ICT, data analytics, cybersecurity seen as top skills for MSMEs

By Miguel Hanz L. Antivola

INFORMATION and communications technology (ICT), data analytics, and cybersecurity are priority skills for micro, small, and medium enterprises (MSMEs), according to non-profit organization Philippine Business for Education (PBEd).

"There is great industry demand for these roles," Justine B. Raagas, PBEd executive director, said in a Viber message to *BusinessWorld* on Tuesday, citing the group's recent local labor market analysis.

PBEd previously partnered with the telecommunications network PLDT, Inc. and its wireless unit Smart Communications, Inc. to launch JobsNext, a program aimed at upskilling Filipino youth in digital skills for improved business adaptability and employability.

The training program focuses on developing foundational skills such as digital literacy, basic technology concepts, advanced IT learning tracks, and specialized cloud training, as well as entrepreneurship and project management.

"Through JobsNext, trainees are expected to contribute to businesses and MSMEs by driving innovation, enhancing cybersecurity measures, developing software solutions, and providing strategic insights for growth," Ms. Raagas said.

"With this, we hope to empower the workforce with the right mix of core and digital skills to drive innovation in businesses," she added, citing the Labor department's regional consultations where most of the emerging opportunities will come from the green, IT and platform, and creative industries.

In the IMD business school's World Digital Competitiveness Ranking 2022 report, the Philippines ranked 56th out of 63 countries, trailing behind neighboring economies such as Indonesia (51st), Thailand (40th), Malaysia (31st), and Singapore (4th).

The country saw a slight improvement, moving up two spots to 58th, in the sub-factor of adaptive attitudes. However, it fell to the 45th spot from the previous 37th spot in terms of business agility.

According to the World Bank's Philippine Jobs Report 2023, the proportion of companies adopting digital solutions increased moderately to 71% in March 2022, up from 54% in May 2021 and 51% in November 2020.

"Even sectors that have been traditionally weak in technology adoption and heavy on labor use, such as agriculture, retail, and repair, reported having started to use technology during the pandemic," the study said.

FULL STORY

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Carmen's Best: Dairy farms hold potential to meet local demand

By Brontë H. Lacsamana
Reporter

PHILIPPINE dairy farms can meet local needs by investing more in production and product development, leading to reduced reliance on dairy imports, according to an industry player.

"The potential is huge, whether it's in the yogurt, fresh milk, or ice cream categories. These are multibillion-peso industries," said Francisco "Paco" Magsaysay, founder of ice cream business Carmen's Best.

Established in 2009, Carmen's Best harvests milk from its own dairy farms in Bay, Laguna, and produces premium ice cream for the local market.

According to Mr. Magsaysay, the Philippines imports 99.6% of its dairy needs, with only 0.4% being supplied by local dairy farms. This means Carmen's Best's position in the niche market is just a fraction of what the country's dairy industry could fulfill.

This year, Metro Pacific Investments Corp. (MPIC), which now holds a 51% stake in the dairy enterprise, has pledged to focus more on it in anticipation of the high demand and significant potential for local dairy production.

The Carmen's Best group, including Carmen's Best Dairy Products, Inc., Carmen's Best International Dairy Co., Inc., Real Fresh Dairy Farms, Inc., and The Laguna Creamery, Inc., has achieved over 50% year-on-year growth, according to the company.

"We were surprised that the business is growing this much, so we want to push more," MPIC's agricultural arm Metro Pacific Agro Ventures (MPAV) President Jovy I. Hernandez said at a stockholders' meeting in June.

MPAV and Israel's LR Group are jointly investing P2 billion in a partnership that aims to build a dairy facility in Bay, Laguna. The objective is to produce at least six million liters of milk annually, with the operation expected to commence in late 2025 or early 2026.

Meanwhile, the National Dairy Authority aims for a growth target of 80 million liters per year until 2028. In June, it cited a lack of consistent annual funding, which hampers the industry's ability to meet the local demand.

HUMBLE BEGINNINGS

Carmen's Best started off with just milk production, utilizing 27 hectares of farmland with cows imported from New Zealand. The initial intention was to supply milk to people in the area, but it eventually resulted in a surplus.

Mr. Magsaysay said that within the first year of operation, his father former senator Ramon B. Magsaysay, Jr., who purchased the farm, asked him to sell the surplus milk they had.

Further product development involving different dairy products revealed the potential to create quality ice cream with the surplus milk.

"More than anything, I enjoyed eating it. I was the main market for the ice cream," he said. "It all came from the idea of serving the Philippine market with a premium product."

Carmen's Best, named after Mr. Magsaysay's daughter, eventually grew beyond its signature flavors like salted caramel and butter pecan to include alcohol-infused ice cream and even a lower-priced budget version.

"When we started selling ice cream in 2011, there was no real premium ice cream manufacturer targeting the A and B market since the amount of milk our farm produced limited the amount of ice cream we could make," he said.

