

## China slowdown seen hampering growth in 75 poorest countries

SLOWER GROWTH in major economies like China, as well as ongoing wars and elevated inflation threaten growth among International Development Association (IDA) borrowers, which account for more than half of the world's poorest people, the World Bank said.

"A sharper-than-expected near-term slowdown in major economies, including China, could have severe consequences for IDA countries," the bank said in its 'The Great Reversal: Prospects, Risks, and Policies in International Development Association Countries' report.

China serves as a major export market for IDA countries, accounting for more than 12% of the latter's exports.

In its April update, the World Bank cut its growth outlook for China to 4.5% this year and 4.3% next year, from its previous forecast of 5.1% and 4.4% for 2024 and 2025.

There are 75 countries that borrow low-interest loans and grants from the World Bank's IDA. Of the total, 14 countries are from East Asia, seven from South Asia, and four from Europe and Central Asia.

Around 70% of the world's extreme poor come from these countries, accounting for 92% of the world's food-insecure people.

"They have made notable progress on some key development indicators in recent decades, including on access to basic services, life expectancy, and poverty reduction. However, debt vulnerabilities have increased, and structural concerns continue

to loom large today," the World Bank said in the report.

Gross domestic product (GDP) growth in IDA countries declined 0.3% in 2020 following the coronavirus pandemic.

"The pandemic has undone three years of progress and other crises have taken a heavy toll on poverty reduction," the World Bank said.

IDA countries are projected to grow 4.3% in 2024 and 4.5% in 2025. Median headline inflation peaked in July 2022 at nearly 11%, cooling to 5% in recent months. However, this remains above its pre-pandemic average.

"The world cannot afford to turn its back on IDA countries... The welfare of these countries has always been crucial to the long-term outlook for global prosperity," according to Indermit Gill, the World Bank Group's chief economist and senior vice-president.

Climate change-related risks also continue to hamper IDA countries' growth. The World Bank estimates that economic losses from natural disasters are worth 1.3% of their GDP, or four times higher than the average of emerging market and developing economies.

War in the Middle East and Ukraine could impact oil supply and increase food and fuel prices. This will also result in currency depreciations, hotter inflation and higher external debt servicing costs.

The extremely poor in IDA countries jumped from 473 million in 1990 to 498 million in 2023, according to the report. — **Beatriz Marie D. Cruz**

## Monetary Board approves \$2.87B in first-quarter foreign borrowings

THE MONETARY BOARD (MB) approved \$2.87 billion in public-sector foreign borrowings in the first quarter, the central bank said.

The amount approved in the three months to March period was 48% lower year on year, the Bangko Sentral ng Pilipinas (BSP) said in a statement on Monday.

On a quarter-on-quarter comparison, approvals fell 13.55% from the fourth quarter of 2023.

The MB greenlit two project loans totaling P850 million and five program loans worth \$2.02 billion.

"These borrowings will fund the National Government's projects on infrastructure (\$850

million), and programs on policy reforms in healthcare (\$910 million), digital transformation (\$410 million), tax administration (\$400 million), and inclusive finance development (\$300 million)," the BSP said in a statement.

The 1987 Constitution tasks the Monetary Board to approve foreign loan agreements entered into by the National Government.

"The Bangko Sentral ng Pilipinas promotes the judicious use of resources and ensures that external debt requirements are at manageable levels, to support external debt sustainability," it said.

Outstanding external debt rose 12.7% year on year to \$125.4 billion at the end

of December, equivalent to 28.7% of gross domestic product (GDP).

It was also 5.5% higher from the end of September.

The National Government plans to borrow P2.46 trillion this year, of which P1.85 trillion will be sourced from the domestic market, and P606.85 billion from overseas, according to the latest Budget of Expenditures and Sources of Financing report.

The government borrows from domestic and external sources to help fund a budget deficit, which is capped at 5.6% of GDP this year. — **Beatriz Marie D. Cruz**

## PMFTC earmarks \$120 million to purchase Philippine tobacco

PMFTC, Inc. said that it will allot more than \$120 million to purchase Philippine-grown tobacco leaf this year.

"More than \$120 million... because the quality of the tobacco in the Philippines is getting better and better," Philip Morris International Chief Executive Officer Jacek Olczak told reporters on Monday.

PMFTC is the Philippine affiliate of Philip Morris International, jointly owned with listed holding company LT Group, Inc.

He added that the company is also preparing to use Philippine tobacco for its smoke-free products.

