Consumption to pick up as inflation eases — Diokno

CONSUMPTION will once again be the primary driver of economic expansion in 2024 as the threat from inflation recedes, Finance Secretary Benjamin E. Diokno said.

The Development Budget Coordination Committee (DBCC) expects gross domestic product (GDP) to grow by 6.5%-7.5% next year, "taking into account the risks posed by the possible global economic slowdown, El Niño, and other natural disasters, as well as geopolitical and trade tensions," Mr. Diokno said in a statement Thursday.

The DBCC expects the economy to grow by 6-7% this year, and by 6.5-8% for 2025-2028.

GDP grew 5.9% in the third quarter, bringing the nine-month average to 5.5%.

"Growth in 2024 will be driven by private consumption as inflation is expected to return within the target range," the Department of Finance (DoF) said.

The BSP last week maintained its 2-4% inflation target range through 2026, but said risks were weighted to the upside.

Its forecasts indicate inflation will likely decelerate next year and in 2025, "given limited demand-based inflation pressures amid improving supply conditions."

Headline inflation slowed to 4.1% in November from 4.9% in October, marking the 20th straight month of price growth breaching the BSP's 2-4% target. Year to date, inflation averaged 6.2%.

Growth in 2024 will also be led by investment due to the Philippines' "sound macroeconomic fundamentals, investment-grade credit ratings, the implementation of structural reforms; and increased demand for Philippine exports as supply chain bottlenecks ease."

On the supply side, growth will be driven by the services and industry sectors, the DoF said.

The government's 2028 medium-term fiscal framework, which includes a deficit target of 5.1% of GDP, could also be achieved with the passage of proposed legislation to fund the P5.77-trillion budget for 2024.

"The economic team will continue to work with Congress in pushing for key reforms crucial to accelerating economic development," Mr. Diokno said.

This year, the government's deficit ceiling is set at P1.49 trillion, equivalent to 6.1% of GDP. The projection assumes P3.847 trillion in revenue and P5.34 trillion in disbursements.

The Bureau of the Treasury reported that the National Government budget deficit narrowed by 24.8% to P93.3 billion last month from the P123.9-billion deficit in November 2022.

In the year to date, the fiscal deficit contracted by 10.1% year on year to P1.11 trillion. This was equivalent to 74.1% of the full-year P1.499-trillion targeted deficit. — **Aaron Michael C. Sy**

PHILIPPINE STAR/ WALTER BOLLOZOS

SHOPPERS flock to Divisoria for holiday shopping.

Livestock, poultry production seen falling next year

By Adrian H. Halili
Reporter

LIVESTOCK and poultry production are expected to decline next year with imports admitted under lower tariffs discouraging producers from expanding, according to the Philippine Chamber of Food, Inc. (PCAFI).

"We have a negative growth outlook for the livestock and poultry sector next year affecting both backward linkages like corn production and forward linkages in the value chain," PCAFI President Danilo V. Fausto said in a Viber message.

The Department of Agriculture has said that it plans to raise livestock production levels by five times in 2028.

According to the Philippine Statistics Authority, hog and goat production rose 3.3% and 0.1%, while dairy output fell 12.4%, as did that of cattle (-1.5%), and carabao (-0.3%), during the third quarter.

Mr. Fausto said that the recent extension of a lower tariff regime on imported meat will set back the livestock and poultry industry.

"Basically, imports will hurt livestock production especially now that lower import tariffs have been extended for another year," Mr. Fausto said.

Executive Order 50 extended the lowered Most Favored Nation tariff rates on rice, corn, and pork until Dec. 31, 2024.

The rates on pork meat, whether fresh, chilled, or frozen were kept at 15% for imports within the minimum access volume (MAV) quota and 25% for those exceeding the quota.

Tariff rates for rice imports remained at 35% regardless of their source country or volume.

Corn shipments, on the other hand, were kept at 5% for shipments within the MAV quota and 15% for those exceeding the quota.

"Our livestock producers will find it difficult to compete with imported meat and poultry products which are highly subsidized by exporting countries," Mr. Fausto added.

As of October, meat imports amounted to 1.02-billion kilograms, according to the Bureau of Animal Industry (BAI).

The BAI reported that Brazil was the top supplier, accounting for 343.86 million kg. This was followed by the US and Spain with 179.64-million kg and 123.36-million kg, respectively.

Meat Importers and Traders Association President Jesus C. Cham said that lower costs for acquiring meat could potentially lower retail prices.

"A lower-cost environment will always provide a better cushion against price increases. This will benefit consumers," Mr. Cham said in a Viber message.

PHILIPPINE STAR/ MIGUEL DE GUZMAN

Low food tariffs will help, but agri output ultimately needs to rise — Balisacan

THE extension of reduced tariffs on key food products will help mitigate inflation, but the Philippines will ultimately need to improve agricultural output, according to the National Economic and Development Authority (NEDA).

In a statement Thursday, NEDA Secretary Arsenio M. Balisacan said the Philippines should also diversify its sources of imports to ensure the sufficiency and affordability of food.

Such measures would help mitigate the inflationary impact of El Niño, the persistence of African Swine Fever (ASF), and geopolitical disruptions and as supplier countries move to restrict their food exports.

"Short-term and long-term interventions need to work together to protect the purchasing power of households and boost producer productivity and income. Doing so will ensure equitable and sustainable development," Mr. Balisacan said.

NEDA also said these strategies include sustained investment in irrigation, flood control, logistics, and climate change adaptation.

Headline inflation slowed to 4.1% in November from 4.9% in October, marking the 20th straight month that inflation breached the central bank's 2-4% target range.

In the first 11 months of the year, inflation averaged 6.2%, still above the central bank's 6% full-year forecast.

