PHL seeking $400-M Chinese loan to fund digital transformation

THE PHILIPPINES is seeking a $400-million loan from Asian Infrastructure Investment Bank (AIIB) to fund upgrades to digital services in order to expand inclusion, the Beijing-based bank said.

"The project objective is to assist the government of the Philippines to foster an enabling environment for digital technologies to boost inclusive and resilient economic growth," the bank said on its website.

The proceeds will fund improvements to digital government service delivery and develop competition-friendly infrastructure policy; expand financial inclusion for individuals and companies through digital finance; and boost the growth of digital service businesses.

"Aside from the economic contraction, the pandemic also resulted in significant social sector losses which mostly affected the poorest and most vulnerable. For the country to achieve an economic recovery that is resilient, and inclusive, there is a need to focus on new development drivers including digitalization," the AIIB said.

The bank said digitalization has the potential to "increase productivity by reducing firms' operational costs and allowing them to reap economies of scale."

"Digitalization can increase the efficiency and transparency of government services and empower its constituents, especially those previously distant from the center of decision-making," it added.

The funds will be drawn from the AIIB's COVID-19 Crisis Recovery Facility and will be cofinanced with the World Bank.

According to the AIIB, the project's appraisal and final review will be conducted in the third quarter. — **Luisa Maria Jacinta C. Jocson**

PHILIPPINE STAR/ EDD GUMBAN

Japan dev't bank hopes to back PHL LNG, renewables projects

THE Japan Bank for International Cooperation (JBIC) has expressed interest in finding Philippine partners to develop gas and renewables projects, the Palace said.

The bank's interest was conveyed during JBIC Chairman Tadashi Maeda's courtesy call on President Ferdinand R. Marcos, Jr. in Malacañang on Wednesday, the Presidential Communications Office (PCO) said in a statement.

It said JBIC is interested in "addressing the role" of liquefied natural gas (LNG) as a traditional source of power in the Philippines.

The bank also wants to support hydropower, solar, and wind projects, the PCO added.

"We have the potential... between Japan and the Philippines to work together," Mr. Maeda was quoted as saying.

He said he has met with Aboitiz Equity Ventures, Inc., Metro Pacific Investments Corp., and San Miguel Corp. He did not provide details.

JBIC is a development-focused Japanese government bank formed from the merger of Japan Export-Import Bank and the Overseas Economic Cooperation Fund. The PCO said it operates in conjunction with private investors.

Meanwhile, Dato' Sri Tahir, the founder of Indonesia's Mayapada Group, told Mr. Marcos of his interest in exploring socially oriented Philippine ventures.

Mr. Tahir, who like many Indonesians goes by one name, operates banking, real estate, and other businesses. He is a member of Indonesian President Joko Widodo's advisory council.

Mr. Tahir met with Mr. Marcos in Malacañang and told the chief executive of his interest in social-welfare projects, the PCO said in a separate statement.

"I would like to see explore (if) we can work together in social work," Mr. Tahir was quoted as telling Mr. Marcos. "We have been working in the region. I hope that, with your permission, with your support, let me arrange to explore."

Mr. Marcos briefed Mr. Tahir on the current government social welfare programs for children and the elderly, as well as ongoing initiatives in housing, the PCO said.

"We have a program that we are going to start for street children. Unfortunately, we still have people who are homeless. So, we are trying to look after them," Mr. Marcos said.

Mr. Marcos told Mr. Tahir that the government has set a target of one million housing units a year to address a housing backlog estimated at 6.5 million units in the socialized segment. — **Kyle Aristophere T. Atienza**

MWSS expects no water interruptions in June

THE Metropolitan Waterworks and Sewerage System (MWSS) said it expects no water supply interruptions in June after receiving an additional water allocation from the National Water Resources Board (NWRB).

"We don't see any immediate interruption happening, especially because we also expect the rains to come," Ronald C. Padua, Maynilad Water Services, Inc.'s head of supply operations, told reporters on Thursday.

On Wednesday, the NWRB approved an MWSS request for an allocation of 52 cubic meters per second (CMS) for June 1-15, which falls to 50 CMS on June 16-30. MWSS normally draws 48 CMS from Angat Dam.

The MWSS had requested an extension of the 52 CMS allocation agreed upon during the dry season, citing growing water demand in Metro Manila and nearby provinces.

The MWSS has said parts of Cavite, Pasay and Muntinlupa are experiencing water interruptions due to ongoing maintenance at the Putatan water treatment plant.

"The rotational interruption we did in the past (is no longer necessary) due to the approval of higher water allocation. Now, we expect uninterrupted supply," Mr. Padua said.