"They require even better quality, consistency, etc. But I believe the tobacco growers in the Philippines, can deliver that quality," he said.

He said that the heated tobacco products to be manufactured in a new facility in Batangas will use a mix of Philippine and imported tobacco leaf.



PHILIPPINE STAR/JESSE BUSTOS

**FIRST LADY Liza Araneta-Marcos (in photo) and Department of Agriculture Secretary Francisco Tiu Laurel, Jr. attend the inauguration of the smoke-free products manufacturing facility of PMFTC, Inc. in Tanauan, Batangas on Monday.**

PMFTC inaugurated its P8.8-billion smoke-free products manufacturing plant in Batangas on Monday.

"We have plans of using the Philippine tobacco for the plant here, for this site, but also for export. Because we're using this in other markets," Mr. Olczak said.

"You will find Philippine tobacco in our products in every country in which we operate. So in more than 100 markets, you will find Philippine tobaccos in the product," he said.

In his address, Agriculture Secretary Francisco P. Tiu Laurel, Jr. said that PMFTC's tobacco leaf

purchases average about P1.8 billion per year.

The National Tobacco Administration said that tobacco production may rise to 42 million kilograms this year, amid higher market demand.

Meanwhile, Mr. Olczak said that with the plant's growing capacity, PMFTC will look into purchasing more tobacco from domestic producers.

He added that the new facility is expected to begin operations within the year.

The facility has a maximum capacity of 3.5 billion smokefree tobacco sticks annually. The plant will manufacture heated tobacco sticks under the company's Blends brand.

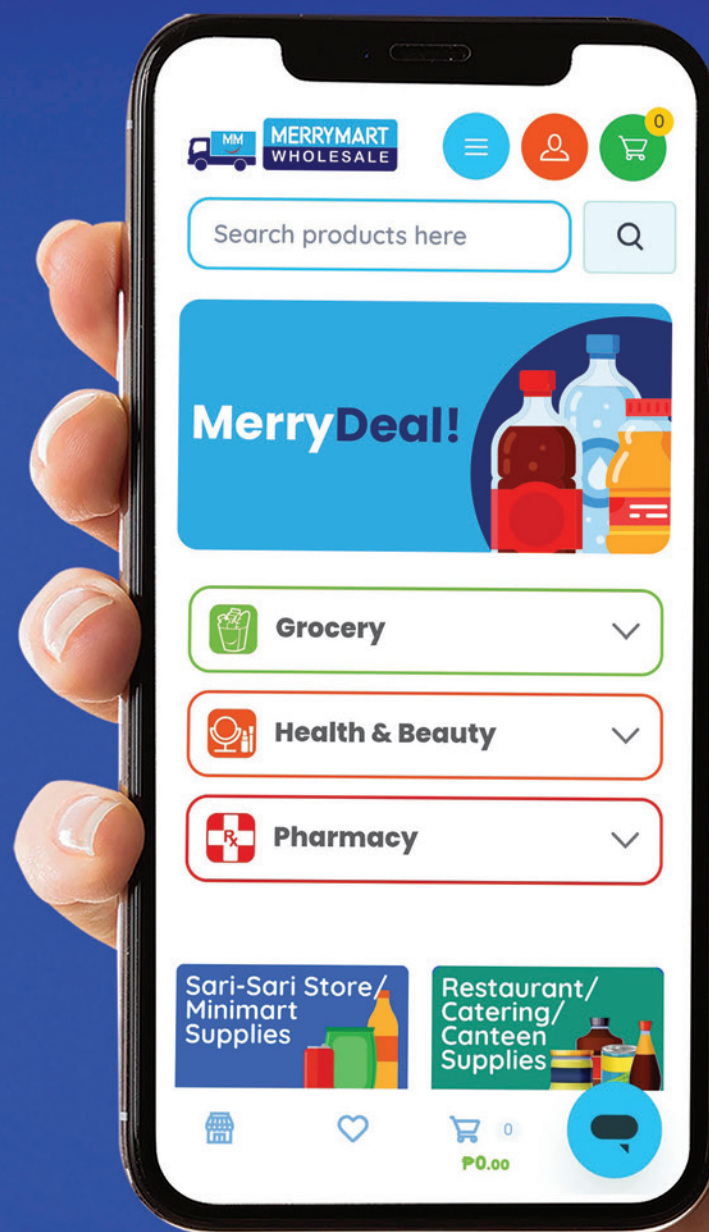
"We will be commissioning the equipment... in the next couple of months, we should be ready for production," he added. — **Adrian H. Halili**



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