Meanwhile, the extension of the reduced Most Favored Nation (MFN) tariff rates for key agricultural commodities such as pork, corn, and rice will likely help keep food prices and overall inflation manageable, NEDA said.

"Swine fever, production shortfalls in corn, and estimated supply deficits in rice drove price increases in these commodities for this year, (but) additional meat imports played a crucial role in reducing meat inflation to -1.2% in September 2023 from 21% in 2021," it said.

"In addition, the reduction on tariff rates had pulled down corn inflation and broadened market sources for rice, mitigating the impact of elevated inflation in September ," NEDA added.

President Ferdinand R. Marcos, Jr. last week signed Executive Order (EO) No. 50, which extends the reduced MFN tariff rates on rice, corn, and pork until Dec. 31, 2024.

The rates for rice imports will be kept at 35% for shipments both within or over the minimum access volume (MAV) quota.

Tariff rates for fresh, chilled or frozen pork were retained at 15% for shipments within the quota and 25% for those exceeding the quotas.

Imports for corn are still to be charged 5% for shipments within MAV and 15% for those exceeding it.

The tariff rates on rice, pork, and corn are subject to review every six months, according to the EO. — **Keisha B. Ta-asan**

National ID registrations running 10% below target

THE Philippine Statistics Authority (PSA) said the sign-up numbers for the national ID, also known as the Philippine Identification System (PhilSys) are 10% below the target of 92 million for 2023.

"As of Dec. 18, 82,812,899 Filipinos are PhilSys-registered," the PSA said in a statement Thursday.

"We extend our heartfelt gratitude to the public for their steadfast support for the implementation of PhilSys," Undersecretary, National Statistician, and Civil Registrar-General Claire Dennis S. Mapa said.

"We, at the PSA and our field offices, are exerting all efforts to ensure coverage of Filipinos who have not yet registered," he added.

Mr. Mapa said the PSA will strive to bring PhilSys registration teams to every community.

"Registration with PhilSys remains easy and convenient. Filipinos can go to any registration center and bring their supporting documents. No pre-registration required," the PSA added.

The PSA is also working to speed up the printing and delivery of physical ID cards, known as PhilIDs, to serve as valid proof of identity and age in all transactions.

As of Dec. 8, the Bangko Sentral ng Pilipinas has sent out for delivery 48,770,513 PhilIDs.

Of these, 44,803,320 have been delivered by the Philippine Postal Corp.

"In addition, 44,142,431 ePhilIDs, both printed and downloaded, have been issued," it added, referring to the temporary paper IDs issued shortly after registration prior to receipt of the card ID. — **Aaron Michael C. Sy**

PEZA cites ease of doing business as critical in attracting investment

THE PHILIPPINE Economic Zone Authority (PEZA) said ease of doing business considerations are a major factor when locators pick their global manufacturing hubs.

"This is a big deal especially for those who invest (when) they make in their choice of which country they will build their manufacturing export facility in," PEZA Director General Tereso O. Panga said in a statement.

Mr. Panga also called for investment promotion agencies to be given more legal authority to attract investment on their own, and for the restrictions to be loosened on the establishment of new ecozones.

"(Our) immediate objective is to further strengthen the ease of doing business in accordance with the (executive order) 18 directive of the President to provide "green lanes" for investors especially in the production of exports, most of which are located within the ecozones," he added.

EO 18 called for green lanes to expedite, streamline, and automate government processes in the case of strategic investments.

Meanwhile, Mr. Panga described the amendment of the Corporate Recovery and Tax Incentives for Enterprises Act (CREATE) law as a top priority.

"(This would) further strengthen financial incentives and the ability of investment promotion agencies such as PEZA to implement policies to attract more foreign investors," he added.

Earlier, the Departments of Finance and Trade and Industry approved an amendment to the CREATE law, allowing transitory domestic market enterprises availing of the 5% gross income tax scheme to register as VAT taxpayers.

The House Ways and Means Committee had approved the CREATE MORE (CREATE to Maximize Opportunities for Reinvigorating the Economy) bill, which aims to improve the VAT refund system and authorize the President to grant incentive packages without going through the Fiscal Incentives Review Board.

PEZA has set a target of P250 billion in approved investments next year. — **Adrian H. Halili**

SEBASTIAN HERRMANN-UNSPLASH

Measure proposes reduced taxes for parents of children with special needs

A BILL seeking to grant tax cuts to parents of children with special needs has been filed at the House of Representatives.

The proposed law seeks to "alleviate the financial strain that many families with special needs children face daily and to encourage them to continue providing the necessary care and support to these children, thus promoting their overall well-being and development," Muntinlupa City Representative Jaime R. Fresnedi said in House Bill No. 9690.

"A solo parent, and for spouses, the parent who has a higher income, shall be entitled to a 1% deduction in income tax upon submission of receipts on expenses incurred in caring for a child with special needs," according to a copy of the bill.

"We envision giving a financial lifeline to these caregivers through income tax deductions due to expenses incurred in caring for children with special needs," he added.

Expenses that may be deducted against tax include tuition, therapy, diagnostic evaluations, tutoring, transportation to school or a medical facility, and specialized instructional materials.

A child with a disability can cost parents 80% more than normal, UNICEF said in a 2022 report. It also said that poverty rates are 50% higher in households that include children with disabilities.

There are about 1.6-million children with disabilities in the Philippine, according to UNICEF.

"This demographic is often underserved and marginalized, struggling to access the appropriate education, medical care, and support systems that can make a significant difference in their lives," Mr. Fresnedi added.

Under the measure, the Health, Education, and Social Welfare departments will be directed to create a financial assistance package for children with special needs.

The bill is currently with the House committee on ways and means.

The Special Needs Education Program under the Education department's Program Support Budget has a total funding of P6.4 billion for next year. — **Beatriz Marie D. Cruz**