

Growth,  
from S1/1

## TAX REVENUES

Meanwhile, the Bureau of Internal Revenue (BIR) said streamlining tax processes to attract more investments could mean foregone revenues for the government, which it will need to make up for by intensifying collection efforts in other areas.

"That's the challenge, as we try to improve the process and implement the ease of paying taxes, of course we may lose revenues because of all the improvements," BIR Commissioner Romeo D. Lumaguí, Jr. told reporters on the sidelines of an event on Thursday.

"As we want to grow the economy, we've been giving incentives. We've been lenient on those in the hopes we will be able to attract investors. There are lost revenues in the meantime, so there is a lot we need to do to set off those revenue losses."

For example, Mr. Lumaguí said the agency will be focusing on improving excise tax collection this year, especially on tobacco and vape products.

"For this year, that will be our concentration, excise tax. We've analyzed what happened in 2023," he said.

Mr. Lumaguí earlier said there was an estimated 20% shortfall in

excise taxes in the first four months of 2023 due to illicit tobacco.

"So many are shifting to vape. Hopefully, vape product registration will increase. Last year, we saw an increase in registrations because of what we've done, so hopefully it will increase this year," he added, noting that the excise tax collection shortfall has been trimmed to about 13-14% at the end of 2023.

Data from the BIR showed it generated P137.18 billion in revenues from operations targeting the illicit trade of cigarettes, vape and other excisable articles in 2023.

The BIR collected around P2.53 trillion last year, missing its P2.64-trillion target for 2023 but surpassing its P2.34-trillion collection in the previous year.

This year, the agency is tasked to generate P3.05 trillion in revenues.

Mr. Recto also ordered the agency to accelerate its digitalization and modernization programs to make tax compliance easier.

"Additionally, we will strengthen enforcement efforts against tax cheats and ensure fairness in the tax system to build taxpayers' trust," he added. — **Luisa Maria Jacinta C. Joeson**

Rice,  
from S1/1

Rice was also the biggest contributor to January inflation, adding 1.3 percentage points to the 2.8% headline print. The commodity has the biggest weight in the overall CPI basket at 8.87%.

National Statistician Claire Dennis S. Mapa earlier said the higher rice inflation was due to an increase in prices in the global market and a low base, noting that annual rice inflation may hover at around 20% or even higher until July.

"A key factor in the continuing increases in rice prices is tight domestic stocks, which were not fully replenished because import permits were drastically constrained in 2022 up to mid-2023," Mr. Tolentino said.

China Banking Corp. Chief Economist Domini S. Velasquez also noted that a large part of January inflation was driven by favorable base effects from last year's peak.

"Persistent double-digit rice inflation has pushed up our inflation forecast for the year from 3.5% to 3.8%. Rice prices remain on an uptrend and will likely continue to drive inflation in the coming months," she said.

"Looking ahead, El Niño, which is expected to persist until the second quarter of 2024, could drive up prices. Inward-looking policies of rice exporter nations have also exacerbated global rice prices," Ms. Velasquez added.

She noted that the government's rice supply deal with Vietnam could help ensure stable supply of rice. Under a memorandum of understanding signed during President Ferdinand R. Marcos, Jr.'s two-day state visit to Vietnam in January, Hanoi committed to supply 1.5 million to 2 million metric tons of white rice to the Philippines "at a competitive and affordable price" for five years.

Union Bank of the Philippines, Inc. Chief Economist Ruben Carlo O. Asuncion said average inflation may hit 4.1% this year amid high food prices, before easing to 3.8% in 2025.

"As fading base effects meet the impact of the drought in the second quarter, headline inflation is expected to peak in the range of 5% year on year in June-July before tapering off to a low of 3.5% in September," he said in an e-mail. — **Keisha B. Ta-asan**

# Nuclear energy push in Philippines seen 'too late' amid climate crisis

By **Sheldeen Joy Talavera**  
Reporter

DEVELOPING nuclear energy in the Philippines could be too late due to the climate crisis, an analyst said, suggesting a focus on building renewable energy capacities instead.

"If we're waiting for 10 years for something to all come together and miraculously work together and agree on that, it's too late," Paolo Pagaduan, renewable energy lead at Asian Peoples' Movement on Debt and Development, said on the sidelines of a forum last week.

"Why wait if we can do it with solar and wind?" he said.

In a report published by the Intergovernmental Panel on Climate Change of the United Nations (UN) in 2018, it said there is a need to limit global warming from rising more than 1.5 degrees Celsius, which means cutting carbon dioxide emissions by 45% by 2030.

During the 2019 UN meeting about climate and sustainable development, it was said that there were just 11 years left to prevent the "irreversible damage" caused by climate change.

"I was hoping that the plan would be a bit faster because if there's one thing that's not being highlighted now is that the reason why we have to do all of these — why we have to shift to renewables [and] why they have to consider nuclear energy — is because of the climate crisis in



UNSPLASH

the first place," Mr. Pagaduan said.

