

## Soaring egg prices force French food industry to change recipes

PARIS — A more than doubling in egg prices in France due to soaring feed and energy costs and a lack of supplies after the worst ever bird flu crisis has prompted some food companies to lower output or change recipes, egg producers said on Wednesday.

Both the European Union (EU) and the United States have experienced one of their worst bird flu crises ever this year with tens of millions of poultry culled in each region.

In turn world egg production, which hit 1,500 billion in 2021, was expected to fall for the first time in history this year, following a 4.6% drop in the United States, a 3% decline in the EU and an 8% slump in France, the bloc's largest egg producer, French industry group CNPO said.

"We are in a situation that has never been seen before. In previous crises we used to turn to imports, notably from the United States, but this year the situation is bad everywhere," CNPO deputy chairman Loïc Coulombel said.

The drop comes at a time of strong consumer demand for eggs, seen as a cheap protein source at a time of soaring inflation.

"Unable to pass the price rise some companies have already started changing recipes or have halted production lines," Mr. Coulombel said. "You need a lot of eggs to make cakes or egg pasta."

A change in recipe could be switching types of eggs, reducing the volume used or, more rarely, exchanging them for alternatives such as pea or milk proteins.

Prices of eggs in French supermarkets have risen about 15%-20% since the start of the year, following a law that indexes food prices in supermarkets to producers' animal feed costs.

But industry egg prices on the French spot market, which are also linked to supply and demand, were trading at 2.2 euros (\$2.2) a kilogram on Wednesday, more than double their price at the start of the year and about 65% above their average price at this time of the year, Mr. Coulombel said.

They were likely to surpass a record 2.3 euros/kg before the end of 2022 due to growing demand at year-end but would still remain well below U.S. spot prices for standard eggs, now at 4.24 euros/kg, he said. — **Reuters**

# Taiwan sees more Chinese intimidation in Xi's next term

TAIPEI — Taiwan expects China to increase its coercion and intimidation to achieve its goal of bringing the island under Beijing's control once President Xi Jinping assumes a third term in office, a senior Taiwanese minister said on Thursday.

Beijing's once-in-five years leadership reshuffle is set for the Communist Party congress that starts Oct. 16, where Mr. Xi is poised to break with precedent and secure a third leadership term.

China views democratically governed Taiwan as its own territory and has ramped up military and political pressure to assert sovereignty claims, including staging war games near the island in August after US House Speaker Nancy Pelosi visited Taipei.

Speaking to lawmakers, Chiu Tai-san, the head of Taiwan's China-policy making Mainland Affairs Council, said Mr. Xi will further consolidate his power at the party congress.

"Following that, the strength of the Chinese Communist Party will gradually expand, along with the continuous

emphasis on promoting the reunification process in its development strategy," Mr. Chiu said.

"We believe that the Beijing authorities' work on Taiwan has entered the stage of strengthening the practice of the so-called 'anti-independence and promoting reunification'," he added.

China will do this by using "coercion and intimidation", "grey zone" activities and international law to "interfere with and hinder Taiwan's interaction and cooperation with the international community to achieve its goals towards Taiwan," Mr. Chiu said.

Speaking at a parallel session in parliament, Taiwan's National Security Bureau Director-General Chen Ming-tong said Mr. Xi was using Taiwan as a way to stay in power.

"It has been his position that the Taiwan issue can't be passed onto the next generations anymore, so he's using the Taiwan issue as an excuse to extend his term," Mr. Chen said.

"As a result, he can't just do nothing about Taiwan. However, if he settles the

Taiwan issue then he has no excuse for another term."

As a result, Mr. Chen said, Taiwan must make preparations to make China "pay a great price" for attacking the island, including consequences for its economy and foreign relations.

China has never renounced the use of force to bring Taiwan under its control, but has also pledged to work for peaceful "reunification" with Taiwan under a "one country, two systems" model.

All mainstream Taiwanese political parties have rejected that proposal and it has almost no public support, according to opinion polls.

China's Taiwan Affairs Office did not answer calls seeking comment. The country is in the middle of a weeklong national holiday.

China refuses to speak to Taiwan President Tsai Ing-wen, re-elected by a landslide in 2020 on a promise to stand up to Beijing, believing she is a separatist. Ms. Tsai has repeatedly offered talks based on parity and mutual respect. — **Reuters**

## Plenty of 'fire' but less 'fury' as tensions with North Korea rise again

SEOUL/WASHINGTON — Between long-range missile launches and the looming prospect of new nuclear tests, this year has seen North Korea return to weapons activities not seen since the days of "fire and fury" in 2017.

A key difference: despite the "fire" from North Korea this time around, there has been far less concerted international "fury."

