ECCP in tie-up with ARTA to help improve ease of doing business

THE European Chamber of Commerce of the Philippines (ECCP) and the Anti-Red Tape Authority (ARTA) said they entered into a partnership to make it easier to do business, thereby attracting more European investment into the Philippines.

"This ceremonial event marks a significant milestone as we signed a memorandum of understanding with ARTA which is a commitment that underscores our shared vision for a business-friendly environment in the Philippines," ECCP President Paulo Duarte said on Tuesday.

"Through this partnership, we aspire to be more active in advocating for ease of doing business in the Philippines, leveraging our platform to raise awareness among our members and partners," Mr. Duarte added.

He said that under the partnership, the ECCP will be providing policy recommendations to "help ensure that ARTA remains responsive to the needs of the business community."

ARTA Secretary Ernesto V. Perez said that the partnership authorizes ECCP to receive complaints from the business sector, professionals and civil society organizations and endorse them to ARTA for appropriate action.

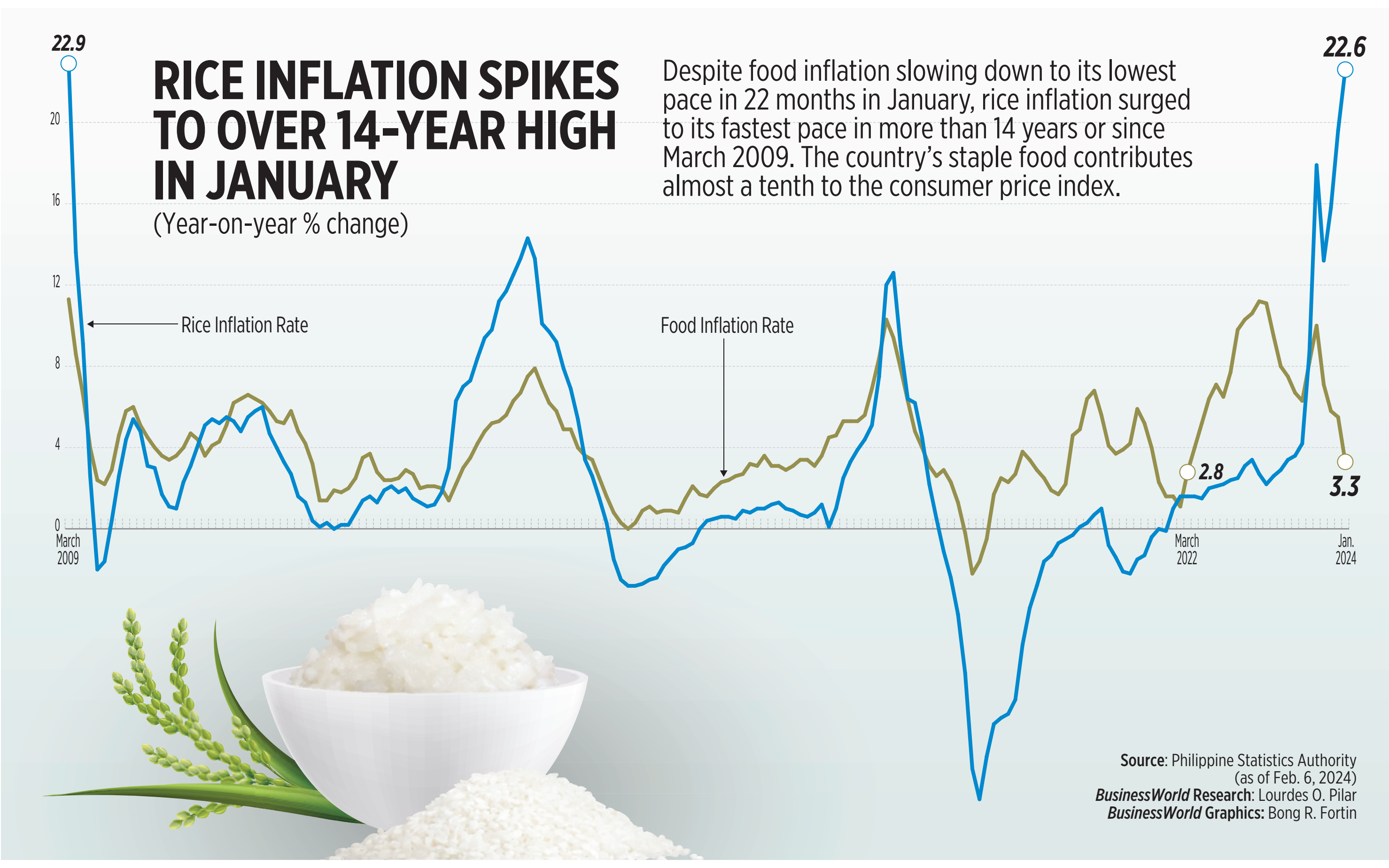
"Just like our other MoUs, this will encourage businessmen to work with us now because the number one concern among investors and businessmen is ease of doing business," Mr. Perez said.

