PHILIPPINE STAR/EDD GUMBAN

Poverty reduction to require human capital investment — WB

THE GOVERNMENT must improve access to education and healthcare and invite more private sector participation in human capital investment to bring the Philippine poverty rate down to the single digits by 2028, the World Bank (WB) said.

"The country still faces challenges to ensure that the gains from robust economic growth are distributed evenly," the bank reported in its Philippine Economic Update.

"Ensuring that the gains from long-term growth are sustained and distributed more evenly requires addressing gaps in connectivity (both digital and physical), access to basic services such as in health and education, and private sector participation," the WB said.

The government of President Ferdinand R. Marcos, Jr. is hoping to cut the poverty rate to single-digit levels, to about 8% by the end of his term in 2028. This would be the equivalent to bringing nearly 14 million people out of poverty.

To reduce poverty, Rizal Commercial Banking Corp. Chief Economist Michael L. Ricafort cited the need to boost productivity in agriculture, which accounts for nearly a quarter of the workforce.

"Increased mechanization, use of higher-yielding and resilient seed, use of the best global technology, more irrigation, cold storage, and other infrastructure to increase farmers' incomes would help pull more people out of poverty," he said via chat.

The Philippine Statistics Authority reported last year that farmers and fisherfolk were the poorest segments of society in 2021, with poverty rates of 30% and 30.6%, respectively.

Foreign direct investment could upgrade labor-heavy sectors like manufacturing and industries with foreign technology, Mr. Ricafort added.

He also cited education as the "best equalizer that helps/lifts more people from poverty."

A Social Weather Stations conducted in March showed that nearly half (46%) of Filipinos considered themselves poor. — **Beatriz Marie D. Cruz**

NGCP raises yellow alert anew over Luzon grid

THE Luzon grid was again placed on yellow alert on Wednesday amid continuing outages and limited output at some power plants, the National Grid Corp. of the Philippines (NGCP) said.

In an advisory early Wednesday, the NGCP raised the yellow alert over Luzon between 1 p.m. and 4 p.m. and 6 p.m. and 10 p.m.

Peak demand was 13,535 megawatts (MW) against available capacity of 14,254 MW.

Some 15 power plants were classified as experiencing forced outages, with five running at derated capacity, leaving 1,765.6 MW unavailable to the grid.

The derated plants include coal-fired Masinloc 1 and Masinloc 2, as well as gas-fired Ilijan A.

The NGCP also said the Angat Main hydropower facility was unavailable due to low water levels while forced outages were declared at the Pagbilao 2 and San Lorenzo 50 plants.

A yellow is issued when the operating margin is insufficient to meet the transmission grids' contingency requirement.

The yellow alert for the Luzon grid was lifted by the NGCP at 1 p.m. on Wednesday.

"Early lifting of grid alert status is due to the decrease in forecast demand," the grid operator said.

The Visayas and Mindanao grids were operating normally on Wednesday, the NGCP said.

Energy Undersecretary Rowena Cristina L. Guevara has noted the possibility of a red alert this week due to continuing elevated heat and forced outages at some power plants. — **Sheldeen Joy Talavera**

PHILIPPINE STAR/WALTER BOLLOZOS

Auto industry facing global cost pressures, weak demand — DTI

THE Department of Trade and Industry (DTI) said the auto industry is facing cost pressures and weak consumer demand in major global markets.

At the opening ceremony of the Auto Parts and Vehicles (APV) Expo on Wednesday, Bianca Pearl R. Sykimte, director of the Export Marketing Bureau (EMB), said these pressures are weighing on the growth of the industry.

Citing Euromonitor International's Automotive Global Industry Report, she said growth of the automotive industry will be weak until 2027, even though it has recovered from the supply shocks experienced during the pandemic.

"Significant cost pressure is expected to remain due to rising labor costs and the higher investment and research and development costs associated with the production of electric vehicles," Ms. Sykimte said.

"Supply chain optimization efforts are expected to continue because of geopolitical tensions. Car manufacturers are anticipated to create smaller networks of semi-independent suppliers to reduce risk," she added.

She said that manufacturers are also expected to become more vertically integrated by collaborating more with mining, chemical, and technology companies.

"Rising operating costs and the need for large-scale investment are expected to continue to drive consolidation in the automotive industry … Companies are expected to form alliances and intensify acquisitions of smaller components," she added.

The three-day APV Expo is the inaugural edition and was organized by EMB and the Philippine Exporters Confederation, Inc. (Philexport).

According to Ms. Sykimte, the event will give the industry a chance to connect with potential partners.

"Platforms like this provide the opportunity to learn from and benchmark with other industry players and experts as we continuously develop and position the Philippines as a regional hub for sustainability, connectivity, and innovation-driven manufacturing and services," she said.

Philexport President Sergio R. Ortiz-Luis, Jr. said the expo will also be a venue "for domestic manufacturers and exporters of auto parts and accessories to learn from their counterparts abroad, while also showcasing their own capacities."

The event is expected to attract over 4,000 potential buyers and sellers, as well as more than 120 regional and international exhibitors.

Meanwhile, Transportation Undersecretary for Road Transport and Infrastructure Jesus Ferdinand D. Ortega said that the auto parts and vehicle industry is key component of the government's Public Utility Vehicle Modernization Program.

"Together with quality vehicles, what we need are quality parts. These are vehicles and parts not for private use but for livelihood. So I think these kinds of venues will help us look for the quality that is needed," Mr. Ortega said.

He added that more manufacturers will be accredited to drive growth in local production.

"What's good news here is that we will be amending our department order (calling for more) after-sales service to ensure that quality parts needed for these vehicles will be available for years to come," he said. — **Justine Irish D. Tabile**