SRA poised to release sugar next week if prices stay high

A SUGAR Regulatory Administration (SRA) official said on Monday that the agency will consider releasing reserve refined sugar onto the market by next week if retail prices remain high.

"We are looking at it now. Farmgate prices have gone down. If retail prices don't follow, we might have to release some of the imported sugar," SRA Board Member and Planter's Representative Pablo Luis S. Azcona told reporters.

According to Mr. Azcona, the farmgate price of raw sugar fell to P60-P65 per kilogram from P70/kg following the issuance of Sugar Order No. 6, which authorized imports to build up a buffer stock.

He said retail prices in Metro Manila are expected to fall as a result within the next 12-14 days.

At least 58,000 metric tons (MT) of imported refined sugar have landed in the Philippines, part of the authorized imports of 440,000 MT, he said.

The Sugar Order calls for 100,000 MT of the imported sugar to be held in reserve. Mr. Azcona said releases from the reserve, which entail their reclassification as meant for domestic market use, should be done in a "calibrated" manner.

"The 100,000 (MT) should be reclassified in a calibrated manner based on our weekly consumption. We will reclassify as we need it every week," he said.

He added that it might "shock" the market and retailers if all the reclassified sugar is released at one time.

In an earlier interview with *BusinessWorld*, Mr. Azcona said that the exact mechanism would involve reclassification from "C" sugar (reserve) to "B" (domestic market) following a decision to be made by the Sugar Board.

He described a wide discrepancy between farmgate and retail prices as a situation where "somebody is making too much money in the middle."

"We need to release the cheaper imported (sugar) to average out our retail price (in a manner) that will not affect the farmers," he added.

Separately, Agriculture Assistant Secretary and Chief of Staff Rex C. Estoperez called questions about the legality of some sugar imports delivered through the Port of Batangas as of secondary importance.

"The objective is to bring down the price of sugar; that is what matters, nothing else," he said.

Mr. Estoperez said that the Department of Agriculture will focus on price monitoring with a view towards taming inflation.

"If (consumers benefit from) bringing down the prices, so be it. That's where we should be looking at for now, addressing inflation," he said.

Earlier this month, Agriculture Undersecretary Domingo F. Panganiban confirmed the import clearances issued to three traders who brought in the Batangas cargo, which arrived even before the Sugar Order was issued. — **Sheldeen Joy Talavera**

Mindanao-Visayas grid connection seen completed by June

THE Department of Energy (DoE) said on Monday that a transmission project linking the electricity grids of the Visayas and Mindanao will be completed by the end of June.

"According to the NGCP (National Grid Corp. of the Philippines), the interconnection between Mindanao and Visayas will be 80% complete by March," Energy Secretary Raphael P.M. Lotilla told reporters on the sidelines of a briefing on Monday.

Mr. Lotilla said that by June the submarine cable link will be capable of supplying around 450 megawatts of power from Mindanao to the Visayas.

"MVIP (Mindanao-Visayas Interconnection Project) will be completed (by June) and NGCP has also indicated that… the Cebu-Negros-Panay interconnection… will also be completed by June 30, 2023," Mr. Lotilla said.

The P52-billion MVIP will enable the sharing of energy across the entire country, bringing power from areas in surplus to areas suffering deficits.

The Cebu-Negros-Panay Interconnection Project consists of a 230-kilovolt backbone which will ultimately supply the rest of the Visayas from Cebu.

The NGCP's website indicates that the project cost around P53.9 billion.

Separately, the DoE said it continues to rule out the possibility of red alerts during the dry season.

The DoE has said that the Luzon grid may experience at least 12 yellow alerts this year. These yellow alerts are expected to happen between April and June, as well as during the September to November period.

"It is really Luzon that is problematic. Visayas and Mindanao especially Mindanao have adequate overall supply," Mr. Lotilla said.

Yellow alerts are issued when reserves fall below a designated safety margin. Red alerts are raised when the supply-demand balance deteriorates further, signaling the possibility of rotational brownouts.

"What's more important is the maintenance program for the different power plants is also being scheduled. We try to avoid as much as possible for maintenance to fall within those critical weeks," Mr. Lotilla said. — **Ashley Erika O. Jose**

House bill calling for P750 increase in wages filed

A BILL proposing a wage increase of P750 for all private-sector workers has been filed in the House of Representatives.

The three-person Makabayan Bloc filed House Bill No. 7568, which they said was a necessary response to high inflation.

"This yawning gap between the (average minimum wage and family living wage) of P750 across regions starkly represents the vast sea of unfulfilled basic necessities of ordinary Filipino families, which the National Government should urgently address through substantial wage increases amid historic inflationary surges," Assistant Minority Leader and Party-list Rep. Arlene D. Brosas, who led the filing of the bill, said in a statement.

The bill was co-authored by Deputy Minority Leader and Party-list Rep. France L. Castro and Party-list Rep. Raoul Danniel A. Manuel.