With a current share of 22%, the government aims to increase the proportion of renewables in the country's power mix to 35% by 2040 and 50% by 2050.

Under the proposed new energy roadmap, the government aims to introduce nuclear energy, with a targeted capacity of 1,200 megawatts (MW) by 2032, Energy Undersecretary Sharon S. Garin said during the forum.

"It is not an easy task to start a nuclear energy program. That is why it is slow because we have to make sure that everything is safe, secure, has safeguards and compliant with all the international requirements," she said.

"Because nobody will sell any technology or teach you about any technology if you do not

comply with all these requirements of the IAEA (International Atomic Energy Agency)," she added.

The Department of Energy (DoE) is aiming to work with the Phase 2 which is the preparatory work for the contracting and construction of a nuclear power plant after a policy decision has been taken.

Ms. Garin said that the DoE is ramping up the nuclear energy roadmap which is eyed to be published within the month.

"We will still follow these phases, but we believe, and we are confident that we can be faster because we are ready. We have been preparing for Phase 2 in the last two years and even the years before that," she said.

Froilan J. Savet, first vice-president and head of network at Manila Electric Co., said that

nuclear energy will not replace renewables but rather complement it.

"You'll need a baseload plant with a high-capacity factor and high-energy density. Imagine, a one gram of uranium is equivalent to many tons of coal and 1,800 liters of oil," Mr. Savet said.

Carlo A. Arcilla, director of the Philippine Nuclear Research Institute, said that "the fastest way to go nuclear" is to rehabilitate the mothballed Bataan Nuclear Power Plant (BNPP).

The 620-MW BNPP will require a jeepney-sized fuel which could last for 18 months, he said, with an estimated cost of \$30 million.

"If that were a coal plant running for 18 months, 620 megawatts... [it will require] \$800 million," Mr. Arcilla said.

## EdgePoint to establish digital education hubs in Rizal

TELECOMMUNICATIONS infrastructure company EdgePoint Infrastructure Sdn Bhd. has partnered with nongovernment organization Habitat for Humanity to establish two digital education hubs in the Philippines.

In a media release over the weekend, the Singapore-based company said it recently launched its connectivity for communities program in Southeast Asia to provide reliable access to connectivity, especially in underserved areas.

The program will help improve access to connectivity while also promoting digi-

tal literacy in underserved communities, EdgePoint said.

"The first step is to ensure they have quality, reliable connectivity but that alone is not enough. An effective program needs to also ensure that these children rapidly accelerate their digital literacy," said Suresh Sidhu, chief executive officer and founder of EdgePoint.

"We will continue to partner with local organizations," he added.

EdgePoint's collaboration with Habitat for Humanity, a solutions provider for vulnerable sector in the Philippines and In-

onesia, will focus on the establishment of digital education hubs for internet connection and devices in Rodriguez and Teresa, Rizal, the company said.

The telecommunications infrastructure company is also targeting to increase its sites and tenants in the Philippines.

Currently, it has around 2,500 telco towers in the country out of the over 13,000 sites it has across Southeast Asia. EdgePoint is looking at expanding its sites in Visayas and Mindanao. — **Ashley Erika O. Jose**

Poll,  
from S1/1

Meanwhile, Pantheon Chief Emerging Asia Economist Miguel Chanco said the BSP has room to remain hawkish as fourth-quarter gross domestic product (GDP) data showed the Philippine economy is still robust.

"I think the surface-level strength portrayed by the fourth-quarter GDP numbers will, for now, reduce any urgency on the part of the Board to start loosening policy," he said.

"The BSP is unlikely to trim its policy rate sooner than markets expect given the resilience in household spending seen in the fourth-quarter GDP reading," Sarah Tan, an economist from Moody's Analytics, said.

The Philippine economy grew by 5.6% in 2023, slower than the 7.6% expansion in 2022 and falling below the government's 6-7% full-year target.

In the fourth quarter alone, GDP expanded by 5.6%, slower than the revised 6% growth in the third quarter and the 7.1% expansion in the fourth quarter of 2022.

Household spending jumped by 5.3% in the fourth quarter, bringing private consumption growth to 5.6% in 2023. This is slower than 8.3% in 2022.

Even as GDP growth slowed in 2023, key labor market indicators such as unemployment rates still indicate economic resilience, PNB's Mr. Arogo noted.

"We therefore think that the BSP should be patient and only start cutting policy rates in the fourth quarter. Our baseline view is for the RRP rate to ease to 6% by the end of 2024," he said.

Weaker demand due to the lagged impact of previous rate hikes and a global economic slowdown may result in Philippine GDP growth slow-

ing further to 5.2% this year, Oxford Economics' Mr. Tsuchiya said, which could cause the BSP to "resort to monetary easing to prop up the economy."

