10 Israeli firms looking into PHL agritech investments

By Adrian H. Halili
Reporter

THE Israeli ambassador said 10 companies from his country are currently considering agriculture technology ventures in the Philippines, noting the opportunity to raise production in rice, which the Philippines currently needs to import, and in high-value crops, where export potential is limited due to inadequate volumes.

"The challenge here is more about identifying resources in order to have the joint ventures, or co-investments," Ambassador Ilan Fluss said on the sidelines of an agriculture forum on Thursday.

He added that Israeli companies have taken note of the challenges the Philippines is experiencing in rice and various high-value crops, to the extent that farmers cannot meet domestic demand.

The Philippines imports 20% of its rice requirement. It also imports, among others dairy, meat, and corn, where domestic production falls short of demand.

"Through implementing innovative technologies, productivity can grow," he said.

He described the potential investors as representing "a wide range," though some of them "are really new to the market and looking for new opportunities as part of their global expansion."

He said Israeli companies can supply agricultural technology or services with the help of local partners.

He noted that the rate of technological adoption by small-scale farmers has been slow.

"I do recognize that really small-scale farmers, especially in the rice sector, have difficulty engaging in modern or commercial farming," he said, noting the broader difficulties in integrating such farmers into the mainstream economy.

BoI approves investments worth P950 billion in first six months

THE Board of Investments (BoI) said on Thursday that it approved P950 billion worth of proposed projects in the first six months.

The first half total is up 36.1% from a year earlier, the BoI said in a statement.

The bulk of the investments approved in the six months to June were from domestic sources, while 30%, or P286 billion, originated from overseas.

Trade Secretary and BoI Chairman Alfredo E. Pascual said that despite a 37% drop in foreign direct investment (FDI) for the period, he remains optimistic with the investment pipeline continuing to build up.

"Our confidence in the Philippine economy remains unshaken, supported by a 19% increase in FDI over the first four months of the year compared to last year," Mr. Pascual said.

"We are also banking on the investment pipeline built from the BoI's high level of foreign investment approvals," he added.

The central bank reported on Wednesday that FDI net inflows slumped to a 10-month low in April to $556 million from $881 million a year earlier.

Meanwhile, four months to April FDI net inflows rose 18.7% to $3.53 billion.

Renewable energy investments continued to account for the biggest portion of the approvals, with the electricity, gas, steam, and air conditioning supply sectors making up 96.3% of the total.

The agriculture, forestry, fishing, and real estate industries also saw growth in potential investments during the period.

Region IV-A (Calabarzon) accounted for P592 billion of the approvals. Other top destinations were Region VI (Western Visayas) and Region III (Central Luzon).

For the Philippines to keep attracting global investments, Mr. Pascual cited the need for continuous promotion and streamlining of administrative processes.

"Our strategic focus on enhancing the ease of doing business and providing robust support for high-potential sectors is more crucial than ever," he said.

"These efforts are pivotal in ensuring the Philippines remains a top-tier investment hub in Asia," he added. — **Justine Irish D. Tabile**

US energy storage company plans $100-M expansion, negotiating to use PHL facility

ILOILO CITY — US-based energy storage firm Amber Kinetics said that it is looking to invest at least $300 million for its expansion, including a $100-million capacity expansion for the Philippines.

At the US Embassy's 16th Media Seminar on Tuesday, Amber Kinetics Chief Executive Officer Edgar O. Chua said that a further $200-300 million in investments will be made in the US.

"We are currently (fund-raising) both in the US and in the UK - London and New York, essentially," he said, adding that it is seeking to tap sovereign wealth funds and investment companies.

Asked about plans to list, he said: "The initial public offering may come three to five years down the road once the company has demonstrated sustained profitability and growth because then we will have good pricing."

Amber Kinetics' expansion in the Philippines involves a four-and-a-half-hectare site where the company's third plant will rise. It is targeted for completion by 2025.

"That plant will have a capacity of maybe 30,000 units, so together with our existing facility, which has a capacity of about 10,000 units, the Philippines will have a capacity of about 40,000 units," he said.

However, he said that the expansion is still at the due diligence stage, with negotiations ongoing with the site owner, adding that the site used to be operated by a South Korean manufacturer.

For its expansion in the US, Mr. Chua said that the target is for its plant there to be operational in 12–18 months.

"We have prioritized about five to 10 areas in the US, and we are looking at putting up maybe two or three plants," he said.

He said that the number of plants that it will put up in the US will depend on the company's profits but noted that each plant in the US will have a capacity of 40,000 to 50,000 units.

Meanwhile, he said that there are also plans to put up a plant in Australia.

Amber Kinetics currently operates two manufacturing plants in economic zones in Batangas. — **Justine Irish D. Tabile**

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Raw sugar exports to US seen shipping out by Aug.