According to the measure, the wage increase applies to all employees and workers in the private sector, particularly those working in special economic zones and freeports, including those in agriculture.

It also covers workers deployed by licensed job contractors, manpower agencies, and other such organizations.

Calixto V. Chikiamco, president of the Foundation for Economic Freedom, said in a Viber message that "increasing wages will increase demand when supply is short, so these would just trigger more inflation, which would hurt the poor and the overall economy because the Bangko Sentral ng Pilipinas would be forced to increase interest rates."

He said that a better alternative is to increase workers' disposable incomes by reducing food prices.

Philippine Chamber of Commerce and Industry President George T. Barcelon said by phone that "the government is doing its part as far as mitigating inflation," by importing onions and sugar — both of which have led to cartel and price manipulation investigations — to bring down market prices, should "help the public in general as far as cost of living (is concerned)," Mr. Barcelon said.

The bill also indicated that micro and small enterprises and landowners owning at most five hectares may apply for subsidies until they are able to fully afford the proposed increase. Companies also cannot lay off workers or reduce headcount.

Mr. Chikiamco noted that "subsidies aren't sustainable nor are they desirable because they don't increase productivity."

Mr. Barcelon said the government, labor, and private sector should closely examine any proposed wage increase beforehand.

He added that a legislated wage increase could be negative for exporters. Citing the Philippines' recent participation in various free-trade agreements, "there will be a lot more imports coming from our neighboring countries and that will kill the manufacturing sector," Mr. Barcelon said.

National Economic and Development Authority Secretary Arsenio M. Balisacan recently told House legislators that "forcing" wage increase via legislation would damage the Philippines' competitiveness.

The unemployment rate rose to 4.8% while headline inflation slowed to 8.6% in February.

In a statement, the Trade Union Congress of the Philippines called for strengthening infrastructure flagship projects; the provision of financial assistance to minimum wage earners, micro, small, and medium enterprises; and the lowering of food and utility prices, to address high unemployment rates and inflation.

Rizal Commercial Banking Corp. Chief Economist Michael L. Ricafort said via chat that "wage hikes (should be) determined by the regional wage boards."

Julius H. Cainglet, vice-president of the Federation of Free Workers, said workers' welfare should be addressed as the government opens up the country to more foreign direct investments.

"Enterprises have been on the road to recovery with government support, but workers have been left behind," Mr. Cainglet said in a statement, noting that regional wage board increases haven't been enough to sustain workers' daily needs.

The P570 minimum wage in Metro Manila is 49.1% of the P1,161 family living wage in January 2023, according to think tank IBON Foundation. — **Beatriz Marie D. Cruz**

SIM card registration rate hits 25.84% as of March 11

FREEPIK

THE Department of Information and Communications Technology (DICT) said the rate of registration for mobile phones' subscriber identity module (SIM) users hit 25.84% on March 11.

The total number of registered subscribers was 43.67 million, out of the 168.98 million subscribers nationwide.

The DICT said the registration rate was 32.85% for Smart Communications, Inc., equivalent to 22.34 million subscribers. The Globe Telecom, Inc. registration rate was 20.52%, equivalent to 18.03 million subscribers. DITO Telecommunity Corp. registrations totaled 3.3 million or 25.19% of all subscribers.

"The Department has been actively working with (telcos) to ensure that all SIMs are registered and verified," Information and Communications Technology Secretary Ivan John E. Uy said.

SIM registration was made a legal requirement to prevent fraud, including consumer scams and identity theft, he added.

The department urged more SIM users to register ahead of the April 26 deadline. — **Justine Irish D. Tabile**

ADB sets aside $750,000 as technical assistance for sustainable finance schemes

THE Asian Development Bank (ADB) is preparing $750,000 worth of technical assistance to support sustainable finance in ASEAN+3.

"The proposed technical assistance is designed to develop and strengthen the ecosystem necessary to develop sustainable local currency financings in the region," the ADB said.

The project, which was approved on March 12, covers the Philippines, Brunei, Cambodia, Indonesia, South Korea, Laos, Malaysia, China, Singapore, Thailand and Vietnam.

"It is designed to increase supply of sustainable finance products, which include, but not limited to green, blue, social, sustainability, sustainability-linked bonds and loans," the bank said.

The project aims to support the development of sustainable finance markets and promote environmentally sustainable growth.

The ADB said that the funding will come from the People's Republic of China Poverty Reduction and Regional Cooperation Fund.

"The proposed technical assistance facilitates an open and dynamic consultation among all ASEAN+3 member countries and stakeholders concerned to ensure a broad-based consensus and ownership in implementing and managing the ASEAN+3 Asian Bond Markets Initiative (ABMI)," the ADB said.

The ABMI was launched by ASEAN+3 governments to promote monetary and financial cooperation and integration.