"The signing is a step towards assuring our businessmen, investors, and members of the ECCP, which constituted a big portion of investors in the country, that the administration is really serious about providing them the right avenue and the right resources, for ease of doing business in the country," Mr. Perez said.

Mr. Duarte said that among the issues raised by European companies concern financing, the import process, and the slow processing of documents and permits.

"We, at the ECCP, consider ease of doing business as one of the major pillars to (attract) the interest of foreign investors... but also support those which are already here," he added.

The ECCP has close to 800 members composed of European companies and Philippine companies doing business with Europe. — **Justine Irish D. Tabile**



Rice farmer funding support set at P22.9 billion

THE Department of Agriculture (DA) said it allocated P22.9 billion for financial assistance to rice farmers, with the funding to go towards procuring farm inputs and providing technical support.

In Memorandum Order No. 8, the DA said the inputs designated for funding are hybrid seed, fertilizer, and biofertilizer.

The DA said the assistance will be distributed via printed one-time use vouchers, intervention monitoring cards, or other forms of procurement in areas without accredited merchants.

The DA said late last year that it will digitalize the procurement and distribution of agricultural inputs to its beneficiaries.

The regional field offices are tasked to identify farmer beneficiaries to support, fertilizer to distribute, and the variety of hybrid rice to be given out. — **Adrian H. Halili**

Vape product seizures hit P5.5 million

THE Department of Trade and Industry (DTI) said on Tuesday that it confiscated vape products valued at P5.5 million over non-compliance with rules governing the industry.

"(W)e are working double time on our enforcement operations to prevent the sale of vaping products to minors — that is our duty. Also, we will continue to work with our partner agencies and stakeholders to ensure that violators of Republic Act (RA) 11900 are penalized accordingly," Trade Secretary Alfredo E. Pascual said in a statement.

The DTI monitored physical and online stores, which resulted in the seizure of over 18,000 non-compliant items.

The DTI is enforcing RA 11900 or the Vaporized Nicotine and Non-Nicotine Products Regulation Act, having issued notices of violation and show-cause orders to 269 physical stores.

Meanwhile, the department also inspected over 66,000 online vape stores, 61,000 of which were issued show-cause orders.

According to the DTI, those who were issued notices of violation or show-cause orders will have to submit a written explanation within 48 hours from notification.

The violations include improper packaging and labeling in a manner designed to "unduly appeal to minors," it said.

"The DTI also flagged violators who used cartoons, anime, manga, animated characters, youth influencers, and personalities," it added.

RA 11900 prohibits the sale of e-cigarettes and vaping products to those below 18 and regulates packaging deemed particularly attractive to minors. — **Justine Irish D. Tabile**

Nuclear regulatory overhaul signals gov't gearing up to hit 2,400-MW target by 2032

THE creation of a nuclear energy program coordinating committee (NEP-CC) will ramp up preparations to hit an ambitious 2,400-megawatt (MW) target by 2032, analysts said.

"Hopefully this will hasten the clearing and approval of nuclear power construction and commissioning in the Philippines," Bienvenido S. Oplas, Jr., president of the free market think tank Minimal Government Thinkers, said in a Viber message.

