Germany eyes RE, raw materials supply agreements with PHL

GERMANY is seeking renewable energy (RE) and raw materials agreements with the Philippines this year, German Foreign Minister Annalena Charlotte A. Baerbock said at a briefing on Thursday.

"Of high importance for us is the deepened cooperation in the renewable energy sector and we in the German government support heavily investments in these areas," she said in Makati after meeting with Foreign Affairs Secretary Enrique A. Manalo.

"The Philippines, like Germany, is a country with resources and raw materials, and we want to diversify and enhance imports of these," Ms. Baerbock said.

She said the focus on renewable energy is a key component of Germany's national security policy.

Ms. Baerbock said Germany is looking forward the resumption of negotiations for a free trade agreement (FTA) between the European Union and the Philippines.

Trade Secretary Alfredo E. Pascual has said that the FTA talks are in the "scoping stage," in which both sides determine what the agreement will cover.

In 2022, Germany was the Philippines' 12th largest trading partner, 10th largest export destination and 15th largest source of imports.

Philippine trade with Germany was $4.7 billion last year, with $2.8 billion in exports and $1.9 billion in imports. Germany was also the Philippines' top trading partner in the European Union.

Ms. Baerbock said the Philippines is seen as an attractive location for German companies to explore for RE resources.

"Germany and the Philippines are also key countries in global climate protection initiatives, especially since the Philippines is vulnerable to climate catastrophes," she said.

The Philippines is aiming to increase the share of RE in the power generation mix to 35% by 2030 and to 50% by 2040.

Renewable energy currently accounts for 22% of the Philippines' energy mix.

As of June, the Energy department had awarded 1,087 RE service contracts with a total potential capacity of 113.5 gigawatts. — **John Victor D. Ordoñez**

PEZA to focus investment pitches on Japan in 2024

THE Philippine Economic Zone Authority (PEZA) said that it will be more aggressive in pursuing investments from Japan this year to continue the momentum built up in 2023.

In a Viber message, PEZA Director General Tereso O. Panga told *BusinessWorld* that approved investments from Japan grew 194% to P52.2 billion last year.

"In terms of its share of PEZA investment approvals, the Japanese accounted for a 13% share in 2022 versus 30% in 2023 ... Overall, they continue to be our biggest investors in the PEZA zones," Mr. Panga said.