In 2020, the ADB also provided technical assistance worth $500,000 to ASEAN+3 to support green local-currency bonds for infrastructure development. — **Luisa Maria Jacinta C. Jocson**

Consumer organization accreditation process to be overhauled

THE process for accrediting consumer organizations will be overhauled, with the proposed rules calling for reduced fees as well as revisions to the procedure for suspending or cancelling recognition, the Department of Trade and Industry (DTI) said.

Marcus N. Valdez II, director of the DTI's Consumer Policy and Advocacy Bureau (CPAB), said the overhaul was outlined in the draft 2023 Revised Guidelines on the Recognition of Consumer Organizations, which amend the current guidelines in force, Department Administrative Order 17-07.

"Among those enhancements were the removal of the enlistment fee, clearer delineation of the responsibilities of CPAB, regional and provincial offices, and enhancement of the provisions of suspensions and cancellations of recognition," Mr. Valdez said in a statement on Monday.

"With these revisions, we are hoping for the consumer organizations to have a more active participation in upholding consumer welfare and interest," he added.

Online public consultation on the revised guidelines was conducted on March 7 and 8. A copy of the draft guidelines is available in the DTI's website.

"Through the enhanced guidelines, the DTI aims to revitalize the involvement of consumer organizations in consumer-related activities and programs," the DTI said.

"We acknowledge the important role and valuable contributions of consumer organizations in consumer protection and we want to make it easier for them to be recognized and be proactive in the promotion of consumer empowerment," Trade Undersecretary Ruth B. Castelo said. — **Revin Mikhael D. Ochave**

Moody's Analytics: Inflation, spending confidence to erode household savings

HOUSEHOLD savings in the Asia-Pacific region are expected to dwindle with inflation remaining persistently high and consumers spending more since the end of the lockdowns, Moody's Analytics said.

"In the Asia-Pacific region, excess savings began unwinding as effective vaccines were rolled out and lockdowns became less frequent. Put simply, households became more confident to spend and found it easier to do so," it said in a commentary published on March 9.

"But there's more at play. Bitingly high inflation is also chipping away at savings rates. Households are having to spend more at the shops as prices move ever higher, leaving less to be saved. Similarly, as central banks raise interest rates to tame inflation, homeowners face bigger repayments," it added.

The Philippines has had to deal with the highest inflation in about 14 years, driven by high food and fuel costs.

Headline inflation slowed to 8.6% in February from 8.7% in January. However, this marked the 11th consecutive month inflation was above the central bank's 2-4% target.

For the first two months of the year, inflation averaged 8.6%. The Bangko Sentral ng Pilipinas (BSP) expects inflation to average 6.1% this year.

To tame inflation, the BSP has increased borrowing costs by a total of 400 basis points since May, bringing the key policy rate to a near 16-year high 6%.

Moody's Analytics said that the household savings rate in the Asia-Pacific rose over the pandemic as families mainly stayed at home due to lockdown restrictions.

"Anxiety pushed household savings rates skyward as families built up their rainy-day funds.

SASUN BUGHDARYAN-UNSPLASH

Our model-driven estimates show that gross savings rates surged across the Asia-Pacific region," it said.

"It wasn't purely a matter of choice that pushed savings rates higher. Lockdowns prevented spending across large parts of the economy, notably on services such as travel and dining out," it added.

The research firm also said that household consumption declined across the region as families stayed home, which led to more excess savings.

"In those economies where government supports flowed to households, aggregate disposable income lifted and took household savings rates along for the ride," it added.

However, Moody's Analytics said that inflation is now threatening to erode those savings.

"Higher prices are denting the mass of household savings built through the pandemic. With inflation still uncomfortably high across the region, we can expect this to continue through 2023," it said, noting that retail sales in particular are also rising.

An analyst said that household consumption in the Philippines may likely remain resilient despite inflation.

"There may still be some pent-up demand as the economy reopened towards greater normalcy with more confidence on consumer spending, which accounts for at least 75% of the economy, while also correspondingly reducing any increase in savings accumulated during the pandemic," Rizal Commercial Banking Corp. Chief Economist Michael L. Ricafort said in a Viber message.

The Philippines is a domestic demand-driven country, with household consumption is one of the biggest contributors to gross domestic product (GDP).

The Philippine economy grew 7.6% in 2022, the fastest rise since 1976. In the fourth quarter, GDP expanded 7.2%.

This growth was mainly driven by household consumption, which surged 8.3% last year from 4.2% in 2021 due to restaurant and hotel spending. In the fourth quarter, household consumption accounted for three-fourths of growth.

On the other hand, ING Bank N.V. Manila Senior Economist Nicholas Antonio T. Mapa warned that the country is "facing the triple threat of surging prices, rising borrowing costs and high debt levels."

The National Government's outstanding debt hit a record P13.698 trillion at the end of January.

At the end of December, the debt-to-GDP ratio stood at 60.9%, lower than the government's 61.8% estimate but still above the 60% threshold considered manageable for developing economies.

The government is aiming to cut the debt-to-GDP ratio to less than 60% by 2025 and to 51.5% by 2028. — **Luisa Maria Jacinta C. Jocson**