THE Sugar Regulatory Administration (SRA) said it plans to allow exporters to start deliveries of raw sugar by August to meet the US quota.

SRA Administrator Pablo Luis S. Azcona quoted the sugar industry as saying that increased production will allow it to meet the US quota of 25,000 metric tons (MT).

According to the SRA, raw sugar production was 1.92 million metric tons (MMT) as of May 12, exceeding the 1.799 MMT brought in a year earlier.

"Sugar exports need to arrive (in the US) by September... they should start shipping out by August," he said in a briefing on Thursday.

Mr. Azcona added that the SRA had sent out a draft sugar order (SO) to the industry for comment.

"After that, the board will deliberate on all the comments and suggestions, and we will come up with an SO for it," he said.

The US grants the Philippines an export quota of 25,300 metric tons raw value of raw sugar at a favorable tariff. The Philippines has until Sept. 30 to fill the quota.

Exports of raw sugar to the US are optimized to stabilize prices during times of overproduction.

"This year, we didn't do it in January-February because the US quota was issued in April. For now, so that we will not be a default of our commitment to them, we will export," Mr. Azcona added.

During crop year 2023-2024, all raw sugar was classified "B" sugar or for domestic consumption, according to SO No. 1.

The Philippines last shipped raw sugar to the US during the 2020-2021 crop year, amounting to 112,008 MT of commercial weight raw sugar. The country has not exported sugar to the US since then due to domestic supply concerns.

The SRA has said that exporters have prequalified for the planned export program after participating in the voluntary purchase program authorized by SO No. 2.

The order called for the voluntary purchase of domestically produced sugar in order to stabilize farmgate prices. Participants were also eligible for an allocation in a future import program.

He said that about 20 exporters have volunteered to meet the US export quota, but cited the need for a replenishment program through imports.

The SRA's replenishment program allows exporters of raw sugar to the US to import refined sugar in approved volumes.

Last month, the Department of Agriculture said it was planning to allow imports of about 200,000 MT of refined sugar to plug a possible supply gap before the start of the milling season on Sept. 15. — **Adrian H. Halili**

JLL positive on manufacturing as MNCs diversify supply chains

REAL ESTATE and investment management firm JLL said that the Philippines has the potential to grow its manufacturing sector as multinational companies (MNCs) diversify their operations away from China.

"Southeast Asia (SEA) and India stand to be net beneficiaries of companies diversifying manufacturing capabilities to complement existing bases in China," JLL said in a statement on Thursday.

"For decades, China has dominated global manufacturing. However, companies are increasingly diversifying their operations elsewhere, adding manufacturing bases outside of China to hedge against supply chain disruptions," it added.

Citing multiple sources, JLL said that the primary accelerator of the move outside China is the rising costs in the Mainland.

"Higher demand for industrial land, coupled with rising wages and material costs, has also pushed up land prices in China, which can be up to two times higher compared to some SEA countries and India," it said.

"Furthermore, factors such as skilled labor, infrastructure, environmental regulations, proximity to suppliers and customers, and political stability contribute significantly to a factory's long-term success and sustainability," it added.

JLL said that although China still holds the biggest share of manufacturing foreign direct investment in the region, India and Vietnam are catching up.

In the Philippines, JLL identified the semiconductor and electronics and electrical industries as opportunities for attracting manufacturing investment.

"The Philippines is one of the seven countries that the US partnered under the CHIPS Act, which aims to expand and diversify the US semiconductor supply chain," it said.

Within the semiconductor industry, the key activities JLL identified as having potential were assembly and testing services, integrated circuits, and RF (radio frequency) or microwave chips.

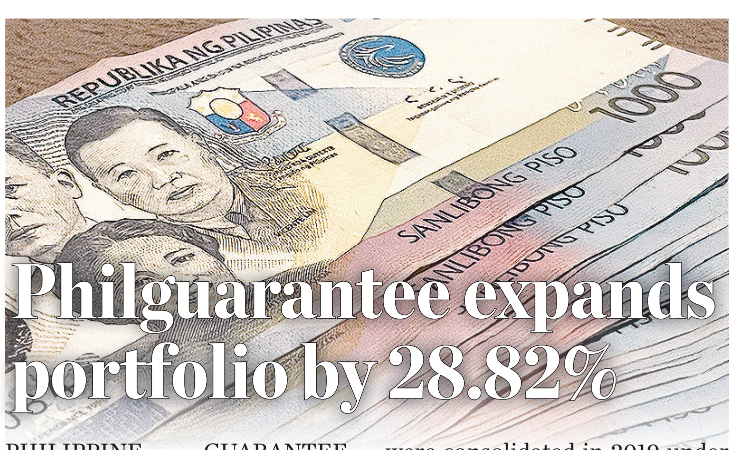
For the electronics and electrical industry, the key products were consumer electronics, industrial electronics, and telecommunication equipment.