In an order dated Jan. 29, the Department of Energy (DoE) created NEP-CC to ensure its "effective participation" in the NEP-Inter-Agency Committee (NEP-IAC).

The DoE has revised its energy roadmap to incorporate in the 2023 to 2050 Philippine Energy Plan a clean energy scenario which envisions "a more diverse energy mix that includes nuclear energy."

"As the country embarks on Phase 2... and Phase 3..., there is a need to reorganize the coordinating arm of the DoE to effectively and responsibly assist the NEP-IAC and realize the DoE's goal of tapping 2,400 megawatts of nuclear power by 2032," according to the order.

Phase 2 involves the preparatory work for the construction of a nuclear power plant after the drafting of a nuclear policy, while Phase 3 includes activities to build a first nuclear power plant.

Mr. Oplas said that the Philippines should move fast in nuclear development because of "economic imperatives."

At a gross domestic product growth rate of 6%, the Philippines will require about 7-8 terawatt-hours of power yearly until 2030, he said.

On the other hand, "We are not surprised by this development. The DoE, it appears, has long been intent in abandoning science, economics, or reality," Gerry C. Arances, executive director of the Center for Energy, Ecology, and Development, said in a Viber message.

Citing the data from the Institute for Energy Economics and Financial Analysis, Mr. Arances said that the levelized cost of nuclear power in 2023 was expensive compared to utility-scale solar and wind.

"Why invest in expensive power sources with a track record of safety issues when there are safer, cheaper options like renewable energy?," he said.

Terry L. Ridon, a public investment analysts and convenor of think tank InfraWatch PH, said that the government should "immediately schedule discussions with international partners to discuss its viability, particularly its safety, in the Philippines," if it is to decide to introduce nuclear energy into the power mix.

"Developing nuclear energy will ultimately depend on the international partner, as pricing, safety standards and technology will be determined by the track record of this partner," Mr. Ridon said. — **Sheldeen Joy Talavera**

Cash utilization hits 98% in 2023

THE cash utilization rate posted by government agencies was 98% at the end of 2023, the Department of Budget and Management (DBM) said.

The DBM reported that the National Government, local governments and state-owned firms used 98% or P4.34 trillion of the P4.45 trillion in the notices of cash allocation (NCAs) issued to them.

The 2023 performance matched the 98% utilization rate posted in 2022.

The remaining unused NCAs totaled P107.9 billion at the end of December.

Line departments used 97% of their allotments, equivalent to P3.24 trillion of the P3.34 trillion NCAs issued.

Last year, the departments of Interior and Local Government and Public Works and Highways, the Office of the Ombudsman, Commission on Elections, Commission on Human Rights, and the Judicial branch used 100% of their NCAs. — **Luisa Maria Jacinta C. Jocson**

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Mindanao rail phase one to go ahead even with funding uncertain — DoTr

THE Department of Transportation (DoTr) said it will continue to work on the first phase of the Mindanao Railway project after dropping China as funding source.

"We decided to pursue Phase 1 of the Mindanao Railway project despite withdrawal of the prior funding commitment from the government of China. While looking for funding sources, various pre-construction activities show we are not dropping the project," Transportation Secretary Jaime J. Bautista said in a statement on Tuesday.

The DoTr said it will continue the various pre-construction activities in Davao City while still negotiating funding for the project.

The first phase of the Mindanao Railway project covers the 102-kilometer segment from Tagum City, Davao del Norte to Digos City, Davao del Sur. This segment is valued at P81.6 billion.

Once finished, the line will serve around 122,000 passengers a day and is expected to reduce travel time to one hour from the current three hours from Tagum City to Digos.

In 2023, the DoTr announced that it is considering official development assistance from Japan, South Korea, and India to fund the government's three major railway projects including the Mindanao Railway, after dropping China as funding source.

The decision to withdraw the Philippine request for official development assistance from China is due to lack of progress in signing a financing deal.

