AboitizPower in talks with US nuclear supplier

ABOITIZ POWER Corp. (AboitizPower) said it is in initial discussions with a US company that makes micro modular reactors to advance its plans to pursue nuclear power.

"Early discussions. Nuclear should always be an option for the country, I think when it becomes available, it's going to be economically feasible solution that's not emitting carbon dioxide but there has to be a number of items that need to be in place," Emmanuel V. Rubio, president and chief executive officer of AboitizPower, told reporters on Thursday.

Mr. Rubio said safety standards are in place but need to be updated if the Philippines is to pursue nuclear power projects.

"In one of the talks I participated in, (it was noted) that laws are already in place. We just have to revisit whether those safety standards are updated. Government has to have a role in encouraging nuclear power as an option," Mr. Rubio said.

He said the potential supplier is Ultra Safe Nuclear Corp. with which the group is engaged in exploratory talks.

"Exploratory talks. We're going to do a signing of an NDA (non-disclosure agreement) with Ultra Safe just to continue the discussion. But Ultra Safe makes micro modular reactors of around 5-7 MW (megawatts)... probably perfect for micro grids," he said.

The Philippines needs to comply with 19 requirements set by the International Atomic Energy Agency. So far, the government has accomplished one of the 19 milestones, which is the development of a national position on nuclear power.

"I think the licensing will be 2027, 2028. So, it's going to be beyond that. Maybe around 2030 we can seriously consider that option," he said.

Last year, AboitizPower said it is exploring investing in a nuclear project.

The Department of Energy has said that it is considering a target of about 2,400 MW in nuclear power capacity by 2035, a goal which it plans to incorporate in the Philippine Energy Plan. — **Ashley Erika O. Jose**

Q2 debt-to-GDP ratio flat at 61%

THE National Government's (NG) debt as a share of gross domestic product (GDP) stood at 61% at the end of the second quarter, unchanged from a quarter earlier, the Bureau of the Treasury reported.

The ratio remains above the 60% threshold considered by multilateral lenders to be manageable for developing economies. It also rose from the 60.9% posted at the end of 2022 and 60.4% at the end of 2021.

The Department of Finance expects the debt-to-GDP ratio to end the year at 61.4%.

The government aims to bring the debt-to-GDP ratio below 60% by 2025.

The NG's outstanding debt was P14.15 trillion at the end of June. Year on year, the debt stock has risen 10.6%.

The debt stock at the end of June was also equivalent to 56.6% of gross national income, lower than the 57.2% posted at the end of March.

The NG's total debt service bill was equivalent to 5.8% of GDP in the second quarter, falling from 10.1% in the first quarter.

Rizal Commercial Banking Corp. Chief Economist Michael L. Ricafort said that high interest rates and a weakening peso could lead to increased debt, making it difficult to cut the debt-to-GDP ratio.

The Monetary Board in June extended its pause for a second straight meeting, keeping the key rate at a near 16-year high of 6.25%.

Between May 2022 and March 2023, the central bank raised borrowing costs by a total of 425 basis points.

"Mostly medium- to long-term borrowing will also help keep outstanding debt levels relatively elevated (in record territory) for now. Debt payments will eventually ease the outstanding debt level and correspondingly help ease the debt-to-GDP ratio," he said in a Viber message.

China Banking Corp. Chief Economist Domini S. Velasquez said that the debt-to-GDP ratio was below program due to the smaller budget deficit incurred in the past months.

"This, however, does not bode well for growth as seen in the lower-than-expected GDP in the second quarter," she said in a Viber message.

The NG's budget deficit narrowed 18.17% to P551.7 billion in the first six months of the year.

Mr. Ricafort said that robust growth will also help trim the debt-to-GDP ratio.

"Expanding the GDP denominator would largely keep the debt-to-GDP ratio steady, at the very least, or further bring down gradually the ratio for the coming months, despite the slower GDP growth recently due to higher base effects amid the one-time election-related spending a year ago," he added.

The economy grew 4.3% in the second quarter, much slower than the 6.4% growth posted in the first quarter and the year-earlier 7.5%.

It is also well below the government's 6-7% target for the year.

"We think that sticking to the programmed spending, with a realistic and credible fiscal program, should be more beneficial to the economy. For debt to remain sustainable, the economy needs to grow similar to its pre-pandemic growth rates of 6.0-6.5%," Ms. Velasquez added. — **Luisa Maria Jacinta C. Jocson**

Agencies ordered to draft catch-up spending plans

THE Department of Budget and Management (DBM) said it issued a circular directing government agencies to submit their spending catch-up plans next month.

"There is a need to ascertain the underlying causes or reasons for the underperformance (in spending) and undertake measures to address them," according to the circular, which was released to reporters.

The DBM acknowledged, though, that preliminary data indicated that the implementation of programs was ongoing or were encountering billing or payment concerns or other issues.