Analysts say the international response comes down to a number of factors, including US President Joseph R. Biden's low-key approach, a fracturing in cooperation between the United States and China and Russia, and a lack of agreement on the thorny question of how to change Pyongyang's behavior.

"While there's still pretty broad political condemnation of North Korea's continued testing, there is neither agreement about how to respond to it nor the political will among the big powers to work together," said Jenny Town, director of the US-based 38 North project.

North Korea paused its long-range missile launches and nuclear testing during its engagement with then-US President Donald Trump, but those talks fell apart. This year, Pyongyang resumed firing its largest missiles and appears poised to detonate a nuclear device for the first time in five years.

Last month leader Kim Jong Un said an updated nuclear policy

law means that denuclearization talks will never be an option.

That means more sanctions are unlikely to dissuade North Korea from pursuing its banned weapons programs, Ms. Town said.

"They have imposed costs on North Korea for their continued WMD development — but it seems a cost North Korea is willing to pay and can find partners who will work with them," she said.

### FEW SIMPLE OPTIONS

In May, China and Russia vetoed a US-led push to impose more United Nations sanctions on North Korea over its renewed missile launches, publicly splitting the U.N. Security Council (UNSC) for

the first time since it started punishing Pyongyang in 2006.

This week Beijing and Moscow opposed a US effort to even hold a public UNSC meeting on the latest launches, with Russia's envoy calling more sanctions "a dead end." The United States accused those countries of providing North Korea with "blanket protection."

That has left the United States and its partners to impose new unilateral sanctions, and resume major displays of military force, including deploying an aircraft carrier and staging missile drills.

Mr. Biden's aides have condemned the launches, but the president rarely raises the issue publicly.

Much of what Washington was doing in 2017 bears a close resemblance to the steps it is taking now: assurances to allies, displays of military capability, and warnings to North Korea, among other measures, said Evans Revere, a former US diplomat.

"The problem, of course, is that the threat is now growing," he said. "This tells me that it is now necessary for the US and its allies to lift their game."

Stephen Biegun, a top North Korea negotiator under Trump, said Pyongyang is unlikely to respond to the Biden administration's call for negotiations without preconditions, and in fact "hate" that kind of open-ended offer.

"They want an offer sheet. They don't want a negotiation," he said. "They want to know what the Biden administration is going to give them."

Analysts say Mr. Biden's muted responses may lower the chances of an inadvertent war, but some worry that North Korea feels emboldened.

"The situation is better and worse than 2017: better because we don't have a president who might want to try a limited preventive strike that could escalate quickly; worse because Kim Jong Un clearly thinks he has wide latitude to test and build up his diverse and increasingly capable nuclear weapons and missiles," said Patrick Cronin of the Hudson Institute. — **Reuters**

### Unemployment, from SI/1

Month-on-month declines were largely seen in fishing and aquaculture (down 286,000 to 1.113 million in August); construction (down 258,000 to 4.264 million); and arts, entertainment and recreation (down 64,000 to 413,000).

On the other hand, employment increased on a monthly basis in wholesale and retail trade (up 378,000 to 11.044 million); transportation and storage (up 256,000 to 3.407 million); and manufacturing (up 178,000 to 3.672 million).

Trade Union Congress of the Philippines Vice-President Luis C. Corral said he expected the increase in the number of jobless Filipinos as "more people are desperately looking for jobs."

"I expect these, and these are not good numbers and these come a day after the 6.9% inflation rate, so we witness the reality that the global economy is now going into a recession absolutely," he said by telephone.

Headline inflation surged to 6.9% year on year in September due to rising food, utility and transport prices.

Mr. Corral added that the increase in labor force participation was significant since it showed that more Filipinos were looking for work.

"The improvement in the labor force participation was likely driven by the further reopening of the economy, some fresh graduates still, and parents and guardians who were able to take on jobs with children going to school instead of studying from home," China Banking Corp. Chief Economist Domini S. Velasquez said via e-mail.

UnionBank of the Philippines, Inc. Chief Economist Ruben Carlo O. Asuncion said the unemployment rate is likely to slow this year but higher inflation may weigh on job creation.

"We see the jobless rate easing to an average of 5.5% (Jan-Aug: 5.8%) for 2022 with initial expectations at the 6% level. The next five quarters through 2023 is consistent with 5.5% adjusted expectation," he said in an e-mail.

"We maintain our view of labor market indicators lagging amidst upside risks with the economy's reopening impact dissipating, a higher inflation impact on businesses and consumers, and a higher interest rate environment into 2023," Mr. Asuncion added. — **Mariedel Irish U. Catilogo**

### Dollar bonds, from SI/1

BofA Securities, Goldman Sachs, HSBC (B&D), JPMorgan, Morgan Stanley, SMBC Nikko, Standard Chartered Bank, and UBS were tapped as joint bookrunners. The latter two were designated as sustainability structuring banks.

