First Gen, Japan's Murata unit renew supply contract

FIRST GEN Corp. on Tuesday said it will continue supplying renewable energy for the Philippine Manufacturing Co. of Murata, Inc.'s (PMM) Batangas facility under a renewed contract.

"The supply deal is aligned with the commitment of the Japan-based electronics giant to shift electricity used in all its factories and offices around the world to 100% renewable energy by 2050," the Lopez-led energy provider said in a statement.

PMM is the local branch of Murata, a worldwide manufacturer and innovator of electronic components and solutions, providing parts for various technology companies.

PMM and First Gen first signed a supply contract in 2021.

First Gen said the new deal stipulates that PMM's power supply will originate from the Bacon-Manito geothermal power facility in Bicol, which is operated by First Gen subsidiary Energy Development Corp., the world's largest vertically integrated geothermal company.

"The renewal of our supply agreement with First Gen highlights our companies' decarbonization and sustainability goals," said Masayoshi Koda, president of PMM.

"While we aim to capture the demand for components that support emerging technologies, we want to do so in a manner that is cost-efficient, best in class, and carbon-neutral," he added.

PMM's manufacturing facility is located within First Philippine Industrial Park economic zone in Batangas, which is said to be the company's largest manufacturing facility in Southeast Asia.

Its facility manages the production of multilayer capacitors for electric vehicles and sixth-generation wireless communications technology.

"Together, we in First Gen and PMM are not just reducing emissions but also shaping a future where environmental responsibility and growth go hand in hand," said Francis Giles B. Puno, president and chief operating officer of First Gen.

First Gen is targeting to grow its renewable energy portfolio to up to 13 gigawatts (GW) by 2030 from the current capacity of more than 3.4 GW. — **Ashley Erika O. Jose**

CPG says it retains 'AA+' credit rating from CRISP

CENTURY PROPERTIES Group, Inc. (CPG) said it has retained an "AA+" credit rating from Credit Rating and Investors Services Philippines, Inc. (CRISP), driven by sustained market position and continued revenue growth.

In a statement on Tuesday, CPG said the rating agency cited its diversified market portfolio in maintaining its position in the market.

The revenue mix of CPG was led by vertical developments at 27%, followed by horizontal affordable housing at 58% in 2023. Commercial leasing and property management shares were 11% and 4%, respectively.

CRISP said the company has completed 30 condominium buildings with 17,479 residential units and a total gross floor area of over 1.24 million square meters (sq.m.) as of December 2023.

It also noted the company's venture, PHirst Park Homes, which has launched over 17 home communities with over 24,583 units occupying 123 hectares of land. This venture, worth P48.73 billion, is situated in eight provinces on Luzon.

As of end-December 2023, PHirst Park Homes had 18,166 units valued at P33.43 billion.

CPG's property portfolio includes five leasing assets with an aggregate gross leasable area of 145,026 sq.m.

These are the Century City Mall, Centuria Medical Makati, Asian Century Center, Century Diamond Tower, and the recently opened Novotel Suites Manila at Acqua.

The firm manages 97 buildings covering 7.55 million sq.m. of gross floor area, including properties such as office buildings, condominiums, major banks, medical facilities, an embassy, and a school.

The rating agency noted that CPG's revenue increased by 14% to P12.7 billion, a recovery from the downturn. While its gross profit ratio stood at 47% and earnings before interest, depreciation, and amortization margin at 26.5%.

CPG's total real estate segments contributed a 79% share of net income after tax, followed by commercial leasing at 18%. — **Aubrey Rose A. Inosante**

Inflation,

from S1/1

Mr. Balisacan said he is hoping that April inflation would fall within the Bangko Sentral ng Pilipinas' (BSP) 2-4% target band, although oil prices pose a risk.

He noted April inflation will likely be close to the 3.7% print recorded in March.

"[The] 2-4% is still a fighting target. Of course, we are watching closely the developments in the Middle East. If the oil prices would be affected by the development, there would be some pressure for us," Mr. Balisacan said, referring to the conflict between Israel and Iran.

The local statistics agency will release April inflation data on May 7.

Mr. Balisacan said that economic growth in the first half may be affected if inflation continues to breach the target.

"[It's] a challenge because domestic consumption, particularly home consumption and investment, are very sensitive to inflation and interest rates," he said.

Earlier this month, the Development Budget Coordination Committee (DBCC) revised its gross domestic product (GDP) growth target range to 6-7% this year from 6.5-7.5% previously amid geopolitical tensions, price upticks, and trade restrictions.

The local statistics agency is set to release first-quarter GDP data on May 9.