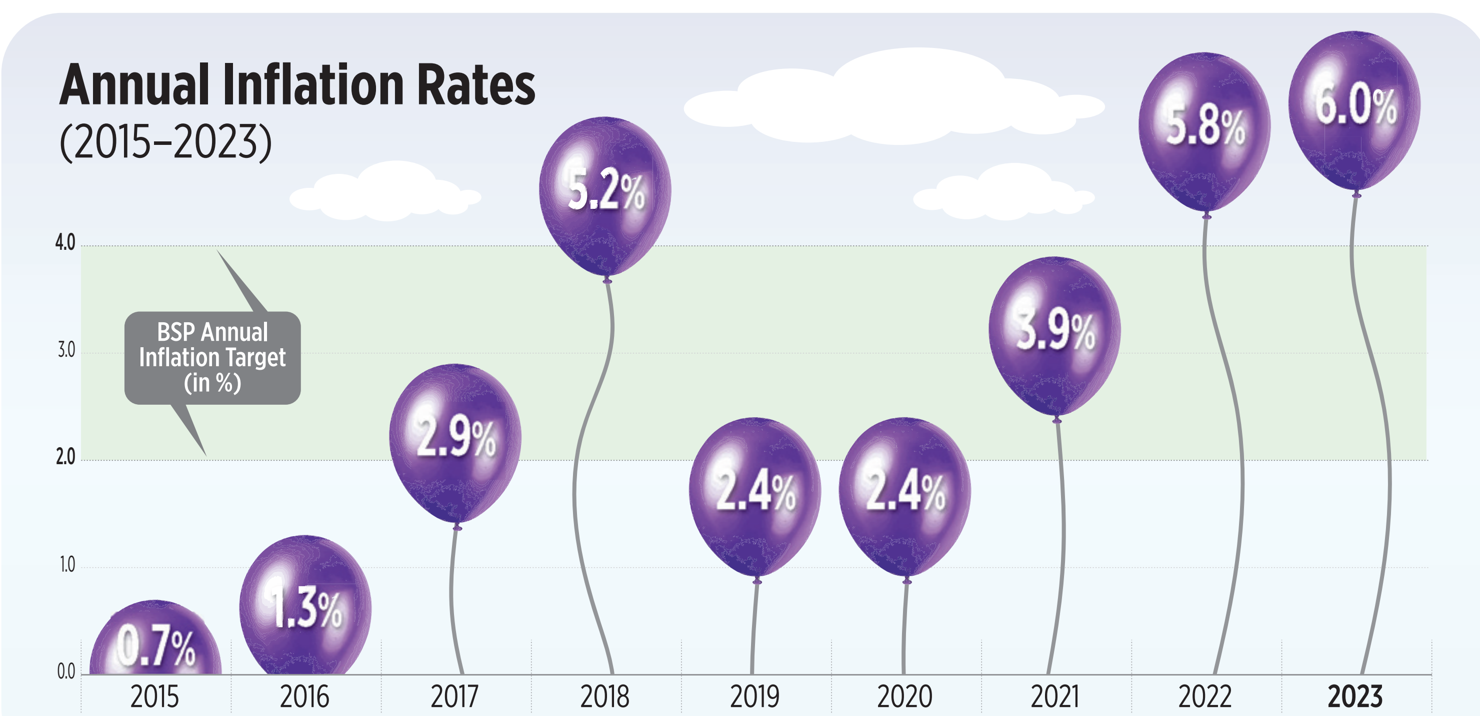
Targeting 20% growth in investment approvals this year, he said that PEZA will be embarking on more investment promotions in Japan.

"We are set to undertake increased investment promotions in Japan to target specifically their small and medium enterprises," he said.

"For instance, we are collaborating with large and regional banks in Japan to help us with our target investment acquisitions and for networking with their valued clients," he added.

In late January, PEZA is set to sign a memorandum of understanding along with Sumitomo Mitsui Banking Corp. and Rizal Commercial Banking Corp. to help the agency bring in more investments from Japan.

"We are also working closely with economic zone developers who are partners with Japanese corporations to tap into their network for new foreign direct investment leads," Mr. Panga said. — **Justine Irish D. Tabile**



Source: Bangko Sentral ng Pilipinas and Philippine Statistics Authority *BusinessWorld* Research: Mariedel Irish U. Catilogo *BusinessWorld* Graphics: Bong R. Fortin

ADB: Invest more in healthcare system resilience

THE Asia and the Pacific (APAC) region must enhance and further invest in its healthcare workforce amid risks like labor shortages, climate change impacts and changing population dynamics, the Asian Development Bank (ADB) said.

In a brief "Proceed with Care: Meeting the Human Resources Needs for Health and Aged Care in Asia and the Pacific," the ADB said that the region supplies many healthcare professionals to the rest of the world.

"In particular, India and the Philippines have collectively trained some 330,000 nurses currently working in Organisation for Economic Co-operation and Development (OECD) countries," it said.

Investments in human resources for health also have the effect of boosting the economy, the ADB said.

"Not only is a healthier population more productive — health improvements accounted for one-quarter of economic growth in low- and middle-income countries from 2000 to 2011 — but the health sector is also a key economic sector and job generator in its own right," it said.

"The creation of jobs in the health sector has a multiplier effect across the economy, with two supporting jobs for every worker trained in a health occupation," it added.

However, the ADB said healthcare is facing various risks, like labor shortages.

"Human resources for health and aged care in Asia and the Pacific face absolute shortages, compounded by a maldistribution of the workforce and a misalignment of skills to needs," it said.

The brief noted that migration within the region was picking up as middle-income countries seek to replace the human resources that have relocated to high-income countries.

