

BSP institute sees remittance reform potentially boosting economic growth

CUTTING remittance costs and expanding the available channels for sending money back home to the Philippines holds the potential for raising economic growth, the Research Academy of the Bangko Sentral ng Pilipinas (BSP) said.

BSP Research Academy Officer II and Research Associate Carl Francis C. Maliwat said money remitted by overseas Filipino workers must be leveraged to maximize its impact.

"Because remittances remain a crucial source of funding for the Philippine economy, we really must consider how to optimize the use of remittances to fuel further economic growth," he said in a virtual event on Wednesday.

Mr. Maliwat recommended classifying remittances as an essential service and building scale in the industry.

"First, we declare the provision of remittances as an essential financial service. Second, we support the development and scaling up of digital remittance channels to migrants and families through fintech and digital modes," he said.

He said the government should continue its efforts to reduce remittance costs and promote competition in the market.

"We can also consider the development of interventions such as to enhance the payments and settlement system, improve access to financial services by promoting the use of the internet and of mobile technology, and to cultivate financial education among overseas Filipinos and their beneficiaries," he said.

Remittances sent through banks rose 2.6% year on year to \$2.99 billion in July. This was the highest total in seven months or since the \$3.16 billion in December.

In the first seven months, cash remittances rose 2.9% to \$18.79 billion.

The US remained the biggest source of cash remittances, accounting for 41.3%. It was followed by Singapore (6.9%), Saudi Arabia (5.9%), Japan (5%) and the UK (4.8%).

The BSP expects remittances to grow 3% this year.

Mr. Maliwat said the pandemic had a negative and significant impact on remittances, causing lingering effects on the rest of the economy.

"But — and this is crucial — we have found this effect to be temporary. Nevertheless, we find that shocks to remittances will spill over to the rest of the economy. And while the shock to remittances is temporary, the spillover effects may not necessarily be so," he said. — **Keisha B. Taasan**



US trade mission to visit in March, embassy says

THE US Embassy said a trade and investment mission will visit the Philippines in March to explore investment opportunities.

"In March next year, the Secretary of Commerce Gina Raimondo will be leading a delegation of very senior US investors and chief executive officers of companies that are looking for expanded opportunities in the Philippines," according to Paul Taylor, commercial counselor of the US Embassy in the Philippines, at the Cagayan de Oro Investment Forum 2023 on Thursday.

"This will be a very high level of engagement between the US and the Philippines on how we can tie our economies together more closely to commercial and investment engagements," he added.

The mission is tied to the US-organized Indo-Pacific Business Forum and will involve a delegation to Manila representing 100 or more US companies.

Mr. Taylor said that the trade mission will also follow the recently concluded and "successful" agriculture technology trade mission organized by the US Department of Commerce.

Mindanao investment continues to be hindered by 'unsafe' stigma

THE stigma regarding the safety of Mindanao continues to hinder investment, Cagayan de Oro (CDO) city officials said.

John W. Asuncion, an economic development and investment promotions officer with the CDO Trade and Investment Promotions Center, said while parts of Mindanao remain hot spots, the security situation varies widely, with Northern Mindanao generally considered safe.

"One of the reasons that really stops investors from coming in is the stigma of Mindanao being chaotic, risky and unsafe," Mr. Asuncion said on the sidelines of the Cagayan de Oro Investment Forum 2023 on Thursday.

"This is not true for CDO. You can walk around CDO at any time of the day and still be safe," he added.

Roy Hilario P. Raagas, CDO city administrator, said other major economic centers in

Mindanao that are considered safe include General Santos City and Davao.

He cited the case of Filipino-Italian real estate company Italpinas Development Corp., which has been in CDO for 10 years.

"They have started developing condominiums there, and they are expanding. That goes to show that foreign investors are already finding CDO a safe and secure place to invest in," he said.

The city also announced on Thursday that it has received five letters of intent for its 60-hectare mixed-use township development in Barangay Lumbia.

The letters of intent involve office buildings, business process outsourcing sites, commercial complexes, food centers, community malls, integrated terminals for public utility vehicles, and schools.

