Key Palace meeting to review rice price controls next week

THE Department of Trade and Industry (DTI) said the lifting of the retail price ceiling on rice is being given "serious consideration" following an analysis issued by government economic planners, with a decision possibly coming at a Palace meeting next week.

"We have a scheduled meeting to talk about it next week," Trade Secretary Alfredo E. Pascual told reporters at the Make It Happen in the Philippines Reception Thursday.

"There is already a paper to be the basis of the decision, let's put it that way. It was made by the National Economic Development Authority (NEDA), in consultation with us," he added.

On September 11, Mr. Pascual said he expected a review of the price controls on regular-milled and well-milled rice in two weeks.

Ask if he will recommend the lifting of the price controls, he said: "There is serious consideration for lifting... soon."

"We are going to talk about this, it will be a collegial decision," he added.

On Aug. 31, Mr. Marcos signed Executive Order (EO) 39 which imposed price ceilings on regular-milled and well-milled rice.

Under EO 39, the price ceiling for regular-milled rice was set at P41 per kilogram, while well-milled rice was capped at P45.

Mr. Pascual said that the department is satisfied with the compliance shown by rice retailers after the order was issued.

"It shows that the retailers are prepared to abide by the mandated price ceiling," he said.

The DTI and other agencies have been disbursing cash aid to small rice retailers who may have been caught out by the price controls.

Mr. Pascual said the Department of Social Welfare and Development Sustainable Livelihood Program distributed P69 million worth of cash assistance as of Wednesday.

"This is continuing. We have a big list but it is being culled because some of the retailers listed are (no longer operating)," he said.

"The most reliable source is the Business Permits and Licensing Office of the local government units, because every year the businesses register there," he said. — **Justine Irish D. Tabile**

PHL global economic freedom rating slips

THE PHILIPPINES' global economic freedom ranking fell three spots due to lower scores in trade freedom, sound money, and regulation according to a global report measuring 2021 data.

The Philippines placed 70th out of 165 economies in the Fraser Institute's Economic Freedom Index for 2021, with a score of 7.01, slightly lower than 7.02 in the 2020 index where it placed 67th, according to the report, issued on Sept. 19.

The Fraser Institute is a Canadian conservative think tank.

The index measures economic freedom based on sound money, size of government, legal system and property rights, freedom to trade internationally, and regulation.

The Philippines was rated highest in the sound money category with a score of 9.51, down from 9.58 in 2020. The category evaluates money growth, inflation, and the freedom to own foreign currency bank accounts.

The Philippines performed worst in its legal system and property rights score at 4.49, a slight improvement from 4.48 a year earlier, with the subcategory score for judicial independence improving slightly.

The Philippine score improved in size of government to 7.91 from 7.82 previously, after an improvement in the top marginal tax rate subcategory.

Manila's score dipped in the freedom to trade internationally category, to 6.53 from 6.54 a year earlier, due to decline in tariff score.

In regulation, the Philippine score slipped to 6.62 from 6.66, with declines noted in the freedom to compete and business regulation subcategories as bureaucracy costs worsened in 2021, making it more expensive to do business.

The think tank noted that countries in Southeast Asia and Latin America generally scored poorly in the rule of law and property rights categories.

"The nations that rank poorly in this category also tend to score poorly in the trade and regulation areas, even though several have reasonably sized governments and sound money," the Fraser Institute said.

Singapore replaced Hong Kong as the world's freest economy with a score of 8.56 against Hong Kong's 8.55.

The Fraser Institute said that increased military interference in the legal system in Hong Kong led to a 0.20 decline in rule of law to 7.58.

Hong Kong also saw a 0.25 decline in its regulation score to 8.64, with the Fraser Institute citing the increase in the cost of doing business and limits on foreign labor.

The Philippines was rated higher than Indonesia, Cambodia, Myanmar, and Vietnam, but lagged Brunei, Thailand, Malaysia, Hong Kong, and Singapore.

Venezuela was at the bottom of the economic freedom rankings.

"For the government to increase its ranking, it is necessary to let markets and small enterprises be at the forefront of its major decisions," Leonardo A. Lanzona, who teaches economics at the Ateneo de Manila, said in a Facebook Messenger chat.

"More players, especially in the agriculture industry should be allowed to participate in the market," he said.

Mr. Lanzona said the government should focus on addressing the manipulation of agricultural prices, which he said is hindering competition in the industry.

"Stronger institutions of law that ensure a level playing field, not changing the rules in the middle of the game, as well as faster dispute resolution mechanisms in the judicial system should improve economic freedom," Rizal Commercial Banking Corp. Chief Economist Michael L. Ricafort said in a Viber message.

He said the government should fast-track measures that would improve the ease of doing business.

Bienvenido S. Oplas, Jr., founder of the think tank Minimal Government Thinkers, said the index likely reflected the effect of lockdowns on the regulation of businesses in 2021.

