

## World Bank calls PHL prospects in RE 'exciting'

RENEWABLE ENERGY (RE), particularly when applied to electric vehicles (EVs), will be a bright spot for growth in the Philippines, the World Bank said.

"I think one area that is really exciting is a broad area of RE. In particular, the EV subsector. The Philippines happens to be endowed with critical minerals," Ndiame Diop, World Bank Country Director for the Philippines, said at a conference on Tuesday.

"With a very good policy framework, going beyond extraction but processing the minerals here and (forging) smart partnerships with investors to produce here, I see this sector as having a great potential not only in boosting growth but also creating green jobs," he added.

The Department of Energy has said that the Philippines is on track to increase its share of RE in the power generation mix. The target for RE share is 35% by 2030 and 50% by 2040.

RE accounted for 22.1% of the Philippines' energy mix at the end of 2022. Of this, coal-fired power plants accounted for 59.6%. Natural gas accounted for 16% and oil-based energy sources 2.3%.

Policies expected to promote growth include the amended Public Service Act (PSA), Mr. Diop said.

"What is really exciting is some of the liberalization reforms that have been initiated and discussed... I will highlight one of them: the PSA. I think this is a banner reform," he said.

"If fully implemented, it will open up key sectors to competition and investment. And the gains will be transmitted across the whole economy," he added.

Mr. Diop said liberalizing the transportation, telecommunications, and energy industries "improves competition and promotes new investment."

"Some analysis done recently showed that if it is fully implemented the productivity gain across the economy (will be) significant," he added.

In March, the government released the implementing rules and regulations (IRR) for Republic Act No. 11647, which amends the 85-year-old PSA.

The law effectively allows full foreign ownership in telecommunications, domestic shipping, railways and subways, airlines, expressways and tollways, and airports. These industries were previously subject to the 40% foreign ownership cap for public utilities.

"The PSA amendment's full implementation... requires two things. One is a general IRR, which has already been enacted. Now for the reform to be fully implemented you need to get into all these sectors that are liberalized and get IRRs at the regulatory, sectoral (level)," Mr. Diop added. — **Luisa Maria Jacinta C. Jocson**

## NEDA signals need for cash aid with food prices set to increase

THE National Economic and Development Authority (NEDA) alerted the government to the need for cash aid to the most vulnerable as El Niño ramps up, putting upward pressure on food prices.

"It is important to ensure that the most vulnerable sectors of the society are protected and provided assistance especially while food prices remain high amid the expected El Niño," NEDA Undersecretary Rosemarie G. Edillon said at a Palace briefing.

She also expressed support for maintaining a low-tariff regime on key food imports.

Even with easing inflation, it is "crucial" for the government to continue "monitoring the prices of commodities particularly food, transportation, and energy," she added, due to "geopolitical uncertainties" and the expected El Niño-induced dry spell, which is forecast to peak in late 2023 and early 2024.

Ms. Edillon, who did not elaborate on the size of the cash assistance program, said the government is also counting on the Social Welfare department's food stamp program to temper the effects of potential price increases.

Citing a Cabinet meeting earlier in the day, Ms. Edillon said President Ferdinand R. Marcos, Jr. had ordered government officials to focus on supporting food-producing provinces that are less likely to be hit by El Niño.

"A number of provinces are less likely to be hit by El Niño. And so, in the briefing this morning — that was actually the instruction of the President — to make sure that we target the production support to these provinces," she said.

Ms. Edillon said the Economic Development Group is also recommending the extension of the reduced tariff rates for pork, rice, corn and coal until the end of 2024 "subject to a mid-year review."

Import duties on the four commodities were first lowered in 2021, via an executive order issued by former President Rodrigo R. Duterte.

Mr. Marcos, who has stated that his priority is to look after

## 'Demographic sweet spot' expected to add at least 1 ppt to PHL growth

THE "demographic sweet spot" that the Philippines is currently in has the potential to supercharge growth over the next three decades by at least a percentage point (ppt) each year, the government's chief economic planner said.

National Economic and Development Authority Secretary Arsenio M. Balisacan said the so-called sweet spot refers to the large cohort of young working-age people participating in the economy. Young workers typically spend more as they establish their households, as opposed to older workers, whose years making major purchases are behind them and are focused on saving for retirement.