Known as "New City," the project has started land development activities on a

P25 billion, 20,000-unit medium-rise housing project of the Development of Human Settlements and Urban Development.

The city is also planning to open at least 30 hectares of the project to light manufacturing, mixed-use commercial establishments, and medical and health facilities.

Four more projects valued at P44.3 billion were pitched to investors at the event.

The projects include the development, construction and operation of a P4-billion CDO City Sewerage project and a P4.5-billion Waste-to-Energy project, both under the city government of CDO.

Two private companies also presented plans for their projects — a P27-billion mixed-use estate by Gedah Holdings, Inc. and a P8.8-billion Aerial Mass Transit System by the Philippine Aerial Ropeway and Cable Transit Corp. — **Justine Irish D. Tabile**

That mission concluded on Wednesday, during which Trade Secretary Alfredo E. Pascual pitched opportunities in agriculture, infrastructure, logistics, telecommunications, and food production enhancement programs.

In a statement on Thursday, the Department of Trade and Industry said US companies have signaled potential interest in partnerships involving hybrid seed and genetically modified farm products, precision agriculture, and food and beverage industrialization.

According to Mr. Taylor, Philippine investments will ideally seek out opportunities that can scale up in agriculture, particularly in Mindanao.

He said Mindanao "has the capacity to not only feed the Philippines, but to feed much of

the world through increased and improved efficiencies in the agricultural sector."

He added that improving market efficiency could help the Philippines sustain itself through local production rather than depending on imports.

"The Philippines can (address) food security through imports and local production at the moment. I think it's relatively easy to argue that the Philippines is much too dependent on imported products simply because of the lack of efficiencies in the market," he said.

"And that's where US investment can really help facilitate improvements. I may sound overly focused on the agriculture sector and that is partly because I know that in Cagayan de Oro and all of Mindanao, that would be what might be called the low hanging fruit; that's where much of the potential is available," he added.

Mr. Taylor said that the US companies will continue to look for market and investment opportunities in the country and he committed to helping to connect them to the opportunities seen in Cagayan de Oro.

"Foreign investors, for better or worse, will look for the least-risk opportunity and the easiest investment environment to work in. Cagayan de Oro has an opportunity to take advantage of that and create greater ease of doing business," he added. — **Justine Irish D. Tabile**

NIA, DENR sign agreement allowing repurposing of excess irrigation water

THE National Irrigation Administration (NIA) and the Department of Environment and Natural Resources (DENR) signed a memorandum of agreement (MoA) to redirect surplus irrigation water for other uses.

"Under the memorandum, the uncompromised and unhampered provision of irrigation requirements to NIA's existing agricultural lands and other irrigable areas programmed for development shall be secured," the NIA said in a statement.

It added however that irrigation water managed and developed by the NIA will no longer serve agriculture exclusively.

"Excess irrigation water will now be used for power production, bulk water supply, aquaculture, recreation, and tourism, among others," it said.

The deal represents a potential increase in revenue for the NIA.

Environment Undersecretary Carlos Primo David said that the agreement helps improve water security for all users.

"(This) is a convergence between several government agencies with water-related functions ... we are able to plan and coordinate our efforts together," Mr. David said.

The MoA complies with Executive Order No. 22 which created the Water Resources Management Office (WRMO). The WRMO is tasked with "the integration and harmonization of all government efforts and regulatory activity to ensure availability and sustainable management of water resources." — **Adrian H. Halili**

PHL water-use efficiency improves in 2022

WATER use efficiency (WUE), measured in terms of value added per volume of water used, rose 5.5% in 2022, the Philippine Statistics Authority (PSA) said.

In a report, the PSA said WUE rose to P211.04 per cubic meter from the P200.09 a year earlier.

"The services sector continued to account for the highest WUE at P1,300.73 per cubic meter, followed by the industry and agriculture sectors with WUE of P426.85 per cubic meter and P15.49 per cubic meter, respectively," the PSA said.

Michael L. Ricafort, chief economist at Rizal Commercial Banking Corp., noted the bigger productivity and value added generated by the services sector, accounting for around 60% of gross domestic product.