Nevertheless, the department "will be requiring all agencies to periodically undertake a data analysis which will cover programs and projects with historical trends of low disbursement and those with anticipated delays."

The analysis needs to include a comparison of project performance against targets, and a delivery and execution strategy to address delays.

Agencies must also submit to the DBM a list of their latest available financial and physical accomplishments, updates on the status of flagship programs, and catch-up plans to meet their spending targets for the year. The deadline for these reports is Sept. 15.

The DBM said it will "closely monitor the status of program and project implementation to ensure that the government achieves disbursement targets."

The economic managers in a joint statement on Thursday said that they will work on accelerating budget execution for the remainder of the year.

"While government expenditure contracted by 7.1% in the absence of election-related spending in the first half of the year, government spending will accelerate in the coming quarters to allow us to recover our growth momentum," according to the joint statement.

"Government agencies, including local and regional government entities, are encouraged, if not instructed, to formulate catch-up plans, accelerate, and even frontload the implementation of said programs and projects. Line agencies already have their catch-up plans and are enjoined to implement these urgently," it added.

Government spending rose 0.42% to P2.41 trillion in the first six months. However, this was 6.6% lower than the P2.58 trillion targeted for the first half.

The DBM reported a cash utilization rate by government agencies of 98% at the end of June, behind the year-earlier pace of 99%.

The National Government, local governments and state-owned companies used P2.01 trillion out of the P2.06 trillion worth of Notices for Cash Allocation issued as of the end of June. — **Luisa Maria Jacinta C. Jocson**

ERC suspends order allowing NGCP to pass on franchise tax

THE Energy Regulatory Commission (ERC) said it suspended an order that had allowed the National Grid Corp. of the Philippines (NGCP) to pass on its franchise tax to consumers.

The ERC said once the suspension is formalized, the NGCP franchise tax can no longer be passed on to consumers in the next billing month, the ERC said in a statement on Thursday.

ERC Chairperson and Chief Executive Officer Monalisa C. Dimalanta said the decision will result in a reduction of about one centavo per kilowatt-hour.

In July, the ERC said that it will review a 2011 order that had allowed the NGCP to pass on to consumers its 3% franchise tax.

"Based on the review of our Legal Services (office), the franchise tax is in the nature of a direct tax that, as early as 2002, the Supreme Court has ruled is the sole responsibility of the franchise-holder and cannot be passed on to consumers," Ms. Dimalanta said in a Viber message.

In 2011, the ERC issued an order approving the inclusion of 3% national franchise tax billed by NGCP as part of the monthly transmission cost.

The ERC said it will continue to review the rules and regulations to ensure that the mandate of the Electric Power Industry Reform Act of 2001 is "faithfully fulfilled."

"With the consumers' interests in mind, as well as upholding the rule of law, the Commission (voted unanimously) to suspend ERC Resolution No. 07, Series of 2011," the ERC said in the statement.

Cynthia P. Alabanza, spokesperson for NGCP, said the company has yet to receive a copy of the resolution.

"We will address the matter once we receive the resolution in full," Ms. Alabanza said in a Viber message. — **Ashley Erika O. Jose**

NEDA's Balisacan asks legislators to adjust cash transfers for inflation

THE National Economic and Development Authority (NEDA) said the government's cash transfers need to be adjusted for inflation to ensure that beneficiaries' purchasing power keeps up with rising prices.

"When inflation erodes the purchasing power of the grant, then the benefits from the program will be diminished," NEDA Secretary Arsenio M. Balisacan said at a House appropriations committee meeting.

He was responding to 4Ps Party-list Representative JC M. Abalos, who proposed amending Republic Act (RA) No. 11310 or the Pantawid Pamilyang Pilipino Program (4Ps) Act to reflect an increase in the cash grants.

Mr. Abalos also cited inflation in his proposal to increase the amounts transferred to beneficiaries.

Inflation eased to 4.7% in July due to slower increases in food and utility prices, but the indicator remains above the central bank's 2% to 4% target for the year.

"There is a need to maintain the purchasing power of the grant," Mr. Balisacan said.

He proposed that cash grants be increased every few years.

"If you intend to amend that, (I would suggest) that (a provision) where they can be adjusted every five years (or) every three years automatically by the rate of inflation," he said.

RA 11310, or the 4Ps law, provides cash grants to the poorest households on the condition that they commit to help raise key development metrics, like submitting to nutrition and health checks, and keep children in school. The program currently assists 4.4 million families.

Under the proposed P5.77-trillion national budget, the 4Ps program has been allocated P112.8 billion.

The House is currently preparing the 2024 General Appropriations Bill. Speaker Ferdinand Martin G. Romualdez has given a target completion timeline of five weeks, with four weeks devoted to committee work and a week for plenary.