Mr. Bautista has said the DoTr is studying the feasibility of phase three, which will focus on cargo lines to the various ports in the region. — **Ashley Erika O. Jose**

Weak exports seen as main risk to PHL GDP growth target in 2024

SLUGGISH overseas demand poses the biggest risk to Philippine growth this year, imperiling the official gross domestic product (GDP) target of 6.5-7.5%, BMI Country Risk & Industry Research said.

In a report, BMI said the 6.5% to 7.5% target will be difficult to achieve this year, despite the economy's strong growth momentum.

"Like many of its regional peers, a deteriorating external demand picture will exert the biggest drag on the Philippines' economy. Already, we are seeing its impact," BMI said.

The economy expanded 5.6% in 2023, against the 7.6% posted in 2022 and below the government's 6-7% full-year target, as exports declined, the Philippine Statistics Authority (PSA) said.

Exports of goods and services declined 2.6% in the fourth quarter, a reversal of the 2.6% growth in the third and the 14.6% expansion a year earlier. This brought full-year growth to 1.3%, well below the 10.9% posted in 2022.

"We think that a turnaround is unlikely given that our team is forecasting global growth to edge down from 2.6% in 2023 to 2.2% in 2024. To be sure, Philippines' major trading partners are also facing significant headwinds of their own," BMI said.

It said that a recession in the US and in China bodes poorly for the Philippine external sector, as these economies account for one-third of the country's total exports.

The PSA also reported that merchandise exports dropped 7.6% to $73.52 billion in 2023, reversing the 6.5% growth posted in 2022.

The US was the top export destination last year with a 15.7% share worth $11.54 billion. Exports to China accounted for a 14.8% share, followed by Japan (14.2%), and Hong Kong (12%).

Meanwhile, imports fell 8.2% to $125.95 billion in 2023, ending two straight years of import growth.

The full-year trade balance — the difference between exports and imports — narrowed 9.1% to a $52.42-billion deficit. It was the lowest trade deficit since the $42.19 billion recorded in 2021.

BMI also expects the Philippines to grow 6.2% this year with easing inflation and low unemployment supporting household spending this year.

"Most of the economic strength going forward will be domestically driven. For starters, slowing inflation will boost household spending," the research unit said.

Headline inflation slowed to 2.8% in January, from 3.9% in November and 8.7% a year earlier, the PSA reported. This is the second straight month that inflation was within the 2-4% target band of the Bangko Sentral ng Pilipinas (BSP).

January inflation was the weakest since the 2.3% posted in October 2020, during the coronavirus pandemic.

Inflation also came in well below the 3.1% median estimate of a *BusinessWorld* analyst poll last week and breached the lower end of the 2.8-3.6% forecast of the BSP.

"Our view is for inflation to fall back to trend in 2024, offering some much-needed respite for real household incomes after a rough 2023. On top of that, labor market conditions are very tight by historical standards and the unemployment rate is now at record lows," BMI said.

Household consumption rose 5.3% in the fourth quarter, exceeding the 5.1% from the preceding quarter but below the 7% posted a year earlier. In 2023, household spending expanded 5.6%, much weaker than the 8.3% reported in 2022.

The unemployment rate fell to a record low of 3.6% in November from the 4.2% readings in October and in November 2022.

The number of unemployed decreased 12.3% or to 1.83 million in November from 2.09 million in October. It was also 15.8% lower than the 2.18 million jobless in November 2022.

"Monetary easing will support investment activity. We are growing increasingly confident that the central bank's next move will be a cut," BMI said.

To tame inflation, the Monetary Board hiked borrowing costs by a total of 450 basis points from May 2022 to October 2023, bringing the key rate to a 16-year high of 6.5%.

"Our view is for cuts to begin in earnest in the second half which is one reason why we have penciled in an acceleration in investment growth in 2024," BMI added.

Gross capital formation — the investment component of the economy — rose 11.2% in the fourth quarter, against the 3.3% a year earlier. For the full year, gross capital formation rose 5.4%, slowing from 13.8% in 2022. — **Keisha B. Ta-asan**