Marcos sees FTAs as key to export growth, wants 'open markets' with trading partners

PARTICIPATING in more free trade arrangements will be the key to making the Philippines an export hub, President Ferdinand R. Marcos, Jr. said, adding that attaining reciprocity with future trading partners will require opening up the economy to some extent.

Speaking to reporters on the sidelines of a trade forum, Mr. Marcos said the government's economic managers are undertaking a study of the best practices of leading export economies that have benefited from free trade deals.

The Philippines will soon be signing a free trade agreement (FTA) with South Korea, and is targeting FTAs with the European Union and the US, Mr. Marcos added.

"We want to open markets so that the Philippines will be able to export to and import from (trading partners). So it's not one way," he said.

"What we have to do is to allow ourselves to restructure some of the elements within (the bounds of) the law... so that we can compete on an even basis."

Aside from being suppliers, Philippine exporters should also become "industrial consumers" of products sold by trading partners, Mr. Marcos said.

"That is why we have to (raise) our export game... and support our exporters so they can compete in foreign markets... not only as suppliers, but also industrial consumers," he said. "In other words, to strengthen trade."

During the forum, the Department of Trade and Industry (DTI) launched the blueprint for the Philippine export sector.

Mr. Marcos said at the event that the Philippine Export Development Plan calls for various government interventions, such as infrastructure development, greater ease of doing business, promotion and marketing, financing, and even legislative initiatives, among others.

"The growth of our very own export industry holds the key to our attainment of national development targets," he said in his speech. "So cognizant of our pivotal role, we have to make sure that this 'economic linchpin,' that we are counting on for so much, will be properly and firmly in place."

Mr. Marcos noted that the Philippines lags its Southeast Asian neighbors in export success.

"It is true our total exports are growing. However, within the larger context of international trade, we fall behind our ASEAN neighbors," he said, noting that Manila still grapples with critical issues "such as a comparatively less-diversified export portfolio and trade barriers and frictions."

He stressed the need to diversify exports, noting that "40% of all our exports are only one product."

"So the level of diversification is something that we have to look at and we have to improve in the coming years," he said.

Electronics are the Philippines' largest exports, with Mr. Marcos understating the extent of the country's export dependence on the industry. Electronics exports last year hit $49.09 billion, against overall exports of $78.8 billion.

Mr. Marcos said the Philippines has had several good export plans "but nonetheless we are still playing catch-up in the global scene."

"It is high time that we confront and address these issues head-on."

The Philippines imports much of its food and farm inputs, making it vulnerable to imported inflation.

Mr. Marcos said he sees great promise in the export sector, estimating the "untapped" potential for exports at $49 billion. He added that small businesses will play a key role in boosting the sector.

"It has become clearer to us what the evolving export landscape looks like now. Our role in the global marketplace is becoming more apparent," he said. "We are more aware about the normal exigencies of trade and commercial dealings in our relations with other countries."

Under the plan, the government will enforce "industry-level" interventions to address challenges facing the sector, Trade Secretary Alfredo E. Pascual told reporters earlier.

He said his department is also looking into company-level interventions "because we believe that we need to work closely with individual firms to be able to take care of their needs as they venture into a potential export business for their companies."

Under the Export Development Act of 1994, the DTI must prepare a rolling three-year plan for the export sector. The plan forms part of the Medium-Term Philippine Development Plan, which is now called the Philippine Development Plan.

Mr. Marcos backed his economic managers' view that exporters will benefit from the Regional Comprehensive Economic Partnership (RCEP).

RCEP, which Manila ratified in April, covers nearly a third of the global population and about 30% of the world's gross domestic product. It took effect in the Philippines on June 2.

RCEP members include the Association of Southeast Asian Nations (ASEAN), Australia, China, Japan, New Zealand and South Korea.

The trade deal is heavily supported by China, whose trade with member countries, according to a May 2022 analysis from China Briefing, accounted for 30% of Beijing's total foreign trade by value.

Critics of RCEP have warned that the trade deal will make the Philippines heavily reliant on imports from China and prevent it from achieving trade diversification.

The Philippines is expected to face declining imports from Southeast Asia and rising imports from China and South Korea due to RCEP, the Philippine Institute for Development Studies (PIDS) said in a 2021 paper.

Likely imports will be arms and ammunition, electrical machinery and equipment, and plastics from South Korea, PIDS said.

From China, the Philippines is expected to import plastics, rubber, apparel and textiles, footwear, glass and glassware, machinery and mechanical appliances, electrical machinery and equipment, it added.

The institute said imports from China will increase all over Southeast Asia, except for Laos and Vietnam.