STAY UNTIL IT SNOWBALLS

For small businesses, the limited capital and manpower imply that forcing rapid market expansion too soon would be futile.

"The publicly listed companies like Selecta, Magnolia, and Nestlé — we purposely did not want to go head-to-head with them. We didn't have the capital," said Mr. Magsaysay.

"From day one, we wanted to make the best ice cream. We were not talking about market share or profitability."

Starting small and catering to an underserved niche in the market implies that growth will indeed be slow, he noted.

Though Carmen's Best started selling in 2011, its first full-time employee, a food technician, was only hired in 2014.

"You just have to stick to it. It really takes time for a small business," he said.

For Mr. Magsaysay, the way they got into a rhythm was by acquiring "low-hanging fruit," which meant selling to friends or family who owned restaurants or coffee shops.

"Little by little, there will be a snowball effect. We were getting more people to join the bandwagon, to sell the ice cream, to just try it. The product spoke for itself," he said.

Trade,
from S1/1

This brought the country's trade balance — the difference between the amounts of import orders and export sales — to a deficit of $3.92 billion in June, narrowing for the third consecutive month. This was slimmer than the $4.45-billion gap in May and the $5.88-billion deficit in June 2022.

The balance of trade in goods has been in deficit for over eight years. June's gap was the slimmest in four months or since the $3.91-billion deficit in February.

For the first semester, the trade gap reached $27.96 billion, narrower than the $29.84-billion deficit a year ago.

This as exports declined by an annual 9.3% to $34.94 billion during the six-month period, while imports fell by 8% to $62.90 billion.

At its June meeting, the Development Budget Coordination Committee lowered the export growth assumption for this year to 1% from 3%, and the imports growth assumption to 2% from 4%.

MANILA INTERNATIONAL CONTAINER TERMINAL

THE Philippines recorded a trade deficit of $3.92 billion for June.

China Banking Corp. (China Bank) Chief Economist Domini S. Velasquez said weaker external demand affects the manufacturing sector although "generally the Philippine economy is less sensitive to a global downturn (compared with other Southeast Asian economies)."

"Although exports posted positive growth for the second month, we think the sustainability of the growth remains fragile," she said, noting that Taiwan and South Korea continue to see a drop in exports.

Oikonomia Advisory & Research, Inc. President and Chief Economist John Paolo R. Rivera said the slowdown in exports can be attributed to lower production due to supply constraints and recent natural calamities that limited operations.

In June, the United States was the top destination for locally made goods, displacing China. Exports to the US stood at $1.12 billion or 16.7% of the total, followed by China with $999.19 million or 14.9% share and Hong Kong with $957.88 million or 14.3% share.

China remained the main source of imported products, which accounted for 22.4% of the total or $2.38 billion. Indonesia came in second with 9.8% share or $1.04 billion and Japan with 7.9% share or $841.75 million.

"Imports decline continue to be helped by favorable base effects from lower oil prices this year compared with the same period last year. However, we expect these price effects to dissipate from August. Imports of capital goods remain to be a concern as its continued contraction points to slowing productivity in the economy," Ms. Velasquez said.

Mr. Rivera said the decline in imports can also be attributed to the weaker peso that made imported products more expensive.

By major type of goods, imports of capital goods fell by 1.2% to $3.08 billion in June. Orders of raw materials and intermediate goods slid by 15.3% to $3.92 billion and accounted for 36.9% of the total import bill.

Imports of consumer goods inched up slightly by 0.2% to $2.05 billion.

By commodity group, importation of electronic products — accounting for almost a fifth of total imports — declined by 26.4% to $2.11 billion in June. Orders of semiconductors, which accounted for nearly three-fourths of electronic products and 14.2% of total imports, contracted by 29.6% year on year in June to $1.51 billion.

On the export side, manufactured goods, which made up the bulk of total outbound sales in June, went up by 5.2% to $5.49 billion.

Electronic products, which accounted for almost three-fifths of exports and 71% of manufactured goods, rose by 12% to $3.94 billion.

Semiconductors, which comprised almost half of total exports and 83% of electronic products, climbed by 22.3% to $3.28 billion.

The latest trade data may point to slower gross domestic product (GDP) growth in the second quarter, analysts said.

Historically, merchandise exports account for about 20% of the country's GDP, while imports make up 30%.

"This can be a contributing factor to GDP growth slowdown, if indeed it slowed down and it was not offset by private and public consumption spending," Mr. Rivera said.

A *BusinessWorld* poll late last week yielded a median estimate of 6% growth in the second quarter. If realized, this would be slower than the 6.4% print in the first three months of the year and the 7.5% growth in the second quarter last year.

"Merchandise trade will likely remain soft in the coming months despite a more optimistic global outlook. Globally, the manufacturing sector in many economies continues to contract as consumers prioritize demand for services over goods. A silver lining is a pickup in economic activities in China where Xi's government is coming up with stimulus packages to boost consumer spending," Ms. Velasquez said.