DoF chief economist, other undersecretaries appointed

PRESIDENT Ferdinand R. Marcos, Jr. has appointed the Department of Finance's (DoF) chief economist and two other undersecretaries, completing the department's roster of officials.

In a statement on Wednesday, the DoF said that Domini S. Velasquez was appointed undersecretary overseeing the Office of the Chief Economist (OCE).

"The new chief economist has over 15 years of experience in macroeconomic research and policy analysis," it said.

Ms. Velasquez was most recently the chief economist for China Banking Corp. before joining the DoF.

She also previously worked at the National Economic and Development Authority (NEDA) and held positions at the Bangko Sentral ng Pilipinas, Citibank, and the Asian Development Bank (ADB).

The OCE is in charge of "analyzing data on emerging economic developments, providing early warning, and recommending measures aimed at anticipating and addressing key economic issues."

Meanwhile, Mr. Marcos appointed Charlito Martin R. Mendoza as the undersecretary for the Revenue Operations Group.

"Mr. Mendoza will oversee the operations of the Bureau of Internal Revenue (BIR) and the Bureau of Customs (BOC), which do the heavy lifting to ensure that the government meets its annual revenue collection targets," it said.

He had served as district collector for the Customs Port of Cebu from July 2019 to October 2022.

Mr. Mendoza is a founding partner of the Palafox Patriarca Romero & Mendoza law firm and was an associate at Angara Abello Concepcion Regala & Cruz and the Suarez & Narvasa law firms.

Meanwhile, Renato E. Reside, Jr. was appointed undersecretary in charge of the Fiscal Policy and Monitoring Group (FPMG).

"Mr. Reside will spearhead the formulation and advancement of tax reform proposals and other crucial fiscal policy recommendations," the DoF said.

"He will likewise lead in overseeing the forecasting and programming of national government revenues, managing cash programming, and vigilant monitoring of the government's finances."

Mr. Reside was a consultant for the Philippine Statistics Authority and ADB. He also served at the DoF as a consultant since the 2000s on tax issues.

"They are all valuable additions to my team at the DoF. I am confident that they will lead their respective offices with great skill, dedication, and integrity," Finance Secretary Ralph G. Recto said. — **Luisa Maria Jacinta C. Jocson**

PHL dairy imports drop 17% in 2023 — FAO

PHILIPPINE DAIRY imports declined to 2.32 million metric tons (MT) milk equivalent in 2023 due to a drop in exports from major dairy producing countries, the United Nations' Food and Agriculture Organization (FAO) said.

In a report, the FAO said that imports declined 17.7% from 2.81 million MT a year earlier.

It added that dairy importing economies like China, Indonesia, the Philippines, and Japan saw significant volume drops.

It said the decline in global dairy exports was led by the US, whose shipments fell to 12.56 million MT, down 11.3% from a year earlier.

"Several other large producers, such as Australia, Türkiye, and Argentina, reported significant export drops, while New Zealand and the European Union gained the most," the FAO said.

Imports of skim milk powder to the Philippines also declined due to higher prices.

"Currency depreciations induced some countries to lower (skim milk powder) purchases, such as the Philippines, where imports reached an eight-year low in 2023," the report added.

Skim milk powder is mainly used in condensed milk, evaporated milk and other dairy products.

The Philippines can meet less than 1% of its milk demand from domestic production, with the rest needing to be imported.

In 2023, Philippine dairy production was 17,850 MT, or about 0.8% of milk consumption of 1.94 million MT. The dairy cow herd was 75,798 head in 2023.

The government is aiming to increase dairy production to 80 million liters of milk per year by 2028. — **Adrian H. Halili**

PhilRice reviewing response to Golden Rice court ruling

THE Philippine Rice Research Institute (PhilRice) said it will review its courses of action after a Court of Appeals (CA) ruling revoking the biosafety permit of Golden Rice.

"We acknowledge the Court of Appeals' decision regarding the Writ of Kalikasan proceedings against Golden Rice, and we are reviewing the implications of this to prepare our response," PhilRice Executive Director John C. de Leon said in a statement.

Last week, the CA canceled the biosafety permits for the commercial propagation of Golden Rice, as well as those for Bt Eggplant, due to possible risk to the environment and public health.

In a decision dated April 17, the court stopped field testing and use of the crops. Imports were also halted until all measures are taken to ensure they are safe.

The biosafety permit for Golden Rice's commercial propagation was granted by the Bureau of Plant Industry in July 2021.

The genetically modified crop is intended to help address vitamin A deficiency (VAD).

"It has the potential to double the vitamin A intake of children in the lowest 40% of the income distribution," PhilRice added.

Golden Rice, whose Philippine branding is Malusog Rice, was developed with enhanced levels of beta-carotene to help tackle VAD.

It has received food safety approvals from regulators in Australia, New Zealand, Canada, and the US.

PhilRice runs the project in partnership with the International Rice Research Institute. — **Adrian H. Halili**

Regional FDI pushed as measure against slowdown in global investment

ASEAN countries must confront the global investment slowdown head-on by stepping up intra-regional investment, the United Nations Conference on Trade and Development (UNCTAD) said.

In a report, "Global economic fracturing and shifting investment patterns: A diagnostic of 10 FDI trends and their development implications," UNCTAD said global foreign direct investment (FDI) is expected to remain stagnant in the coming years.

However, increased regional FDI offers developing countries a "secure source" of investment, amid uncertainty in key global investors such as the US and China.

"The growth of regional value chains can also stimulate the process of local development by fostering internal specialization within the region and by opening opportunities to structural transformation and value chain upgrading," UNCTAD said.

