NEDA,
from S1/1

Orly Manuntag, spokesperson of the Grain Retailers Confederation of the Philippines, said in Filipino during a press conference with leaders of the House of Representatives.

EO 62 is set to take effect on July 6 or 15 days after it was published, Department of Agriculture Assistant Secretary and Spokesperson Arnel V. de Mesa said on Saturday.

House Speaker and Leyte Rep. Ferdinand Martin G. Romualdez said the lower tariffs will likely bring down average rice prices to P45 per kilo in Metro Manila.

The tariff cut on imported rice is expected to tame inflation as the staple product is a "significant contributor" to the consumer price index, Security Bank Corp. Chief Economist Robert Dan J. Roces told *BusinessWorld* in a Viber message.

"While estimates predict a reduction of 0.4 to 1.8 percentage points, the actual impact depends on how much domestic rice prices adjust and how fast it adapts," he said. "The fast-tracked approval could lead to quicker relief, but long-term effects on farmers and the need for complementary measures require further National government action."

Mr. Roces noted the implementation of EO 62 is "necessary and timely" amid the persistent rice inflation.

Inflation accelerated to a six-month high of 3.9% in May. In particular, rice inflation remained elevated although slightly easing to 23% in May from 23.9% in April.

The lower rice tariffs would benefit low-income households who bear the brunt of spiraling rice prices, Mr. Roces added.

However, lowering tariffs on imported rice could be detrimental to the domestic rice industry if left unchecked, Eleanor L. Roque, tax principal of P&A Grant Thornton, said.

"Lowering the cost of imported rice without looking at how the local farmers can compete may be detrimental in the long term," she told *BusinessWorld* in a Viber message. "The government should evaluate both short-term and long-term solutions for food sufficiency without neglecting the needs of our local farmers."

Enrico P. Villanueva, a senior lecturer at the University of the Philippines Los Baños Economics Department, said only 20% of the country's rice supply is sourced from imports.

"The substantial tariff cut will help ease rice prices, but its impact will be muted by the fact that imports comprise just roughly about 20% of rice supply in the Philippines," he told *BusinessWorld* in an X message.

Reducing the rice prices to as low as P40 is not realistic unless the government would only import low-quality rice, Raul Q. Montemayor, national manager of Federation of Free Farmers, told *BusinessWorld* in a Viber message.

"At current cost, insurance and freight rate of $600 per ton... the exit pier costs would be at P40.71 per kilo," he said. "Add in profit margins, freight, and handling costs, the retail price will be approximately P50 per kilo."

"I don't see how they can sell rice at only P40 per kilo. The only way this can happen is if the cost, insurance, and freight costs go down to $500 or they bring in cheap and low-quality rice," he added. — *with* **Beatriz Marie D. Cruz**

Population,
from S1/1

The Philippines' latest Human Capital Index (HCI) stood at 0.52, which means that a child born in 2020 can only achieve about 52% of their productive potential by the age of 18. This is lower than the average HCI of upper middle-income economies at 0.56.

The HCI measures the health, education, and training of individuals — indicators deemed crucial to a country's economic growth.

"In our aging region, the Philippines' human capital provides an important lifeline of services that are needed for growth. Yet the Philippines is only utilizing only half of its human capital investment," Mr. Lebbos said.

According to the World Bank, key challenges affecting the Philippines' human capital include high fertility, limited and unequal access to education and healthcare, poor learning outcomes, low-quality jobs and skills, persistent poverty and inequality, and vulnerability to global headwinds like climate change and pandemics.

For the Philippines to realize its human capital potential, it must invest in the development of children below 10 years old, the World Bank said in its latest report.

"To ensure optimal start in life for every child as a foundation for boosting human capital, holistic services in the early years including maternal and child health, nutrition, early education and stimulation, development of foundational skills, and social protection in the first 10 years are paramount," it said.

The World Bank said the Philippine government must also improve the delivery of social protection services.

Local government units (LGUs) have a key role in ensuring on-the-ground investments for human capital, it said. Disadvantaged LGUs, especially those farther from the capital region, are at risk of losing about 26 percentage points of human capital potential, it added.

"The LGUs that have lower indicators seem to be hindered by capacity and governance challenges that often lead to inequitable access to services, and unequal access to services," Mr. Lebbos said.

Asked which policies can support the development of human capital, National Economic and Development Authority (NEDA) Secretary Arsenio M. Balisacan suggested a possible expansion of the government's conditional cash transfer program to support out-of-school children.

During the forum, Mr. Balisacan called on lawmakers to approve the Academic Recovery & Accessible Learning Program, which mandates students to take refresher courses in the summer break and address the learning gap. It also backed the passage of the Enterprise-Based Education and Training Framework Act to fit workers' skills to industry demands.

Meanwhile, the World Bank also expects the country to reach upper middle-income status by 2026, but its key human capital indicators remain below the average of such an income class.

"Whether the Philippines will reach a high-income economy and developed status will really depend on investment in human capital today," Ndiamé Diop, World Bank country director for Brunei, Malaysia, Philippines and Thailand said during the forum.

The multilateral lender classifies the Philippines as a low middle-income economy, but the government is hoping it can gain upper middle-income status by next year.

Upper middle-income economies have a gross national income per capita of $4,466 to $13,845, according to the World Bank. — **Beatriz Marie D. Cruz**

Tourist,
from S1/1

So far this year, South Korea is the biggest source of tourist arrivals (27.19%), followed by the United States (15.71%), China (6.49%), Japan (6.13%) and Australia (4.38%), according to the DoT.