"This also reflected the further reopening of the economy towards greater normalcy with no more large lockdowns since 2022... and other economic activities, all of which boosted the country's water use efficiency," he said in a Viber message.

Freshwater withdrawals in 2022 increased to 91 billion cubic meters (bcm) from 89 bcm in 2021. The indicator refers to the volume of fresh water extracted from source, such as rivers and lakes, for agriculture, industry, and services.

Water abstraction, or the amount of water removed from source either permanently or temporarily, was 226 bcm, up 2.1%. Most of the supply came from surface water (98%), and the remaining from groundwater.

Meanwhile, the level of water stress, or freshwater withdrawal as a portion of available freshwater resources, rose to 27.8% in 2022 from 27.2% previously.

"The annual level of water stress consistently fell within the low-level classification range of 25 to 50%," the PSA said.

The largest water expense was incurred by households, amounting to P59.37 billion in 2022, against P56.10 billion a year earlier.

This was followed by mining and quarrying, manufacturing and construction with P47.12 billion, against P44.9 billion in 2021; and services at P38.32 billion, up from P35.90 billion a year earlier.

The Water Accounts of the Philippines are compiled annually by the Environment and Natural Resources Accounts Division.

The supply and use of water resources are measured in accordance with the System of Environmental-Economic Accounting 2012 Central Framework, the international statistical standard. It is also aligned with the System of National Accounts, according to the PSA. — **Sheldeen Joy Talavera**

BARMM energy projects pitched to potential Middle East investors

THE Department of Energy (DoE) is encouraging potential Middle Eastern investors to explore for oil and gas in the Bangsamoro Autonomous Region in Muslim Mindanao (BARMM).

"In the case of Qatar, the United Arab Emirates and Saudi Arabia, we would like them particularly to invest in the Bangsamoro region," Energy Secretary Raphael P.M. Lotilla said in a chat with reporters.

"While of course we are not limiting their investment interest to these areas, there is a natural affinity and there's great interest on their part to be able to help out in the Bangsamoro region," he added.

In July, the DoE and the Ministry of Environment, Natural Resources, and Energy of the BARMM signed the Intergovernmental Energy Board Circular on the joint award of petroleum service contracts and coal operating contracts.

Mr. Lotilla said apart from Middle Eastern countries,

the DoE has received interest from other potential investors from other parts of the world, including a "major company" interested in offshore projects.

"We have a number who have discussed with us. I am not yet at liberty to tell you which company but definitely, it is a major company that is looking at opportunities again, especially in the offshore areas of between Sulu and Mindanao," he said.

Meanwhile, Mr. Lotilla reiterated that the transition to renewable energy is "not going to take place overnight" and will involve major costs.

"This means therefore additional cost not only for the developed countries but even for developing countries like the Philippines," he said.

The DoE has said the energy sector industry will require investment of about \$153 billion, with \$97 billion for RE investment, including the pre-development and construction of power plants. — **Sheldeen Joy Talavera**



Ban on poultry imports from Chile, Turkey lifted

THE Department of Agriculture (DA) has lifted a ban on poultry products from Chile and Turkey after birds there were declared free of H5N1 Highly Pathogenic Avian Influenza (HPAI).

In separate memorandum orders, the DA allowed the resumption of imports from these countries of domestic and wild birds, poultry meat, day-old chicks, eggs and semen.

The orders were signed by Senior Undersecretary Domingo F. Panganiban.

"Based on the evaluation of the DA, the risk of contamination from importing poultry meat, day-old chicks, eggs and semen is negligible," according to the orders.

The DA ban on imports of poultry and related products from Chile was issued following reports of a confirmed outbreak of bird flu on March 13.

The DA said that according to an official declaration from the Chilean government, all reported HPAI cases have been resolved, with no additional outbreaks reported.

It had banned shipments of poultry from Turkey earlier this year after reports of avian flu in domestic birds.

The Turkish government, likewise, reported that all cases of HPAI have been resolved.

The Philippines imported 289.52 million kilograms of chicken, 229,302 kilos of duck meat, and 168,697 kilos of turkey in the eight months to August, according to the Bureau of Animal Industry. — **Adrian H. Halili**