"The worst lockdown policies in Asia were done in the Philippines — massive closure of businesses, public transportation, etc.," he said in a Viber message. — **John Victor D. Ordoñez**

Gov't agencies post cash utilization rate of 93% at end of August

THE cash utilization rate of government agencies hit 93% in the eight months to August, the Department of Budget and Management (DBM) said.

The National Government, local governments and state-owned companies used P2.65 trillion of the P2.85 trillion worth of notices of cash allocation (NCAs) issued as of the end of August. Unused NCAs amounted to P197.7 billion.

The NCA utilization rate was lagging the year-earlier pace of 95%.

NCAs are a quarterly disbursement authority that the DBM issues to agencies, allowing them to withdraw funds from the Bureau of the Treasury to support their spending needs.

In the eight-month period, line departments used P1.91 trillion or 91% of their allotments.

Only the Commission on Audit posted a 100% budget usage rate at the end of August.

Meanwhile, the Department of Information and Communication Technology had the lowest usage rate of 37%.

The DBM reported earlier that it had released P5.02 trillion or 95.3% of the 2023 national budget by the end of August.

Government agencies have been tasked to come up with "catch-up plans" for spending, after being flagged for low budget utilization in the first half.

The economy grew by a weaker-than-expected 4.3% in the second quarter, the lowest reading in two years. This was mainly attributed to weak government spending, which contracted 7.1%.

DBM Secretary Amenah F. Pangandaman has said that the economy could have expanded by 5.3% in the second quarter if not for underspending by key agencies. — **Luisa Maria Jacinta C. Jocson**

Philippine market for 'green' FDI estimated at $168 billion — FSF

THE Philippine market for foreign investment in sustainable projects has been estimated at $168 billion until 2030, with the country significantly underperforming its potential after attracting only a fraction of that total between 2017 and 2021.

In a consultation paper, the inter-agency Financial Sector Forum (FSF) noted the Philippines' performance in attracting "green" foreign direct investment (FDI) and cited the need to ramp up its capacity to generate financing for its climate goals.

"There are an estimated $168 billion in green investment opportunities between 2020 and 2030, including $39 billion for greening existing and future energy infrastructure, $104 billion for climate-smart cities, and $25 billion for accelerating the green transition in selected sectors," it said.

"However, the Philippines only attracted $0.6 billion in green investment from foreign companies between 2017 and 2021, mostly in renewable energy," it added.

The FSF also noted that climate investment during the period was equivalent to only 1% of all cross-border investment, lagging regional norms.

"The scale of financing needed to meet the Philippines' climate goals is colossal and it calls for the financial sector to rapidly expand its capacity to support financing the low-carbon and climate-resilient (LCCR) transition, above the government's own fiscal allocation and spending," it said.

It said that national government agencies have allocated P1.59 trillion, or about $28.66 billion, for climate-related spending between 2016 and 2022. This represented about 5.8% of total appropriations during the period.

Of the P1.59 trillion in climate allocations in that time, more than 90% went towards climate adaptation and mitigation projects.

"Whilst seeking greater access to external alternative sources is important, it is also a strategic imperative to expand Philippines' domestic financial sector's capacity to support and accelerate the LCCR transition, which will require multiple sources of finance," the FSF said.

The government should also actively seek avenues to bridge the gaps in financing as commitments are not enough, it said.

"Climate finance calls for the mobilization of funds from public, private, national, and transnational sources to support mitigation and adaptation actions that will address climate change," it added.

The FSF also said that globally, the financing gap for climate adaptation is large and widening. Adaptation costs may rise by up to $340 billion a year by 2030, and up to $565 billion by 2050, in developing countries alone.

The gap for mitigation is even wider, the inter-agency body said. It is estimated to rise by $850 billion per year by 2030 in developing countries.

Meanwhile, the adverse impact of climate change has been increasing in the Philippines, potentially threatening the stability of the financial system.

"Philippine banks are exposed to shocks as the economy adjusts to a low carbon environment through their holdings in polluting and carbon-intensive industries," it said.

It said that the banking system's loan exposure to power generation is about 10% of the overall loan portfolio.

Transition risks will also impact other financial institutions apart from banks, such as insurance providers, investment firms, pension funds, and reinsurance companies.

"The overall objective of the (FSF) is to advance the financial sector's understanding and management of climate-related risks, while also growing sustainable finance opportunities," it added.

The FSF is a voluntary inter-agency body consisting of the Bangko Sentral ng Pilipinas, Securities and Exchange Commission, Insurance Commission, and the Philippine Deposit Insurance Corp.

The FSF released the consultation paper to assess the design of the Philippines Sustainable Finance Taxonomy Guidelines. Consultations are open until Oct. 6. — **Keisha B. Ta-asan**

Former agri secretaries support solar-powered irrigation systems

SOLAR-POWERED irrigation systems have the potential to transform underserved upland farms, two former agriculture secretaries said.