The Philippines relies on FDI from both ASEAN and non-ASEAN partners to drive job generation and growth, as it grapples with supply constraints, increasing debt, and post-pandemic effects.

"Some regional economic cooperation initiatives, such as the ASEAN, are making significant progress in stimulating intra-regional trade and investment. However, despite significant policy efforts over several decades, regional FDI still accounts for only about 15% of total FDI in the region," the report said.

Intra-ASEAN FDI inflows in the first half of 2023 declined 33.7% year on year to $10.4 billion, ASEAN said in its December update.

"They need to consider options to build or strengthen the infrastructure required to enable the growth of regional trade and investment. This includes regional transportation links, but also regional industrial infrastructure, such as border industrial zones or shared special economic zones (SEZs), which can be instruments of regional industrial policy and hubs for the development of industrial clusters serving regional markets," the report said.

The global shifts in FDI are expected to take a toll on manufacturing, which is facing the consequences of "deglobalization." "This is evidenced not only by reduced FDI but also by reduced trade in intermediate inputs."

Analysts have noted that "decoupling" of the US and China could hurt Philippine trade, with manufacturers relying on demand from both countries. China is also a crucial sorce of imports for the Philippines.

Instead of "competing" with its ASEAN neighbors, the Philippines must move to integrate its markets with the region, Ateneo de Manila economics professor Leonardo A. Lanzona said.

"To strengthen our FDI from within ASEAN, we then need to engage more in cooperative forms of production and to try to participate more in value chains that are developed within ASEAN," he said in a Messenger chat. — **Beatriz Marie D. Cruz**

Budget deficit,
from S1/1

"The transfer of the P15-billion Coco Levy Funds to the Coconut Farmers and Industry Trust Fund for this year is still expected this April; whereas last year's release was made in March," it added.

Primary spending — which refers to total expenditures minus interest payments — inched up by 1.2% to P412.9 billion in March.

Interest payments rose by 16.5% to P70.9 billion, mainly attributed to "coupon payments for domestic securities and the downward adjustments to last year's interest payments due to premia on re-issued bonds."

Security Bank Corp. Chief Economist Robert Dan J. Roces said that the narrower fiscal deficit in March indicates a "positive development in fiscal management."

"This reduction could be attributed to a variety of factors, such as increased government revenues from higher tax collections and improved economic activity, and/or decreased government spending," he said in a Viber message.

Ruben Carlo O. Asuncion, chief economist at Union Bank of the Philippines, Inc., said that the growth in revenues "bodes well" for the government's fiscal consolidation plan.

"If revenue intake continues its uptick this year because of better economic performance, then it would not be a surprise that the fiscal consolidation plan is on track for this year," he said in a Viber message.

WIDER Q1 DEFICIT

Meanwhile, the fiscal gap widened by 0.65% to P272.6 billion in the first quarter from P270.9 billion in the same period a year ago.

Data from the BTr showed revenues rose by 14.05% to P933.7 billion in the January-to-March period from P818.7 billion a year ago.

Tax revenues stood at P820.3 billion in the three-month period, higher by 12.83% from P727.1 billion.

BIR revenues climbed by 17.15% to P591.8 billion while Customs collections edged higher by 2.35% to P218.9 billion.

Nontax revenues jumped by 23.78% year on year to P113.4 billion, as BTr revenues surged by 85.26% to P72.3 billion. Revenue from other offices fell by 21.83% to P41.1 billion.

Meanwhile, government spending picked up by 10.72% to P1.206 trillion in the first three months from P1.09 trillion in the same period in 2023.

In the first quarter, primary spending rose by 6.94% to P1.013 trillion while interest payments jumped by 35.93% to P193 billion.

"The slight widening of the deficit in the first quarter by 0.65% to P272.6 billion from P270.9 billion indicates that while there has been a month of fiscal tightening, the overall quarter still saw a marginal increase in the deficit," Mr. Roces said.

He also noted that the slightly wider deficit in the first quarter does not mean the country's fiscal consolidation is off track.

"Fiscal consolidation is a gradual process, and the government's ability to manage expenditures and boost revenues in the coming quarters will be crucial to staying aligned with the consolidation goals," he added.

GDP,
from S1/1

Inflation averaged 3.3% in the first quarter, still within the 2-4% target band. The BSP expects inflation to average 3.8% this year.

Latest data from the Agriculture department showed that agricultural damage from the El Niño has reached P3.94 billion, affecting 73,713 farmers and fisherfolk.

John Paolo R. Rivera, president and chief economist at Oikonomia Advisory & Research, Inc., expects GDP to have expanded by 6.1% in the first quarter.

This would be within the government's target and faster than the 5.5% GDP growth in the fourth quarter but slower than the 6.4% expansion in the first quarter of 2023.

Mr. Rivera said that growth in the first quarter was likely driven by increased government spending on infrastructure, more public-private partnerships, the recovery of the tourism industry and improvements in exports.

For the first two months of the year, infrastructure spending rose by 6.7% to P120.5 billion, data from the Budget department showed.

Rizal Commercial Banking Corp. Chief Economist Michael L. Ricafort said GDP likely grew by 6% in the first quarter. His full-year forecast is 6.3%.

"Philippine GDP growth could normalize to around 5.5%-6.5% in 2024 and beyond," he said in a Viber message.

This year, economic growth will also be supported by infrastructure spending, strong remittances, and further reopening of the economy, he added. — **Luisa Maria Jacinta C. Jocson**