"With food prices starting to come down, that should be good for growth. But of course, if the energy prices continue to rise, then it could affect logistics, distribution, and it could impact food prices too. But we hope that it will not be serious," Mr. Balisacan said.

Oxford Economics economist Makoto Tsuchiya said he expects inflation to quicken to 3.9% in April due to base effects. He also noted that sequential momentum was largely flat this month.

"Although rice prices remain elevated, prices for other agricultural products including vegetables and fruits are starting to decline, which should help ease inflationary pressures in the coming months," he said in an e-mail.

"Higher oil prices due to escalation of the conflicts in the Middle East is an emerging risk, but so far the impact remains limited."

Monetary Board Member V. Bruce J. Tolentino said the government should keep a close eye on global developments that could impact commodity prices and stoke inflation.

"The elections in India are ongoing, and if Mr. [Narendra] Modi wins, he will focus on his domestic priorities of ensuring that food prices are low in India. That means the export ban [on non-basmati rice] may continue, which will worsen inflation," he said in a Viber chat.

Last year, India imposed export curbs on non-basmati rice and other commodities to address rising domestic prices. The supply shortage drove global prices higher, affecting the Philippines which is one of the biggest importers of rice.

Mr. Tolentino noted that the ongoing Russia-Ukraine war may cause an uptick in fertilizer prices and constrain wheat supply.

"It is crucial that the government maintain its efforts to invest in productivity-enhancing measures. These have been paying off in the record rice harvests attained over the past 2-3 years," Mr. Tolentino said. — **Beatriz Marie D. Cruz**

Infrastructure,

from S1/1

In the first two months, overall infrastructure disbursements rose by 5.3% to P153.4 billion from P145.6 billion a year ago.

Terry L. Ridon, a public investment analyst and convenor of think tank InfraWatch PH, said faster infrastructure spending in February was due to improved efficiency in budget disbursement and utilization.

"The rise in infrastructure spending can be attributed to improved processes in fund disbursements and utilization by various agencies, such as the DBM and implementing agencies like the Public Works and Transportation departments," he said in a Viber message.

Ruben Carlo O. Asuncion, chief economist at Union Bank of the Philippines, Inc., said it is a good sign that the government is spending, particularly on infrastructure.

PHILIPPINE STAR/RYAN BALDEMOR

HEAVY TRAFFIC is seen along Roxas Boulevard due to road construction, April 6.

"Frontloading of spending is expected... The government tries to get all projects going to take advantage of the start of the year and the general dry season," he said in a Viber message.

"Nevertheless, it is worthwhile because infrastructure spending has substantial multiplier effects for incomes across the board."

Infrastructure outlays under the national budget increased to P1.51 trillion this year from P1.33 trillion last year.

"Spending for the year will continue to be underpinned by sizable investments in both public infrastructures and social sector programs acting as fiscal stimulus to help shore up economic growth and secure gains from poverty reduction initiatives," the DBM said.

Mr. Ridon said the Marcos administration is expected to continue ramping up infrastructure spending.

"We are expecting further improvements in budget utilization, given that the administration will be reaching its midterm by 2025 and the public is looking forward to more meaningful services, facilities and infrastructure in the coming months," he said.

The Marcos administration plans to spend at least 5-6% of gross domestic product (GDP) on infrastructure annually from 2024 to 2028, under the medium-term fiscal framework.

Manila,

from S1/1

In the Asia-Pacific region, the Philippines lagged behind its neighbors and ranked 18th overall. Singapore was the top performer in the region, followed by Seoul, Sydney, Shenzhen and Shanghai.

"Almost all centers in the region fell in the rankings, with only Singapore, Guangzhou, Manila, and Bangkok improving," the report said.

Among select East and Southeast Asian cities, the Philippines ranked 14 out of 15 financial centers.

Overall, London ranked first in the index. This was followed by Geneva, Zurich, New York, Singapore, Luxembourg, Washington, D.C., Los Angeles, Stockholm and Montreal.

"The centers which perform well in the GGFI continue to be places that are committed to environmental development across the economy as well as directly in finance, and in building their skills for green finance for the future," the report said.

The bottom performers were Nairobi, Bahrain, the Bahamas, Lagos, and Cayman Islands.

Respondents cited energy efficient investment, disinvestment from fossil fuels and green insurance as areas of green finance with the "most impact."

"Risk management frameworks, international initiatives, and renewables are listed by respondents as the major drivers of green finance," it added.

Respondents identified factors that most affect the uptake of green finance, such as regulatory environment, availability of skills and taxation, among others.