Citing a study by the United Nations Population Fund, Mr. Balisacan, speaking at the Philippine Economic Society Annual Meeting on Tuesday, said that the rising support ratio, which refers to the growth in labor force population relative to total population, could potentially add 0.4 to 0.7 percentage points to economic growth until the 2040s.

"The increased overall productivity would add another 0.1 to 0.7 percentage points to growth in the longer term. In to-

tal, this so-called demographic sweet spot could contribute at least a percentage point increase to the country's growth potential or prospects for the next two to three decades," he said.

The young workforce and increased productivity from capital accumulation and human development is what constitutes the demographic dividend, Mr. Balisacan said.

He said that this "demographic window of opportunity" has started, as the working age population is now growing faster than the overall population.

"For labor to be productive, it must be complemented with capital investment. So that's why we are very aggressive in telling the world that there are opportunities in the Philippines," he added.

As early as the 2030s, Mr. Balisacan said the opportunities from the demographic window can be reaped "if we take care of the youth today. Ten years later, they are out there in the labor market."

He said, however, that there is a need to address the scarring effects of the pandemic, including recovering learning losses.

"We have to find solutions to the lingering effects of the pan-

demographic if we want to improve our labor productivity and return to a high growth path for the economy, and to fully realize the opportunities from the country's demographic transition," he said.

"We cannot afford to miss out once again. While our East Asian counterparts are able to take advantage of this window of opportunity, despite the improvements that we have observed in terms of raising or growth prospects, lingering structural issues have resulted in mixed outcomes for welfare," he added.

He said the rate of poverty reduction could have been faster if these issues were addressed.

"The COVID-19 pandemic had a much higher impact on poverty in the Philippines than on its Asian counterparts. Our low labor productivity has also limited wage growth, resulting in the weak response of poverty reduction to growth. Between 2012 and 2021, we had one of the lowest average wages in the region. The purchasing power afforded by these wages is threatened by transitory challenges such as inflation," he added.

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## Zamboanga Region wage board approves P30 hike in daily pay

THE Department of Labor and Employment (DoLE) said on Monday that the Regional Tripartite Wages and Productivity Board in Zamboanga Peninsula (Region IX) approved a P30 daily minimum wage hike, which will take effect on Nov. 12.

For workers in non-agricultural enterprises and retail or service establishments employing more than 31 workers, the daily minimum wage will rise to P381 from P351.

Minimum wage for workers in retail or service establishments with 10 to 30 employees will rise to P368 from P338. The board said this will rise further to P381 starting Feb. 1.

For agricultural workers, the minimum wage will rise to P368 from P338.

In a statement, the DoLE said the wage order will cover 56,848 minimum wage earners in Region IX.

"About 121,490 full-time wage and salaried workers earning above the minimum wage may also indirectly benefit as a result of upward adjustments at the enterprise level arising from the correction of wage distortion," the DoLE said.

The board also ordered a P600 increase in the monthly wage for domestic workers. This will increase the minimum wage to P4,600 a month in chartered cities and first-class municipalities, and P4,100 in other municipalities.

The DoLE said the order covers 18,984 household workers, of which about 13% live with their employers.

The department said retail or service establishments regularly employing not more than 10 workers, and enterprises affected by calamities may apply to the board to be exempt from the wage order. — **Jomel R. Paguan**

## Shanghai expo yields \$600M in orders for PHL exhibitors, mostly fruit

EXHIBITORS from the Philippines booked \$603 million worth of orders by the second day of the China International Import Expo (CIIE) in Shanghai, with durian in strong demand, a Beijing-based Philippine diplomat said.

"As of yesterday, at the CIIE, we (had) a little bit over \$600 million (worth of orders), most of them for fresh fruit," according to Ana Abejuela, agriculture counselor with the Embassy of the Philippines in China, said at a briefing on Tuesday.

"Of course, the largest orders are still for bananas, followed by durian, pineapple, banana chips, and coconut water," she added.

The Department of Trade and Industry (DTI) estimates that the Philippines was the top overseas supplier of bananas to China in 2022 with 41% of the market. Last year, the value of Philippine banana imports was \$476.37 million.

Thailand dominated the China durian trade with shipments valued at \$3.85 billion, for a 95% share of the market.