In a joint statement issued by the Federation of Free Farmers, former agriculture secretaries Emmanuel F. Piñol and Leonardo Q. Montemayor urged the administration to roll out a solar-powered irrigation program nationwide.

They said that about 200,000 hectares of farm areas are inadequately served by the National Irrigation Administration (NIA).

"These areas, which are located at the tail end of NIA's dam-sourced irrigation distribution system, get minimal or no water especially during the dry season cropping period," they added.

Mr. Piñol and Mr. Montemayor said that about 1.5 million hectares of rain-fed uplands could be potential areas for planting rice or high-value crops like soybean and vegetables during the dry season.

"The beauty of solar-based irrigation is that it is free (coming from the sun), renewable, environmentally sound. It reduces farmers' irrigation expenses since it does not require increasingly costly diesel fuel," they added.

About 300 solar irrigation projects have been established by the Departments of Agriculture and Agrarian Reform, as well as local government units, according to Mr. Montemayor.

Mr. Piñol said that under the previous administration a P40 billion soft loan was offered by the government of Israel to develop over 6,000 solar irrigation units covering almost 500,000 hectares.

"[It] had been unacted upon by the economic team of the previous administration," he added.

Mr. Montemayor added that earlier this year a proposal was submitted to develop a similar project, "Malacañang's response is still being awaited."

"These and future development plans need to be coordinated and scaled up to achieve rice and food security goals at the soonest time possible," he said. — **Adrian H. Halili**

FREEPIK

DBM to release P12B for Western Visayas housing aid

THE Department of Budget and Management (DBM) has approved the release of P12.259 billion for housing aid to calamity victims in the Western Visayas, including informal settlers.

Some P200 million of the total will go towards resettling displaced residents.

The resettlement works include the construction of four five-storey, low-rise residential buildings.

Budget Secretary Amenah F. Pangandaman approved the release of the Notice of Cash Allocation to the National Housing Authority (NHA).

"The request for payments, chargeable to previous years' released allotments, was supported with a documented list of Special Allotment Release Orders with their respective amounts, status of fund utilization, and finance accountability reports — all of which the DBM confirmed to be in order," the DBM said.

It said the NHA is the only national agency that may engage in building housing for low-income families. — **Luisa Maria Jacinta C. Jocson**

Iloilo's MORE Power reduces September rate

ILOILO CITY power consumers served by MORE Electric and Power Corp. (MORE Power) will face lower electricity charges in September, with the average rate for residential users falling by P0.2701 per kilowatt hour (kWh).

In a statement Thursday, Razon-controlled MORE Power said the reduction is in effect between Sept. 18 and Oct. 14, it said. Rates have been falling from P14.1512 per kWh in January to the current P10.7139.

"The decrease in rates can be attributed to various factors, including a notable drop in the generation cost to P5.9044 per kWh, a decrease of P0.2039 per kWh for this month," the company said.

"This reduction is a result of lower fuel costs for purchased electricity from power suppliers, with a particular mention of the positive impact of Sem-Calaca Power Corp. Additionally, the three-month average Newcastle index (which helps set reference prices for coal) fell from 160.73 to 142.39," it added.

MORE Power said that transmission charge of P0.6643 per kWh fell by P0.0438.

The system loss charge continues on its downtrend to P0.4054 per kWh, the company said.

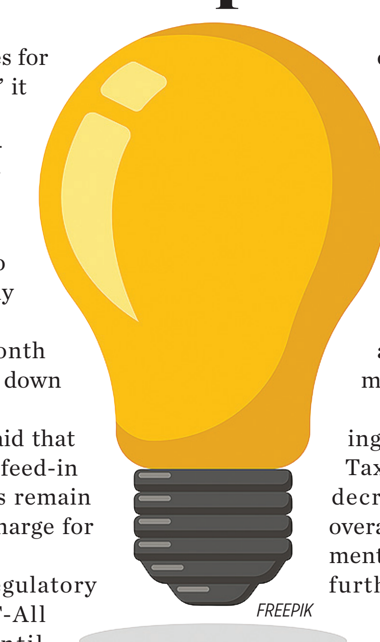
As of September, the 12-month average system loss was 5.81%, down from 5.85% the previous month.

Meanwhile, MORE Power said that the universal charges and the feed-in tariff allowance (FIT-All) rates remain flat, except for the universal charge for missionary electrification.

Last month, the Energy Regulatory Commission suspended FIT-All collection in September "until otherwise lifted" to ease the burden on consumers.

MORE Power said that it has to reimpose a P0.0239 per kWh charge as per 2012 True-up rate following guidance from the Power Sector Assets and Liabilities Management Corp.

"It is also worth noting that VAT (Value Added Tax) and other taxes have decreased in line with the overall reduction in the aforementioned charges, providing further relief to Iloilo City consumers," it said. — **Sheldeen Joy Talavera**



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