"Among ASEAN members, Malaysia will potentially have the largest increase in imports ($3.7 billion yearly), followed by Cambodia ($2.3 billion) and Thailand ($876 million)," it said. — **Kyle Aristophere T. Atienza**

PHL export promotion to require more funding — DTI's Pascual

THE Department of Trade and Industry (DTI) said export promotion will require greater funding to achieve the government's aggressive goals for exporters.

Trade Secretary Alfredo E. Pascual told reporters on the sidelines of the launch of the Philippine Export Development Plan (PEDP) 2023-2028 in Taguig City that the extra funding will also go towards helping small companies find overseas markets.

"If promote exports (and) help micro, small, and medium enterprises (MSMEs) develop, (investments like these) will have a return," Mr. Pascual said.

In the 2023 General Appropriations Act, the DTI had a budget of P6.3 billion, down from the P21.94 billion allocated in 2022.

Sergio R. Ortiz-Luis, Jr., Philippine Exporters Confederation, Inc. (Philexport), said separately that the DTI's budget for 2024 should be doubled to fund foreign postings of trade promotion officers and participate in trade fairs.

Mr. Ortiz-Luis added that the DTI also requires more resources to hit the export targets set in the PEDP 2023-2028.

"That is the irony of it. The DTI does huge work in the export sector but it does not have the budget. The DTI should be given enough funding, and the worthwhile projects should also be funded," Mr. Ortiz-Luis said.

"The DTI should not be one of the lowest-funded agencies since you want trade, you want price stabilization, you want the development of SMEs, but there is no funding," he added.

Under the PEDP 2023-2028, the Philippines targets $126.8 billion worth of exports by 2023, $143.4 billion by 2024, $163.6 billion by 2025, $186.7 billion by 2026, $212.1 billion by 2027, and $240.5 billion by 2028.

Last year, exports rose 5.7% to $78.98 billion.

By 2028, electronics and electrical exports are projected to account for $106.4 billion of the total for all industries, followed by IT and Business Process Management with $63.2 billion, minerals $19.4 billion, agriculture $8.9 billion, transport products $6.8 billion, wearables, fashion accessories and travel goods $4.5 billion, chemicals $2.4 billion, and home furnishings $1.4 billion.

Mr. Pascual said the PEDP 2023-2028, in conjunction with the Regional Comprehensive Economic Partnership (RCEP), could help the Philippines realize its "untapped export potential."

"Just to emphasize, RCEP utilization is an essential component in the successful implementation of the PEDP," Mr. Pascual said.

The RCEP, which took effect in the Philippines on June 2, is a trade deal involving ASEAN, Australia, China, Japan, South Korea, and New Zealand.

According to the DTI, the PEDP places export development on the national agenda and seeks to troubleshoot obstacles to export competitiveness. The Philippines aspires to become a leading exporter of high-value products and services and seeks to help exporters become globally competitive. — **Revin Mikhael D. Ochave**

Electricity spot market price drops in early June

THE average electricity spot market price declined by P1.73 per kilowatt-hour (kWh) in the first two weeks of June due to additional power available on the Luzon power grid, the Independent Electricity Market Operator of the Philippines (IEMOP) said on Thursday.

In a virtual media briefing, Christian Karla A. Rica, an IEMOP assistant manager for Knowledge Management Services, said that in early June, the average electricity spot market price fell to P7.10 per kWh.

"The decrease in price can be attributed to several factors, including a reduction in demand and a modest increase in supply," IEMOP said in a statement.

The spot market is where energy companies can buy power if their long-term contracted power deals prove inadequate for their needs. Falling prices indicate that fewer power companies are willing to pay the premium for spot power.

In June so far, average demand on the Wholesale Electricity Spot Market (WESM) fell 4.2% to 11,554 megawatts (MW), while supply increased 1% to 14,961 MW.

"A significant milestone was achieved with the energization of the Mindanao-Visayas Interconnection Project (MVIP) which will gradually be increased, so this is expected to offer (relief) from congestion issues being experienced. The next one is the resumption of operations of Ilijan, (which) has had a positive impact on available supply margins," Ms. Rica said, referring to the Ilijan gas-fired power plant in Batangas.

Earlier this month, Ilijan started running at 600 MW after the successful delivery of liquefied natural gas. The plant had been set up to run on gas from the Malampaya field, whose supply is becoming depleted.

In May, the National Grid Corp. of the Philippines (NGCP) announced the energization of the MVIP, with an initial load transfer of 22.5 MW. On Wednesday, the NGCP said it expects transfer capacity to hit 225 MW by the end of June, and full energization at 450 MW by the third quarter.