Earlier this year, the government raised \$559 million from a yen-denominated Samurai bond issue in April, and sold \$2.25 billion worth of dollar-denominated notes in March.

The Philippine government will borrow from local and external sources, at 75-25 mix favoring the former. This will help fund a budget deficit capped at P1.65 trillion this year, equivalent to 7.6% of the gross domestic product (GDP).

The National Government's outstanding debt rose to a record P13.02 trillion at the end of August due to additional domestic borrowings and a weak peso. — **D.G.C.Robles**

### AMRO, from SI/1

The Philippine peso closed at a record-low of P59 against the US dollar on Monday. Year to date, the peso has weakened by P8 or 15.6% from its Dec. 31, 2021 close of P51.

"But at the same time, the currency is depreciating in line with most of the countries in the region. And so, I don't think the 15% depreciation is excessive in a sense. It's also helping the Philippines because it's actually attracting more remittances and supporting the export sector," Mr. Khor added.

### REGIONAL OUTLOOK

Meanwhile, AMRO also downgraded its growth projection for the ASEAN+3 region to 3.7% from 4.3%, which reflected the impact of the prolonged Russia-Ukraine war and tighter global financial conditions. It also lowered the growth outlook for 2023 to 4.6% from 4.9%.

The region is composed of the 10-member Association of Southeast Asian Nations (ASEAN), China, Japan and South Korea.

"Although the region is rebounding, they are facing stronger headwinds, and the headwinds are going to get stronger as we enter into the new year," Mr. Khor said.

The think tank raised the ASEAN+3 inflation forecast to 6.2% for this year from 5.2% "due to persistent cost-push factors, weaker exchange rates, and the more robust recovery in domestic demand, especially in ASEAN."

AMRO also hiked its inflation projection for ASEAN+3 next year to 3.4% from 2.8%.

"Price pressures are expected to ebb across the region next year, as global oil and agricultural commodity prices continue to moderate and supply chain bottlenecks continue to unwind," AMRO said.

For the ASEAN region, AMRO raised the GDP outlook to 5.3% this year, from 5.1%. It lowered its GDP projection for ASEAN to 4.9% next year from 5.2% previously.

AMRO raised the inflation forecast for the ASEAN region to 7.6% this year from 6.2%. It also raised the inflation projection for 2023 to 4%, from 7.6%. — **Keisha B. Ta-asan**



BANGKO SENTRAL NG PILIPINAS  
OFFICE OF THE GOVERNOR

### Circular No. 1155

Series of 2022

#### Subject: Amendments to the Alternative Compliance with the Reserve Requirements of Banks and Non-Bank Financial Institutions with Quasi-Banking Functions (NBQBS)

The Monetary Board, in its Resolution No.1378 dated 16 September 2022, approved the following amendments to the Manual of Regulations for Banks (MORB) and the Manual of Regulations for Non-Bank Financial Institutions (MORNBF) on the allowable modes of alternative compliance with the reserve requirements.

**Section 1.** Section 252/212-Q of the MORB/MORNBF is hereby amended to read, as follows:

#### 252/212-Q COMPOSITION OF RESERVES

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*Allowable modes of alternative compliance.* The following alternative modes of compliance with the required reserves against deposit and deposit substitute liabilities shall be allowed:

a. Peso-denominated loans that are granted to micro-, small-, and medium enterprises (MSMEs), as defined under Sec. 332 (*Definition of Terms*), excluding banks and NBQBs that meet the definition of a small- and medium-enterprise, subject to the following conditions:

xxx

The use of MSME loans as allowable alternative compliance with the reserve requirement shall be available to banks/NBQBs from 24 April 2020 to 30 June 2023.

b. Peso-denominated loans that are granted to large enterprises, excluding banks and NBQBs that meet the definition of a large enterprise, subject to the following conditions:

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The use of loans to a large enterprise as allowable alternative compliance with the reserve requirements shall be available to banks/NBQBs from 29 May 2020 to 30 June 2023.

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**Section 2.** This Circular shall take effect fifteen (15) calendar days following its publication either in the Official Gazette or in a newspaper of general circulation.

FOR THE MONETARY BOARD:

(Sgd.) **MAMERTO E. TANGONAN**  
Officer-In-Charge

21 September 2022

Note: This Circular along with its annexes can be accessed at the BSP website: [www.bsp.gov.ph](http://www.bsp.gov.ph) under Regulations/Circular and <https://www.bsp.gov.ph/Regulations/Issuances/2022/1155.pdf>