"For example, Fijians who move to the Marshall Islands and Palau are replaced at home by immigrants from the Philippines and elsewhere," the bank added.

Skilled workers are forced to emigrate due to inadequate wages or lack of employment opportunities, it said.

"This loss of skilled and senior workers from low-resource settings also impacts on the quality of supervision and training for workers who remain, as those with the best skills are the ones most likely to migrate," it added.

Demand for healthcare workers is expected to hit 80 million by 2030 but supply is only projected at 65 million, with the bulk coming from low- and lower-middle income countries.

"The COVID-19 pandemic illustrated the gravity of this shortfall, as staffing shortages emerged as the most common reason that health services were severely disrupted during that time," the ADB said.

"Death and burnout rates exacerbated these shortages in many settings. Indeed, the high burnout rates underlined the importance of taking healthcare workers' well-being into account in workforce planning and management, including retention strategies," it said.

In Asia and the Pacific, the shortage is also more evident for long-term and aged care, it added.

Climate change impacts such as pollution, rising sea levels and degradation of the environment, have also pointed to the need to make the health sector more resilient.

"The health sector also urgently needs to reduce its contribution to climate change — which is more than 5% of net global emissions — by implementing low- or zero-emissions facilities, operations, and supply chains. This requires new types of skills and roles in health systems," it added. — **Luisa Maria Jacinta C. Jocson**

SRP plan ruled out for rice, other farm products

THE Department of Agriculture (DA) said on Thursday that it is no longer considering a suggested retail price (SRP) scheme for rice and other agricultural products.

"We're not doing it. Prices of rice and other agricultural products in international markets like Thailand are volatile and fluctuating due to El Niño. Hence, we're not proposing to control prices at the moment," Agriculture Secretary Francisco Tiu Laurel, Jr. said in a statement.

Last week, the DA said that it was considering a rice SRP to contain rising prices.

Mr. Laurel added that the SRP plan "was just an idea based on available remedies according to Republic Act 7581, or the Price Act."

"I'm well aware that setting retail prices, even if just suggested, for particular goods tend to be counterproductive, especially when there is ample supply," he said.

Under the Price Act, the DA has the authority to stabilize the prices of crops, fish and other marine products, fresh meat, fresh poultry, dairy products, fertilizer and other farm inputs during emergencies.

According to the DA, it needs to come up with implementing rules and regulations (IRR) to enforce the parts of the law that concern farm goods.

Mr. Laurel has ordered the creation of a technical working group to draft the IRR.

"We will not hesitate to use the powers and remedies at our disposal to ensure that our farmers and consumers are amply protected against those who may want to exploit any supply shortage," he added.

The DA said other countries are seeking to increase their grain reserves in anticipation of lower production due to dry spells brought on by El Niño.

The government weather service, known as PAGASA (Philippine Atmospheric, Geophysical and Astronomical Services Administration), has said that El Niño's intense phase could run until the second quarter and bring droughts or dry spells to 63 provinces.

"We're building up a buffer, largely through imports, to ensure we have ample supply of rice as we await the next harvest starting March. This should help keep prices stable without government intervention," Mr. Laurel added.

The DA has said that it is expecting 500,000 metric tons of imported rice to arrive as the government builds up reserves in preparation for the worst phase of El Niño.

Last year, a surge in the price of rice prompted the government to briefly implement price controls.

Executive Order No. 39 capped prices at P41 per kilogram (kg) for regular-milled rice and P45 per kg for well-milled rice. The price controls ran from Sept. 5 to Oct. 4.

Mr. Laurel said that another set of price controls on rice would affect producers, who bear the brunt of lowered prices.

"In most cases, farmers bear the brunt of a price limit because traders will only lower their purchase prices to keep their margins. Consumers also don't benefit in such a situation. It could also fuel price speculation and hoarding that will evolve into another problem altogether," he added. — **Adrian H. Halili**

Creative and Innovation Hub targeted for 2024 completion

By Justine Irish D. Tabile
Reporter

THE Department of Trade and Industry (DTI) said it hopes to complete the Creative and Innovation Hub this year, after obtaining P100 million in funding from the General Appropriations Act (GAA) of 2024.