Patrick James Dizon, head of the MWSS Angat/Ipo operations management division, said the reduced water supply allocation for the latter half of this month is not expected to have a significant impact.

He cited results of a simulation conducted by the NWRB which concluded that 52 CMS should only be allocated for a limited period to maintain water elevation at Angat Dam.

The dam has a minimum operating level of 180 meters and a normal high-water level of 212 meters. The latter is considered the ideal level with adequate safety margins during the dry months.

The reduction towards the end of June "is right because we need to conserve supply from Angat Dam," Mr. Padua said.

Meanwhile, Mr. Padua said that Maynilad has contingency measures in place, such as ramping up the construction of the Poblacion water treatment plant.

He added that the west zone water concessionaire has also committed to reduce its water losses, known as nonrevenue water, to ensure additional supply.

Maynilad serves Manila, except for portions of San Andres and Sta. Ana. It also operates in Quezon City, Makati, Caloocan, Pasay, Parañaque, Las Piñas, Muntinlupa, Valenzuela, Navotas, and Malabon. It serves the cities of Cavite, Bacoor, and Imus, and the towns of Kawit, Noveleta, and Rosario in Cavite province.

Metro Pacific Investments Corp., which has a majority stake in Maynilad, is one of three Philippine units of Hong Kong-based First Pacific Co. Ltd., the others being Philex Mining Corp. and PLDT, Inc.

Hastings Holdings, Inc., a unit of PLDT Beneficial Trust Fund subsidiary MediaQuest Holdings, Inc., has an interest in *BusinessWorld* through the Philippine Star Group, which it controls. — **Ashley Erika O. Jose**

SINCERELY MEDIA-UNSPLASH

House bill proposes tariff-funded onion industry dev't fund

LEGISLATORS have filed a House bill seeking to raise the competitiveness of the onion industry using funding generated by import tariffs, after the chamber's agriculture committee found evidence of hoarding, price manipulation and cartel-like activity which has raised prices of the commodity.

House Bill No. 8462 proposes to create the Onion Competitiveness Enhancement Fund (OCEF), apparently in emulation of the Rice Competitiveness Enhancement Fund (RCEF).

RCEF was established following the passage of the Rice Tariffication Law, which opened up the import market for rice while generating tariffs which were disbursed by RCEF in projects intended to modernize rice farming.

"The proceeds from tariff revenue of the import of onions shall be set aside and earmarked by Congress for development and support programs to the benefit of Philippine onion farmers and the country's onion industry," according to the bill.

Proposed uses of the OCEF include the supply of inputs and equipment to onion farmers, support for farmgate prices, cold storage facilities, extension services, market information systems, and other interventions.

The OCEF is expected to "address the pressing needs of the onion industry and support the development of the sector to its full potential," according to the bill.

The OCEF is not intended to replace the Department of Agriculture's (DA) current programs for onion farmers.

The House Agriculture and Food Committee in May unearthed evidence of an onion cartel, which it blamed for the rise in onion prices to as much as P700 per kilo in retail markets last year.

The investigation also unearthed issues like the lack of post-harvest facilities, inconsistent data compiled by government agencies, and the lax penalties for smuggling, hoarding, and price manipulation.

As of May 31, domestically grown red onions fetched P140-P190 per kilogram, while white onions sold for P120-P180, according to DA price monitors.

The bill's authors are Committee Chairman and Quezon Rep. Wilfrido Mark M. Enverga, Marikina Rep. Stella Luz A. Quimbo, and AKO BICOL Party-list Rep. Elizaldy S. Co. — **Beatriz Marie D. Cruz**

Inflation seen retreating to within 2-4% gov't target range by Q4

MANULIFE Investment Management and Trust Corp. (Manulife IM Philippines) expects inflation to recede within the government's 2-4% target band by the fourth quarter, due to the high year-earlier base.

However, this could be offset by any sharp increase in global oil prices, Manulife IM Philippines Head of Fixed Income Jean O. De Castro said in a report.

This view is supported by the downward trend of headline inflation and the Bangko Sentral ng Pilipinas' (BSP) policy actions, which have improved the outlook for Philippine bonds, Ms. Castro said.

The BSP on Wednesday said that it expects headline inflation in May to slow to 5.8% to 6.6%.

If this forecast is realized, it would be the 14th month inflation has exceeded the BSP's 2-4% target. Headline inflation was 6.6% in April.

The low end of the BSP forecast — 5.8% — would be lowest inflation level since the 5.4% recorded in May 2022.

The Philippine Statistics Authority will release May inflation data on June 6.