JLL said the Philippines is implementing more policies that aim to boost its manufacturing industries, making land availability and access to capital sources critical.

In the Philippines, JLL said these enabling policies include the administration's Build Better More program, which is expected to boost efficiency and productivity.

"Each economy in Southeast Asia is at a different level of its manufacturing story, but we can confidently say that policymakers are extremely keen to take advantage of diversification initiatives in supply chains," said Peter Guevarra, JLL's director for research consultancy in Asia-Pacific.

"Companies need to carefully evaluate various factors such as costs, market access, infrastructure, labor, and governmental support before determining their global manufacturing investment strategies," he added. — **Justine Irish D. Tabile**



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Philguarantee expands portfolio by 28.82%

PHILIPPINE GUARANTEE Corp. (Philguarantee) grew its portfolio by 28.82% in 2023 to P236.98 billion, with its activities remaining focused on facilitating credit to socialized or low-cost housing projects, small businesses, and small-scale farmers and fisherfolk, the Department of Finance (DoF) said.

In a statement, the DoF said Philguarantee, a government-owned and -controlled corporation (GOCC), estimates that its credit facilitation activities reached 246,378 beneficiaries.

Philguarantee revenue rose 103% to P5.32 billion in 2023, generated primarily from guarantee fees and premiums, commitment fees, and the sale or rental of real estate.

Dividends remitted to the National Government rose 224.4% to P2.42 billion.

The GOCC also expanded its network of partner lending institutions to 152 in 2023 from 131 a year earlier, the DoF said.

"This robust performance is a testament to our country's strong credit guarantee system," Finance Secretary Ralph G. Recto was quoted as saying in the statement.

Philguarantee was created after five Philippine Guarantee Programs and Agencies (PGPAs) were consolidated in 2019 under Executive Order No. 58.

The GOCC provides credit guarantees to improve loan access of micro-, small- and medium-sized enterprises, exporters, infrastructure and energy projects, agricultural businesses or farm modernization projects, housing, tourism, and other parts of the economy.

Philguarantee is modifying its charter to continue integrating the merged PGPAs.

These include the Home Guaranty Corp., Agricultural Guarantee Fund Pool, Industrial Guarantee Loan Fund, the guarantee operations of the Small Business Corp., and the Philippine Export-Import Credit Agency.

"The changes will enable the Philguarantee to be more responsive to its mission of providing credit supplementation and its development financing objectives, particularly in key economic areas, where jobs and livelihood creation will be most felt," the DoF said.

It also seeks to enhance its portfolio management, digitalization efforts, and personnel development as outlined in its Strategic Pillars and Sustainable Institutional Goals for 2023 to 2025, the DoF added. — **Beatriz Marie D. Cruz**

Record debt highlights need for efficient collection

THE GOVERNMENT must enhance revenue generation and ensure efficient spending to sustainably manage its debt over the medium term, GlobalSource Partners said.

"This is one big challenge to the Philippine government: to sustain its medium-term fiscal consolidation plan in order to minimize the need for borrowing and servicing both principal and interest," GlobalSource country analysts Diwa C. Guinigundo and Wilhelmina Manalac said in a brief.

The National Government (NG) borrows from domestic and foreign resources to fund operations which cannot be supported from its revenue.

At the end of May, NG outstanding debt rose to a record P15.35 trillion from P15.02 trillion at the end of April, with 68% of the debt generated from domestic sources and 31.96% from foreign sources.

"Fiscal and debt sustainability can only be achieved if public revenue is maximized through appropriate taxation," the analysts said.

"If this is not accomplished, the encouraging trend in public debt may be unsustainable over the medium term."

Rizal Commercial Banking Corp. Michael L. Ricafort said encouraging tax compliance and expanding economic growth will help the country manage its debt.

"Priority would be the intensified tax collections from existing tax laws and encouraging compliance with the payment of the correct taxes and to run after tax cheats. The last option would be new and higher taxes, especially if inflation stabilizes in the coming months/years," he said via chat.

Debt may also be curbed through government rightsizing and anti-corruption measures, he added.

In its latest meeting, the Development Budget Coordination Committee (DBCC) maintained its deficit projection for this year at P1.48 trillion, equivalent to 5.6% of gross domestic product (GDP).

For 2025, the DBCC raised the deficit ceiling to P1.537 trillion from P1.490 trillion, pushing the deficit-to-GDP projection to 5.3%, and to 3.7% by 2028.

Faster GDP growth would also help bring the national debt-to-GDP ratio to below 60%, the threshold deemed sustainable for developing countries by multilateral banks, Mr. Ricafort said.

The debt-to-GDP ratio currently stands at 60.2%.

Before the pandemic, the NG's outstanding debt averaged P6.9 trillion, growing at an average of 8.3% yearly between 2016 and 2019. — **Beatriz Marie D. Cruz**