DTI's Pascual urges successor to keep working on trade deals

By Justine Irish D. Tabile
Reporter

OUTGOING Trade Secretary Alfredo E. Pascual said the next head of the Department of Trade and Industry (DTI) needs to focus on ensuring that negotiations for free trade agreements (FTAs) proceed smoothly.

"There are a lot of pending (free trade agreements) such as the Philippines-European Union FTA, the Philippines-United Arab Emirates FTA, the ratification of the FTA with Korea, and the review of the country's FTA with Japan," Mr. Pascual told reporters on the sidelines of a briefing on Thursday.

He also noted the start of negotiations with Canada and Chile.

"My marching orders to our international trade group was to start working on identifying a country in Latin America with which we can initiate a free trade agreement and also a country in Africa. We have lined up a short list," he added.

The Presidential Communications Office announced on Wednesday that President Ferdinand R. Marcos, Jr. had accepted Mr. Pascual's resignation at a meeting at the Palace. The resignation will take effect on Aug. 2.

Asked about National Economic and Development Authority Secretary Arsenio M. Balisacan and Head of the Office of the Special Assistant to the President for Investment and Economic Affairs Frederick D. Go, who are being floated as possible replacements, he said, "I think whoever will replace me will be knowledgeable."

"We'll leave with him or her, whichever it is, a summary of the things we've done and things that will continue to require attention from the Trade Secretary," he said.

"We are looking forward to a seamless transition for the sake of our country, for the sake of our industries, for the sake of our workers who need jobs, and for the sake of our consumers who need protection," he added.

Business groups noted the need for continuity in the DTI's support for micro, small and medium enterprises (MSMEs), legislation that will boost competitiveness, and stronger international trade.

American Chamber of Commerce of the Philippines Executive Director Ebb Hinchliffe told *BusinessWorld* that he hopes the new Secretary will continue to be an ally of industry.

"We are disappointed to see him leave, but we respect his decision ... We hope the next Secretary will continue to be a strong ally promoting economic growth," he said via Viber.

"This can be through supporting MSMEs, boosting economic competitiveness through supporting legislation like Corporate Recovery and Tax Incentives for Enterprises to Maximize Opportunities for Reinvigorating the Economy (CREATE MORE), and fostering stronger trade and economic ties with the US," he added.

The German-Philippine Chamber of Commerce and Industry (GPCCI) said that Mr. Pascual's tenure was marked by his commitment to fostering robust economic growth and strengthening international partnerships.

"Under his leadership, Germany emerged as the top source of foreign investments for the Philippines in 2023, contributing a remarkable P393.28 billion," the GPCCI said in a statement on Thursday.

"This not only signifies the growing confidence of German investors in the Philippine market but also highlights Secretary Pascual's effective economic strategies," it added.

Philippine Chamber of Commerce and Industry President Enunina V. Mangio said that the PCCI hopes the President needs to focus on continuing the progress made during Mr. Pascual's term.

"We have high respect for Secretary Pascual for his dedication and hard work in promoting MSMEs to the core. We've worked with him on various programs and advocacies that support the development of MSMEs," Ms. Mangio said in a statement on Thursday.

"We will support whoever the President appoints as the new DTI Chief," she added.

In particular, Ms. Mangio said that she hopes the new Secretary will address regional industrialization, ease of doing business, skills mismatches, investments promotion, expanding exports, and enhancing consumer protections.

Mr. Pascual is leaving the DTI with $60.9 billion worth of investment leads gathered during the President's trips.

Between July 2022 and May 2024, the Board of Investments and Philippine Economic Zone Authority approved P2.4 trillion and P331 billion worth of investment projects.

DBM confident debt-to-GDP ratio will dip below 60% by 2026

THE Department of Budget and Management (DBM) said on Thursday that revenue measures and fiscal reforms in the pipeline are likely to bring the debt-to-gross domestic product (GDP) ratio down to 60% by 2026.

While the government expects its borrowing to hit over P17 trillion next year, it is confident that the debt-to-GDP ratio will decline to 60% by 2026 based on current revenue projections and the passage of a number of economic reform bills, Budget Undersecretary Joselito R. Basilio said at a Palace briefing on the proposed National Expenditure Program for 2025.

A debt-to-GDP ratio of 60% is the rule-of-thumb maximum sustainable debt load for developing countries, according to international development banks.

Central banks are expected to pursue rate cuts after making significant gains against inflation, potentially lowering the Philippines' interest payments on external debt, Mr. Basilio added.