"The funds will be used to finish the construction of the Creative and Innovation Hub, which will serve as a platform to support the growth and development of creative startups and micro, small and medium enterprises (MSMEs)," DTI Undersecretary for Competitiveness and Innovation Group Rafaelita M. Aldaba said in a Viber message.

Ms. Aldaba said that the department's timeline for completion is the end of 2024, by which time it hopes to serve over 500 startups and MSMEs.

"We are aiming to finish it within 2024; we are maximizing the resources that we have as we address the needs of stakeholders. This is in Marikina where our DTI National Capital Region office is located," she said.

The Creative and Innovation Hub will also be connected to the National Innovation Gateway that the department is planning to build in Manila.

The gateway is expected to house advanced technology centers and one-stop government solutions for businesses and investors.

Last year, the DTI said it is in talks with the Asian Development Bank (ADB) to raise as much as $400 million in funding for the innovation gateway.

The loan program it is negotiating with the ADB is called the Promoting Research and Innovation to Strengthen Transformation of Industries and Enterprises Project which is meant to support DTI's flagship programs.

Expected to start construction in 2025, the innovation gateway is expected to "strengthen startup incubation, accelerate the ecosystem, and support new technology adoption in key industries."

The Creative and Innovation hub is a component of DTI programs funded by the GAA 2024. Its other projects include the Go Lokal, Malikhaing Pinoy program, and Pangkabuhayan sa Pagbangon at Ginhawa program.

This year the creative industry is expected to post 13-15% growth in gross value added and 6-8% growth in exports.

PHL-Indonesia energy agreement should focus on RE — think tank

ENHANCED energy cooperation between the Philippines and Indonesia should focus on exploring for renewable energy (RE), an energy think tank said.

"Both countries have high potential for renewable energy and would be served better by a renewable energy MoU (memorandum of understanding) that would facilitate cooperation to tap these clean energy sources instead of extending the current fossil fuel-dominated energy sector," Gerry C. Arances, executive director for Center for Energy, Ecology, and Development, said in a Viber message.

On Wednesday, the Department of Energy (DoE) and the Ministry of Energy and Mineral Resources of Indonesia signed an MoU to facilitate the flow of coal and gas during supply shocks.

"On the part of the Philippines, it is an offshoot of our President's effort to achieve higher energy security through energy diplomacy," Energy Secretary Raphael P.M. Lotilla said.

According to the DoE, the MoU also covered "potential benefits across economic, environmental and geopolitical dimensions on energy transition, renewable energy, demand-side management, electric vehicles, and alternative fuels such as hydrogen, ammonia, and biofuels."

Mr. Arances said that the MoU "is not a cause for celebration but instead a cause for reflection."

"Why is our own government ignoring our 1,511-gigawatt renewable energy potential, enough to power the country's grid many times over, to pursue costly and destructive fossil fuels?," he asked.

RE accounted for about 22% of the Philippines' energy mix, with coal-fired power plants generating nearly 60% of energy needs in 2022.

The government is aiming to increase the RE share of the Philippine energy mix to 35% by 2030 and to 50% by 2040.

Terry L. Ridon, a public investment analyst and convenor of think tank InfraWatch PH said Jakarta should make "an unqualified commitment of unimpeded coal exports to the Philippines, respecting supply commitments to recipient coal-fired power plants around the country."

"This ensures, more than sufficiency of supply, certainty of pricing, which will prevent a repeat of escalating coal prices in the past," he said in a Facebook Messenger chat.

In September, Mr. Lotilla said the Philippines has received assurances from Indonesia of continued access to the latter's coal exports.

The DoE estimated that the Philippines imported 30.51 million metric tons of coal in 2021, accounting for about 98% of its demand. — **Sheldeen Joy Talavera**