"For the whole year, we think the BSP will cut its rate by 125 bps in total, bringing the rate to 5.25% at year-end," he said, adding that inflation may average 3.5% in 2024, barring unexpected supply-side shocks.

## WAITING FOR FED CUTS

According to Mr. Recto, the Monetary Board will consider the Fed's policy moves in deciding when to begin easing benchmark interest rates.

"Are they going to start reducing rates? If they do, then possibly we can start reducing rates," he said. "I think the Fed needs to (cut policy rates) first then we look at our own data... We're affected by what the Fed does as well."

The US central bank raised the fed funds rate by a total of 525 bps from March 2022 to July 2023 to the 5.25%-5.5% range. Markets expect the Fed to begin cutting borrowing costs by May.

"We see the BSP moving via rate cuts as soon as the Fed cuts policy rates. Given the ING house call for (Fed) rate cuts by May or June, we see the BSP cutting rates beginning June," ING Bank N.V. Manila Senior Economist Nicholas Antonio T. Mapa said in an e-mail.

Security Bank Corp. Chief Economist Robert Dan J. Roces likewise said the BSP is unlikely to ease before the Fed given the peso's recent depreciation against the dollar.

"The local policy rate is projected to decrease to 5.5% by the end of 2024, in cautious increments of 25 bps to total 100 bps — likely matching a similar-sized move by the Fed — and

to provide support to economic activity through lower borrowing costs," he said.

The peso closed at P55.911 a dollar on Thursday, 3.9 centavos stronger from its P55.95 close on Wednesday. Year to date, the peso was weaker by 54.1 centavos from its P55.37-per-dollar finish on Dec. 29, 2023.

ING's Mr. Mapa noted that if the BSP's risk-adjusted inflation forecast moves closer to the baseline, they may start reducing borrowing costs to help boost private investments.

The BSP sees headline inflation averaging 3.7% this year, slower than the 6% print in 2023, and easing further to 3.2% in 2025.

Meanwhile, the central bank's risk-adjusted forecasts show that inflation could settle at 4.2% this year, above the 2-4% target, and slow to 3.4% in 2025.

"For the year we see 75 bps worth of rate cuts as [BSP Governor Eli M. Remolona, Jr.] finally shifts to a more dovish tone," Mr. Mapa said.

"We all know that the growth engine of the Philippine economy is consumption. However, if economic managers are keen on reversing and compensating for years of underinvestment, they will need to consider giving growth another leg up via more accommodative monetary policy," he said.

Moody's Analytics' Ms. Tan said the BSP may keep benchmark interest rates on hold until June, as inflation could still pick up due to El Niño and fading base effects.

"A series of rate cuts is expected to begin from June at the earliest, when inflation is firmly within the BSP's 2% to 4% target range. We see a cumulative 100 basis points in cuts by the end of the year," she said. — *with a report from Luisa Maria Jacinta C. Joeson*

## Pag-IBIG home loans reach record-high P126B in 2023; nearly 100,000 members with new homes

Pag-IBIG Fund released a record-high P126.04 billion in home loans to finance the housing units of 96,848 members in 2023, its top officials announced February 08 (Thursday).

The amount of housing loans released in 2023 grew by P8.19 billion or 7 percent compared to the P117.85 billion released last year. The amount was able to finance 96,848 housing units and now stands as the highest amount of home loans released by the agency in a single year.

"We are happy to report that Pag-IBIG Fund has posted the highest amount of home loans released during a single year in its 43-year history. This is very good news because as the amount of home loans we release increases, so does the number of Filipinos who now have homes of their own. This achievement is a testament to Pag-IBIG Fund's unwavering commitment to help address the country's housing backlog, in line with our efforts under the Pambansang Pabahay Para sa Pilipino or 4PH Program of the Marcos Administration," said Secretary Jose Rizalino L. Acuzar, who heads the Department of Human Settlements and Urban Development (DHSUD) and chairs the 11-member Pag-IBIG Fund Board of Trustees.

Acuzar further stated that out of the total housing units financed by the agency last year, 11,257 or 12% were socialized housing units which are now owned by members from the minimum-wage and low-income sectors.



Pag-IBIG Fund Chief Executive Officer Marilene C. Acosta, meanwhile, noted that the agency has maintained its low interest rates despite the strong demand for the agency's home loans and amid prevailing high market rates.

"Our performance in 2023 is noteworthy because apart from releasing the highest amount of housing loans in our history, it was also during last year — July to be exact — that we further reduced our already low interest rates on our home loans to make it even more affordable," Acosta stated.

"We expect to maintain the affordability of our home loans, especially since we have more funds to address the increasing demand for home financing from our members with the implementation of our new monthly savings rates this February. We assure our members that they can continue to rely on us to provide them the most affordable home loan in the market, so that they too can achieve their dream of homeownership. That is our pledge as Lingkod Pag-IBIG," she added.