tight supply conditions, according to the DA.

"A cooperative composed of onion farmers from Nueva Ecija declared that they will be harvesting their off-season onion before the end of November. As such any import applications processed at this point might arrive at a time that they are harvesting," the DA said. — **Luisa Maria Jacinta C. Jocson**

Sugar industry too protected from competition, former official says

By Luisa Maria Jacinta C. Jocson
Reporter

THE SUGAR industry has been stifled by regulation and excessive protection, whose members were not pushed to improve productivity, a former agriculture official said.

"I think we overprotected (and) overregulated the sugar industry. And there were regulations that allowed them to just be comfortable without improving their efficiency and competitiveness," Fermin D. Adriano, former Agriculture Undersecretary for Policy, Planning, and Research, said on Thursday on *BusinessWorld Live*.

"What we've seen in some companies since the 1990's is that they were protected by high tariffs and subsidies. There was never an incentive for them to be able to make their operations efficient," he added.

"Unfortunately, because of a strong political lobby, we aren't able to (reform the industry). I think the highest tariff levels in agriculture are in sugar. It's 50% for the minimum access volume (MAV) and 65% outside of that," he added.

The MAV is a World Trade Organization (WTO) commitment to open up parts of a market for goods to foreign producers. Each country designates commodities it wishes to protect, either by charging tariffs or restricting volumes, in negotiations with trading partners.

Mr. Adriano said the problem is mainly in the supply of refined sugar, not raw sugar.

"Based on official data, there is a real shortage, but the problem is there's confusion between what they call washed or raw sugar, and refined sugar," he said.

"We're relatively sufficient in terms of raw sugar; in fact we have a surplus of about 1,400 metric tons (MT) per year of brown sugar or raw sugar. But definitely we have a shortage (of) refined sugar because the annual shortage is about 384,000 MT," he added.

Mr. Adriano said the government should come up with a master development plan for sugar as imports will not solve the industry's structural problems.

"There has to be a master plan. Unfortunately, because of the current situation, it's inevitable that we need to import, but that's a very short-term solution to the problem. The long-term solution is to address the structural problems of the industry, like... sharing arrangements (between planters and millers), and the fragmentation of sugar lands into minuscule sizes," he said.

FULL STORY

Read the full story by scanning the QR code with your smartphone or by typing the link <bit.ly/Sugar082622>

Rail links to 2 Bulacan towns under study

THE Transportation department said on Thursday that it is studying possible rail connections to two towns in Bulacan — Santa Maria and Norzagaray.

Bulacan Rep. Salvador A. Pleyto asked the Department of Transportation (DoTr) during a House committee hearing on Thursday about the possibility of connecting the two towns to either the North-South Commuter Railway (NSCR) or the Metro Rail Transit Line 7 (MRT-7), which ends in San Jose del Monte, Bulacan, just south of Norzagaray.

Undersecretary for Railways Cesar B. Chavez responded, "There are three ways. One, we can ask the developer of MRT-7 to extend its project from San Jose del Monte to Balagtas passing through your areas, Norzagaray and Santa Maria, probably."

MRT-7, an integrated transit system undertaken and funded by San Miguel Corp., is a 22-kilometer rail and road development starting in North Avenue, Quezon City, and ending in San Jose del Monte. It is expected to start operations next year.

"Second, we can ask for another study. This time... maybe from NSCR (Malolos) to Balagtas connecting to your areas, which are also recognized as very, very densely populated areas," Mr. Chavez told Mr. Pleyto.

The NSCR is a 148-kilometer railway system with 37 stations. The project has three segments — Philippine National Railways (PNR) Clark Phase 1 (Tutuban-Malolos), PNR Clark Phase 2 (Malolos-Clark), and PNR Calamba (Solis-Calamba).

The third option, according to Mr. Chavez, is to team up with a private company under a public-private partnership program.

"But *ang tingin po natin dyan mas* realistic *na pwedeng gawing* extension *ng* MRT-7 *po 'yan papunta sa inyo*, anyway *ang* MRT-7 *naman ay hanggang* San Jose del Monte, Bulacan (We consider an MRT-7 extension from San Jose del Monte to be more realistic," he noted.

In his first address to Congress in July, President Ferdinand R. Marcos, Jr. said that his government intends to "build upon already existing lines by modernizing the old railway systems."

"This administration is committed to finishing the current portfolio of investments — approved railway projects such as the North-South Commuter Railway System, the Metro Manila Subway project, the LRT-1 Cavite Extension, the MRT-7, and the Common Station that will connect LRT-1, MRT-3 and MRT-7," he said. — **Arjay L. Balinbin**

DBM to release NCAs to agencies online

THE Department of Budget and Management (DBM) said it is planning to start releasing via online channels key notifications to agencies informing them of funding approval.

The mechanism for release will be the DBM's Action Document Releasing System (ADRS), whose services will be extended to notices of cash allocation (NCAs), notices of organization, staffing, and compensation action (NOSCA), and other such documents.

The ADRS, launched in October, is a web-based application releasing approved documents to authorized users at various government agencies. The system does away with printing, physical signing, and forwarding of documents within the DBM to other departments and government servicing banks.

As of April, all departments and 363 agencies have completed ADRS training.

NCAs, which authorize government agencies to disburse funds allocated to them, will be available in the ADRS upon the approval in the Electronic Budgeting (eBudget) system, the DBM said.

Also set for digital release is the NOSCA, indicating DBM approval for staffing changes.

"The DBM aims to institutionalize the release of the NOSCA through the DBM-ADRS for faster viewing and downloading online during all phases of the budget cycle," the DBM said.

NOSCAs will be available upon their activation in the government manpower information system, the DBM said in a circular.

By October, the ADRS will enable the online release of NCAs and NOSCAs and printing of such documents will be discontinued.

The DBM also said it is preparing to release online documents like the forward obligation authority, multi-year contractual authority, cash disbursement ceiling, and non-cash availment authority via the ADRS, pending approval in the eBudget system. This functionality is expected to be available in September.

The releases will make use of the Philippine National Public Key Infrastructure, a service of the Department of Information and Communications Technology that allows users to exchange private data securely.

The DBM has transitioned to the online release of the Special Allotment Release Order and Advice of Notice of Cash Allocation Issued. — **Diego Gabriel C. Robles**