Among the interesting initiatives in green finance cited by respondents include biogas, sustainability-linked bonds, carbon credit exchange platforms, green and sustainable finance taxonomies, green insurance, blended finance and utilization linked finance.

The Philippine government has been looking for ways to promote sustainable and green finance.

In February, the Monetary Board approved the sustainable finance taxonomy guidelines which aim to "advance sustainable finance in the country." It serves as a tool to classify whether an economic activity is environmentally and socially sustainable.

The Philippine central bank also approved in December the gradual reduction in the reserve requirement rate for green, social, sustainability and other sustainable bonds to encourage banks to extend more loans for green projects. — **Luisa Maria Jacinta C. Jocson**

Marcos,

from S1/1

The government would also provide for refrigerator trucks and help increase slaughterhouses to address supply issues, Mr. Laurel said at the Tuesday event.

"While the building of cold storage facilities for agricultural goods should be welcomed, the President should also look to the private sector to provide similar facilities, as this is an area that is ripe for private sector investing," Terry L. Ridon, convenor of think tank InfraWatch PH, said in a Facebook Messenger chat.

Federation of Free Farmers National Manager Raul Q. Montemayor said putting up storage and other post-harvest facilities need to be linked up with a financing system "so that farmers can borrow against stored stocks while waiting for prices to improve."

"Then there should also be a logistics and marketing system so that stocks can be efficiently transferred to buyers," he said in a Viber message.

"While these are being set up, trade policy must be properly synchronized so that the gains from these investments and their benefits to farmers are not disproportionately offset by the entry of smuggled, undervalued or misdeclared imports that may easily enter our market as a result of the easing of procedures for agricultural imports," he added.

PPA POOL

PHILIPPINE President Ferdinand R. Marcos, Jr. on Tuesday visited Occidental Mindoro, where he inspected a field affected by the dry spell caused by the El Niño weather phenomenon.

Mr. Laurel, meanwhile, vowed to boost Mindoro farmers' integration into state-assisted farm-to-market outlets, known as Kadiwa stores, in Metro Manila by subsidizing transport costs.

Occidental Mindoro is among the country's largest producers of onions, and the province expects a 60% increase in production this year with the number of onion farmers increasing to over 300 this year from about 200 last year.

Onion prices skyrocketed in 2022, prompting the Agriculture department to allow more imports in 2023 in a bid to avoid another round of price increases.

However, Agriculture spokesman Arnel de Mesa in February noted a slump in the farmgate prices of onion, with farmers selling their produce at about P20 per kilo.

Onion farmgate prices would likely further decline as the country approached the March-April peak harvest season, he said at that time.

Last week, Mr. Marcos issued an administrative order (AO) mandating the Agriculture department as well as the Trade and Finance agencies to further ease procedures for agricultural imports and remove non-tariff barriers, as the country struggles to curb inflation mainly driven by food prices.

Non-tariff barriers are policy measures that restrict trade such as quotas, import licensing systems, regulations and red tape.

Mr. Montemayor said the government should make a distinction between non-tariff barriers and non-tariff measures such as quarantine regulations and quotas, which are part of the Philippines' commitments to the World Trade Organization.

Licensing systems that the latest AO seeks to streamline are necessary to properly identify and track the movement of imports, he added.

At an inspection of an agricultural site in Occidental Mindoro, Mr. Marcos said the heatwave's impact on farmers was apparent, vowing to put up a dam in the province that would cover the towns of San Jose and Magsaysay.

NO PLANS TO IMPORT

Meanwhile, the government sees no need to import additional farm products to augment the food supply, Jose Maria "Joey" M. Villarama, head of the Philippine El Niño Task Force, told *BusinessWorld* in a Viber message.

"This is with emphasis on 'additional' imports because our regular imports have been factored in as part of stabilizing the food supply," he said.

"The Agriculture department is closely monitoring the production status of primary agricultural products. Importation can be an intervention to ensure the sufficiency and stability of supplies, if necessary," he added.

Mr. Villarama said the extreme heat is affecting some farm sectors in varying degrees. But the rice supply remains stable despite the damage and losses from El Niño.

He added that the harvest season from the last crop season continues "and we anticipate that the yield from that harvest will help augment our buffer stocks."

More than 66,000 hectares of rice fields and other plantations have been damaged by El Niño, though 78% of these have a chance to be recovered, "meaning, the damaged produce can still be used," Mr. Villarama said.

He said the government has distributed about P1.1 billion in aid to almost 74,000 farmers, fishermen and their families in several regions affected by the dry spell, excluding the assistance given by Mr. Marcos during his visit to Mindoro province on Tuesday. — **Kyle Aristophere T. Atienza** *and* **Chloe Mari A. Hufana**