The BSP kept policy rates unchanged at 6.25% at its May 18 meeting and signaled that borrowing costs could remain unchanged at its next two or three meetings.

This is the first time the BSP left rates untouched in nine meetings. Since it began its monetary tightening cycle in May 2022, the central bank had raised borrowing costs by 425 bps.

Manulife IM Head of Equities Mark A. Canizares noted that moderating inflation could support share prices in the second half.

Residential property could be supported by this tailwind, while domestic consumption could benefit from easing raw material and other input costs, he added.

The market's focus will likely shift to when interest rates will be brought down if inflation continues to decline. Lower rates typically drive rallies in equity markets, Mr. Canizares said.

The Philippine Stock Exchange index fell 46.78 points or 0.72% to close at 6,430.58 on Thursday, while the broader all shares index fell 14.45 points or 0.41% to 3,443.85. — **Aaron Michael C. Sy**

Dairy regulator issues funding plea for expansion plans

MAE-MU-UNSPLASH

THE National Dairy Authority (NDA) has set aggressive growth targets equivalent to 80 million liters per year until 2028, but cited the need for more funding to correct the industry's inability to meet domestic demand.

"It might need lots of funding to do that every year but if we are supported with an annual budget, I think we can do that," NDA Administrator Gabriel L. Lagamayo said in a briefing on Thursday.

"The Philippines is only 1% self-sufficient in dairy," he added.

The United States Department of Agriculture's Manila station projected Philippine dairy demand to rise 3% to 3 million metric tons in liquid milk equivalent.

Meanwhile, the current daily average milk production per cow is about 8-10 liters, which Mr. Lagamayo hopes to raise to 15-16 liters by improving feed quality.

"If the cooperatives can lead in the production of good quality feed and distribute it efficiently, their costs will significantly decrease while increasing their profits," he said.

Philippine Chamber of Agriculture and Food, Inc. President Danilo V. Fausto said the NDA must be provided support by the government.

"While we are struggling to increase and improve productivity, we also need the support from the government, especially our cooperatives who need capital and credit to expand," Mr. Fausto said.

"The need there is to accelerate the increase of production of milk," he said, calling measures like animal imports "expensive."

He said the NDA has a budget of P300 million, equivalent to 0.1% of the national budget.

"The target we are looking at is P2 billion per year to be given to the National Dairy Authority to support infusion of stock, increasing the pace of genetic improvement" in the dairy herd, he added.

Mr. Lagamayo said the NDA plans to develop stock farms in Nueva Ecija, Albay, Bohol, Bukidnon, and Davao City.

With P498 million in funding, "our target is to make these farms ready by the end of the year." — **Sheldeen Joy Talavera**

Quality manufacturing jobs seen as key to keeping domestic economy 'robust'

By John Victor D. Ordoñez
Reporter

THE GOVERNMENT needs to work on domestic job creation to ensure a "robust" economy, particularly in manufacturing, which is seen as the surest path to high-quality employment.

"We can create a nation that not only produces skilled workers but also provides them with ample opportunities at home," Jose G. Matula, president of the Federation of Free Workers, said in a Viber message.

"Our ultimate goal remains to build a robust domestic economy that can sufficiently provide jobs for our people," Mr. Matula added.

The plan to improve job quality needs to involve the closer integration of agriculture with manufacturing, Mr. Matula said.

"Such integration can help us maximize the utilization of our raw materials, increase value addition, and stimulate job creation in both sectors," he said.

He said the government needs to collaborate towards this end with trade unions, educational institutions, and the private sector.

In March, the Department of Labor and Employment said it expects to complete a national labor and employment plan this year in collaboration with stakeholders.

President Ferdinand R. Marcos, Jr. in January signed an executive order adopting the Philippine Development Plan (PDP) 2023- 2028, which aims to lower the unemployment rate to 4-5 % by 2028 and bring gross domestic product growth to 6-7% this year and 6.5-8% between 2024 and 2028.

The government is pinning its hopes on the PDP to make the Philippines an upper middle-income economy by 2025, Mr. Marcos said in January.

The Philippines is currently classified as a lower-middle-income country by the World Bank. It had hoped to graduate to upper middle-income status by 2022, though this was derailed by the coronavirus pandemic.

The economy expanded by 7.6% in 2022 and by 6.4% in the first quarter.

The unemployment rate in March eased to 4.7% from 4.8% a month earlier. In addition, job quality improved that month as the underemployment rate — which measures the percentage of workers who say they are seeking further employment or longer hours — fell to 11.2%, the lowest level in 18 years.

"We envision a future where our homegrown industries stand strong, offering abundant opportunities for our skilled labor force right here on our own soil," Mr. Matula said.