"Having received the budget proposal 20 days earlier than the constitutional deadline, I am confident that the House of Representatives will be able to deliberate and pass the national budget on time and transmit the same to the Senate," Mr. Romualdez said in his opening speech. — **Beatriz Marie D. Cruz**

APEC sees trade barriers rising within bloc

TRADE barriers are being erected by members of the Asia-Pacific Economic Cooperation (APEC) bloc, the APEC Policy Support Unit (PSU) said in a report.

It said commercial trade among APEC members recovered to $4.9 trillion in 2022, lower than the estimated $5.4 trillion for 2022 "had there been no pandemic."

The finding was contained in its Monitoring Pandemic Recovery Under the APEC Services Competitiveness Roadmap (ASCR) report.

According to the PSU, recently introduced trade restrictions are affecting foreign entry, movement of people, competition, and create momentum for other discriminatory measures.

"There are many factors that affect services trade. But one critical factor is government policies, which affect various services sectors differently," PSU analyst Andre Wirjo said.

"Three years since the pandemic, while we're seeing that member economies have started to roll back the temporary measures put in place during COVID-19, we're also seeing more unrelated trade restrictions being introduced," Mr. Wirjo added.

The unit said that the top restrictions vary by industry and could involve barriers to competition and regulatory transparency.

"While some restrictions may have been enacted for legitimate policy objectives, economies may wish to explore how these objectives could be achieved without having an unintended impact on trade, considering the interlinkages among policy measures," Mr. Wirjo said.

The report indicated that travel-related trade, despite reaching $700 billion in 2022, only accounted for about 50% of both the value in 2019 and the projected value in 2022.

"After falling 81% between 2019 and 2020, the number of international tourist arrivals to APEC economies registered a further decline of 16.4% between 2020 and 2021 due to COVID-19 related border measures as many economies took longer to reopen," the PSU said. — **Revin Mikhael D. Ochave**

Energy industry bats for Senate bill streamlining LNG import process

THE energy industry asked the Senate to pass a bill easing the process for importing liquefied natural gas (LNG), citing the uncertainty surrounding the gas remaining in the Malampaya field.

Malampaya operator Prime Energy Resources Development B.V. said the energy industry requires a stable framework regulating gas imports to foster growth in power generation.

At a Senate energy committee hearing on Thursday, Prime Energy general manager Donnabel Kuizon-Cruz said: "We can't really pinpoint an exact date of the Malampaya cutoff. It depends on how we plan our production... We need a bill that would allow companies and government agencies concerned to import gas in an organized way."

The Malampaya gas field is the country's only indigenous commercial source of natural gas. It is expected to run out of easily recoverable gas using current techniques by 2027.

In May, President Ferdinand R. Marcos, Jr. renewed Malampaya Service Contract 38 to Feb. 22, 2039, giving operators a 15-year extension beyond the initial Feb. 22, 2024 expiration date.

Malampaya gas accounts for about 20% of Luzon's electricity requirements. — **John Victor D. Ordoñez**

FULL STORY

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Agri modernization, education reform seen as next drivers of growth in jobs

By John Victor D. Ordoñez *Reporter*

AGRICULTURE modernization and updating the education system need to be the next steps after the government's decision to tout infrastructure as the driver of employment, labor groups said.

"We advocate for a comprehensive approach to national development that extends beyond infrastructure projects," Jose G. Matula, president of the Federation of Free Workers (FFW), said in a Viber message.

"In addition to infrastructure, the FFW calls for a renewed emphasis on agri-industrialization, recognizing the potential of agriculture to drive economic advancement and create employment opportunities in rural areas."

Public Works Secretary Manuel M. Bonoan said on Tuesday that the labor requirement for major infrastructure projects will exceed three million workers.

He said earlier that the projects will include farm-to-market roads undertaken alongside the Department of Agriculture, which are valued at about P890 billion.

Labor Secretary Bienvenido E. Laguesma said his department will collaborate with the DPWH to hire skilled and unskilled workers for the 70,000 ongoing major and minor infrastructure projects this year.

Mr. Matula said partnerships with the education industry are crucial to equip the workforce for the modern workplace.

On Tuesday, Mr. Laguesma presented his department's labor and employment plan to the Cabinet. The plan called for greater coordination with other agencies to create sustainable jobs and ensure social protections for workers.

"Major infrastructure projects of the government would surely make a dent in the country's job generation for a certain period of time," Renato B. Magtubo, chairman of Partido Manggagawa, said in a Viber message.

He said that the DPWH should provide DoLE and other agencies with complete details of the infrastructure projects it was working on, to develop specialized, comprehensive upskilling programs.

"We want the private sector to be part of our plan to create more jobs with important government agencies," Mr. Laguesma said at a Palace briefing on Tuesday. "We want them to see the manpower requirement to complete these projects."

The jobless rate rose to a three-month high of 4.3% in June, the Philippine Statistics Authority reported on Wednesday.