Isidro E. Cacho, Jr., IEMOP's head of Corporate Strategy and Communications, said that the decline in spot market prices can be sustained. — **Ashley Erika O. Jose**

Water Board extends enhanced water quota for MWSS

THE National Water Resources Board (NWRB) has agreed to extend the 52 cubic meters per second (CMS) water allocation for Metropolitan Waterworks and Sewerage System (MWSS) until end of June.

"Please be informed that NWRB approved the request of MWSS to extend the allocation of 52 CMS for June 16 to June 30," Sevillo O. David, Jr., NWRB executive director, said in a Viber message.

Patrick James B. Dizon, head of the MWSS Angat/Ipo operations management division, said that the MWSS will continue to ensure zero water interruptions following the extension.

"We have presented to NWRB the impact if ever the 52 CMS is not be extended, which is water interruptions for 632,000 water service connections," Mr. Dizon said.

Manila Water Co., Inc.'s Nestor Jeric T. Sevilla, director of the company's Corporate Communication Affairs Group, had projected no water interruptions had the water quota for the MWSS not been extended.

"(We) will continue with 24/7 supply except during preventive and regular maintenance activities," Mr. Sevilla said in a Viber message.

Earlier this month, the National Water Resources Board approved an allocation of 52 CMS for June 1-15, which will eventually be reduced to 50 CMS on June 16-30. MWSS normally draws 48 CMS from Angat Dam.

"In view of the PAGASA ENSO Alert and Warning System now being raised to El Niño alert and to continue our commitment to having no water interruptions to the influence are being supplied by the Angat reservoir, the MWSS respectfully requests the extension of the 52 CMS allocation from the Angat reservoir for 16-30 June 2023," MWSS said in a letter to NWRB, signed by its administrator Leonor C. Cleofas.

PAGASA (Philippine Atmospheric, Geophysical and Astronomical Services Administration) is the government weather service. ENSO refers to the El Niño Southern Oscillation, the weather pattern in the Pacific Ocean that periodically brings dry spells to affected areas.

The MWSS has said the 52 CMS allocation will ensure uninterrupted water supply, citing growing demand in Metro Manila and nearby provinces. — **Ashley Erika O. Jose**

FULL STORY
Read the full story by scanning the QR code <bit.ly/MWSS061623>

Lack of incentives, red tape seen hindering RE growth

RED TAPE and inadequate incentives are posing obstacles to the growth of the Philippine renewable energy (RE) industry, the World Wide Fund for Nature (WWF) said in a report.

"Lengthy permitting process has been identified as one of the biggest obstacles to the deployment of renewable energy. Just at the initial stage, the requirement for renewable energy developers to secure numerous permits and signatures can lengthen the permitting process," according to the report, prepared by the WWF's Philippine unit.

It said delayed permitting comes even with the creation of the Energy Virtual One-Stop Shop (EVOSS), which the WWF described as a "renewable energy transition enabler."

EVOSS is the Department of Energy's scheme for expediting the processing of applications for energy projects.

WWF Philippines said the report was prepared after two formal roundtable discussions involving representatives from the government, civil society, and organizations in the public and private sectors.

It cited the lack of incentives for RE developers and the need for more guidance to potential RE investors who are on the lookout for incentives for various new technologies.

"This report can serve as a guide for stakeholders on the policies promoting renewable energy," Geraldine Anne Velasco, who manages the WWF Philippines MoRE project, said in a statement.

MoRE stands for Monitoring Renewable Energy implementation in the Philippines.

"There is an urgent need for all stakeholders in the energy sector to come together to address obstacles to the growth of the renewable energy industry so that we can accelerate the transition away from fossil fuels," said Angela Consuelo Ibay, who heads the Climate Change and Energy Programme of the WWF Philippines. — **Ashley Erika O. Jose**

Warning issued against over-regulating open-pit miners

THE PHILIPPINES must avoid over-regulating open-pit miners to the point of rendering their operations unviable, a government think tank said.

"The most daunting task lies in finding a balance" between protecting the environment and reaping the economic benefits of mining, Ludwig John H. Pascual, a consultant with the Philippine Institute for Development Studies, said at a webinar on Thursday.

"This involves effectively enforcing environmental regulations to protect our natural resources and the welfare of local communities while not excessively constraining mining to the point of making it unprofitable," he added.

In 2017, former Environment Secretary Regina Paz L. Lopez signed Department Administrative Order (DAO) No. 2017-10, which banned open-pit mining and ordered the closure of 22 out of 41 mines found to have breached environmental rules.

The ban was lifted by her successor, Roy A. Cimatu, who issued DAO No. 2021-40 to revitalize the mining industry and contribute to economic growth that had been dampened by the pandemic. — **Sheldeen Joy Talavera**

FULL STORY
Read the full story by scanning the QR code <bit.ly/Miners061623>