BMI said the Philippine tourism market's post-pandemic recovery "remains underway." Tourist arrivals to the Philippines plunged by 82.9% to 1.4 million in 2020 as the borders were shut due to the coronavirus disease 2019 (COVID-19) pandemic.

"We forecast the Philippines' arrivals to continue to increase over the remainder of our medium-term forecast period fully recovering in 2025 as they reach 8.3 million, rising above the pre-pandemic level in 2019," BMI said.

BMI projects tourist arrivals to the Philippines to grow by an average of 14% annually from 2024 to 2028. Tourist arrivals are expected to reach 9.4 million by 2028.

However, BMI said the tourism outlook faces risks as elevated inflation in key markets may dampen appetite for travel.

"While we have a positive outlook for Philippines' arrivals, there are short-term risks stemming from high living costs in many markets globally and tighter credit conditions which will weigh on consumer spending, particularly on nonessential categories such as travel," it said. — **LMJCJ**

S&P,
from S1/1

BSP Governor Eli M. Remolona, Jr. had said that the earliest the central bank can begin cutting rates is by August for a total of 25-50 bps for the year.

S&P said it expects the benchmark rate to stand at 6.25% by end-2024, which implies a 25-bp cut this year.

"This (high interest rates) will continue to pose headwinds for a full recovery in domestic demand. Nonetheless, there are favorable base effects in exports that, combined with relatively slower imports due to domestic demand, will provide growth support in the interim," Mr. Conti added.

Despite the cut, S&P Global still expects the Philippines to post the second-fastest growth in the Asia-Pacific region this year, the same as Vietnam (5.8%) and just behind India (6.8%).

For 2025, the 6.1% growth projection for the Philippines would make it the third-fastest growing economy, after India (6.9%) and Vietnam (6.7%).

"Better export growth will lead to higher GDP growth this year in Malaysia, the Philippines, Singapore, South Korea, Taiwan, Thailand, and Vietnam. Other economies should also benefit from stronger exports this year," it added.

Meanwhile, the debt watcher said that inflation is projected to average 3.4% this year. This would be slightly below the BSP's 3.5% full-year forecast.

It sees inflation further easing to 3.1% in 2025, also below the BSP's projection of 3.3% for next year.

"Inflation pressure has eased in the region. But the prospect of delayed US policy rate cuts is leading Asian central banks to do the same and take other measures to protect domestic currencies. Emerging markets could be tested if US rates were to rise further and capital outflows intensified," S&P said.

Headline inflation picked up to 3.9% in May, marking the sixth straight month inflation settled within the BSP's 2-4% target band. — **Luisa Maria Jacinta C. Jocson**

Grab PH Country Head Grace Vera Cruz named Business Leader of the Year at Women Leading Change Awards Asia-Pacific

Grab Philippines Country Head Grace Vera Cruz was named this year's Business Leader of the Year at *Campaign Magazine*'s Women Leading Change Awards Asia-Pacific. The award-giving body recognized Grace's pivotal role in achieving and maintaining the strong growth momentum of the leading superapp in the Philippines post-pandemic.

Under Grace's helm, alongside Grab Philippines' all-Filipino leadership team, the superapp grew its presence in over 100 cities across the country. This growth was instrumental in promoting a more balanced regional development, primarily through the introduction of GrabCar and GrabFood in more areas in the Visayas and Mindanao regions – with offerings that are tailor-fitted to the needs of the local communities.

As Grab continues to expand its presence, its economic contributions have consequently grown substantially. A recent study by the University of Asia and the Pacific's (UA&P) Center for Research and Communications (CRC) found that every peso spent on Grab generates an additional Php 3.42 for the economy, highlighting the platform's notable economic multiplier effect. Activities on Grab also translated to an estimated GDP contribution of Php 37 billion to Php 165.6 billion from 2019 to 2021.

Guided by her north star of creating a positive and meaningful impact in the lives of her *kababayans*, Grab Philippines will continue to focus on the creation of affordable product solutions like GrabCar Saver and GrabFood Saver Delivery, and the generation of viable livelihood opportunities for Filipinos. A recent UA&P-CRC study found that the Grab platform has reduced unemployment by 1.1% to 1.6% between 2019 and 2021. This aligns with Grace's focus on driving Grab's role as a key engine of the Philippines' economic growth.

Grace is joined by female leader honorees in other categories, including Fintech Woman Leader Geraldine Wong of GXS Bank in Singapore, CEO of the Year Kate Bayona-Garcia of Publicis Groupe Vietnam, and Young Business Leader of the Year Melody Laogan of Initiative Philippines.

Grab Philippines Country Head Grace Vera Cruz was recognized as this year's Business Leader of the Year at Campaign Magazine's Women Leading Change Awards Asia-Pacific.

Grab Philippines has created thousands of livelihood opportunities for aspiring TNVS drivers and operators in 2023.

"I am both honored and humbled to be named Business Leader of the Year at the Women Leading Change Awards Asia-Pacific. I share this honor with the many Filipina business leaders and changemakers, as well as with all Grabbers. This recognition is a testament to the collective hardwork, dedication, and vision of the entire Grab Philippines community — all guided by our philosophy of lifting as we rise. As we navigate the complexities of our rapidly evolving landscape, we remain steadfast in our commitment to pioneering innovative, sustainable, and inclusive solutions to improve the quality of life of all Filipinos. This recognition propels us forward, reinforcing our mission of shaping a brighter, more inclusive, and more connected future for our nation."