Trade Undersecretary and Board of Investments Managing Head Ceferino S. Rodolfo said the orders indicate the potential for Philippine durian.

"We should monitor this to make sure we are able to sustain this until we dominate the China market," Mr. Rodolfo said.

"The market is big, as shown through the initial results, but this is not a walk in the park. We really need the cooperation and collaboration of the private sector," he added.

Philippine durian started entering the Chinese market this

year, after President Ferdinand R. Marcos, Jr. signed an agreement in Beijing during his state visit.

The Durian Industry Association of Davao City (DIADC) said that the first shipment of durian in April reflected Chinese enthusiasm for Philippine durian.

"I think around 2,300 metric tons of durian were exported globally last year, but for this year, considering that we still have two months to go, our shipments of fresh and frozen durian not only to China but to the world, have exceeded 6,000 metric tons," DIADC President Emmanuel Belviz said.

Mr. Belviz said that despite the growth in exports, durian farmers still face challenges in training and post-harvest processes like preparing the fruit for shipment.

"We are a bit behind compared to Vietnam and Thailand. I think it takes us 10-14 days to ship or even longer if we encounter problems with sea freight. Aside from this, the MRLs (maximum residue levels) are not yet established, and durian pesticides are still not registered, so I think there is a need to work it all out because there is a big opportunity," Mr. Belviz said.

Ms. Abejuela said volume has always been a challenge not only for durian but for all Philippine fresh and processed food products to China, where the customers require large orders.

"We see that volume for durian is a challenge and the Department of Agriculture (DA) has been working together with our durian farmers and DIADC to (address it)," she said. — **Justine Irish D. Tabile**

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## Microgrid auction seen benefiting from streamlined approval

THE Department of Energy (DoE) said it will offer a streamlined approval process for the first microgrid service provider auction, at which concessions will be awarded to serve off-grid areas.

"We are committed to working closely with the relevant agencies to ensure that the CSP (competitive selection process) proceeds as smoothly as possible," Energy Undersecretary Rowena Cristina L. Guevara said in a statement on Tuesday.

"Our primary goal is to expedite the delivery of reliable and sustainable electricity services in all areas not only through microgrid systems but other appropriate solutions depending

on the area's characteristics," she added.

The DoE last week invited potential bidders to the CSP for microgrid services to 98 unserved and underserved areas.

Unserved areas refer to those with no electricity access and no distribution system lines, while underserved areas are those where the supply of electricity is less than 24 hours daily.

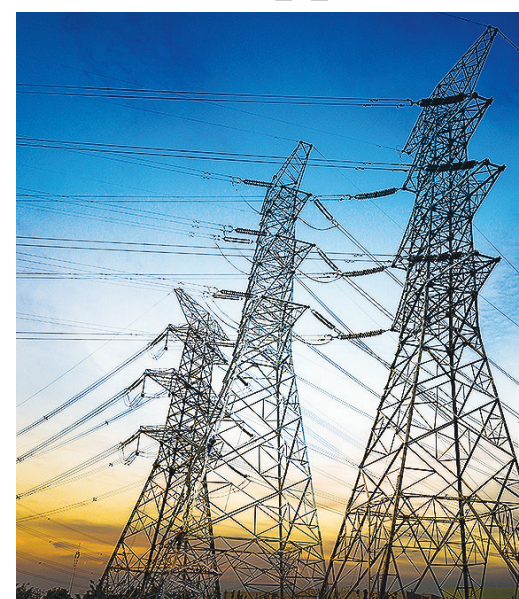
According to Republic Act No. 11646 or the Microgrid Systems Act, the DoE is required to conduct a CSP for potential concessionaires seeking to serve off-grid areas.

The initial auction is expected to be conducted within the quarter, while the awarding is targeted for the first quarter of 2024.

Some 15,645 households, equivalent to around 39% of all unserved and underserved areas, are expected to benefit from the initial auction round.

The 2023-2032 National Total Electrification Roadmap (NTER) has identified 285 unserved and 122 underserved areas in off-grid locations which will be granted priority in tenders to private sector investments.

The DoE said it will further consult with distribution utilities and other instrumentalities to update NTER, as well as further validate the other unserved and underserved areas for a possible second round of auctions. — **Sheldeen Joy Talavera**



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