Finance Secretary Ralph G. Recto has said that the government will wait on rate cuts from the Federal Reserve and the Bangko Sentral ng Pilipinas before embarking on new external borrowing next year.

"We're waiting for the Fed to reduce interest rates, and I think our central bank, will also reduce policy rates," he said on the sidelines of a Senate hearing.

The National Government set its borrowing program for 2025 at P2.55 trillion, 0.97% lower than the P2.57 trillion planned for this year, with gross domestic borrowing set at P2.04 trillion and gross external borrowing at P507.41 billion.

Government debt hit a record P15.35 trillion at the end of May, according to the Bureau of the Treasury, citing the impact of the weaker peso.

The Philippine Development Plan 2023-2028 sets a target of a 3% deficit-to-GDP ratio and a debt-to-GDP ratio of 48-53%.

The government expects tax collections for 2025 to hit P4.3 trillion, of which P3.2 trillion is expected to be generated by the Bureau of Internal Revenue.

About P1.064 trillion will come from the Bureau of Customs, a level of contribution which Mr. Basilio described as unprecedented.

Non-tax revenue and privatization proceeds, meanwhile, are expected to hit P210.8 billion and P101 billion, respectively.

Fiscal analysts have noted that President Ferdinand R. Marcos, Jr. outlined programs that require massive funding in his third address to Congress last month, but failed to say how the government aims to boost funding.

The National Government borrows from both foreign and domestic lenders to fund its budget deficit as it spends more than its revenues to support infrastructure projects and boost economic growth. The budget deficit in the January-May period widened 24.06% to P404.8 billion.

Diwa C. Guinigundo, a former central bank deputy governor, said in a Viber message that if borrowing is not translated into growth, "debt servicing could divert public money away from supporting more infrastructure and productive activities."

"Our debt levels (will) eventually (decline) to what we are targeting. So it will be less than 60% of our level of debt, let's say 60% of GDP by 2026 onwards," Mr. Basilio said.

"And it can happen even before that, depending on the performance of the economy and of course revenue collection."

The proposed taxes on single-use plastics and digital transactions are among the priority measures that both houses of Congress could pass before the midterm elections next year. On the other hand, a measure seeking to reform the pension system for military and uniformed personnel has not been included in the Legislative Executive Development Advisory Council's priority list released in July.

"Our debt-to-GDP ratio has been going down, and with our fiscal consolidation, we are expecting that it will further go down," Budget Secretary Amenah F. Pangandaman said at a briefing on the proposed 2025 national budget.

The Executive Branch proposed a P6.352 trillion for 2025, with Ms. Pangandaman noting efforts to "decrease the deficit and at the same time maximize whatever revenue that we have." — **Kyle Aristophere T. Atienza**

Human Settlements dep't issues challenge to private sector to build resilient communities

BusinessWorld insights

THE Human Settlements department has invited the private sector to collaborate with the government in building communities that are resilient in the face of climate change and natural disasters.

Undersecretary Henry L. Yap of the Department of Human Settlements and Urban Development (DHSUD), in a keynote speech at a forum organized by *BusinessWorld*, said "all stakeholders" need to work to create resilient communities.

"To achieve our goal, we need a united front. The realization of an inclusive, resilient, and sustainable human settlements entails coordination and support from all stakeholders, as well as significant funding and investment," Mr. Yap said at the BusinessWorld Insights Forum, "Building Sustainable and Inclusive Communities for the Future" in Makati City on Wednesday.

"We are inviting the private sector partners, business people and leaders, development partners, and our local government units to partner with us in building a better Philippines," he added.

Urban planner and Palafox Architecture Group, Inc. President Felino A. Palafox, Jr. said the Philippines needs to have 100 new "sustainable, resilient, and smarter" cities by 2050 to house a population projected to grow to over 150 million.

"By 2050, it is forecast that the Philippines will be the 16th largest economy in the world. There will be 150 million Filipinos by 2050, of which 70% will be urban population. We need 100 new cities by 2050. Otherwise, our existing cities will be as bad, if not worse, than Metro Manila today," he said.

"We need strong political will with visionary leadership, urban design, and excellent management," he added.

Ramon Rivero, Robinsons Land Corp. head of corporate planning, strategy, and sustainability, said that sustainable real estate development is an imperative rather than an option.

"Our cities are expanding at a fast rate and with this growth comes the need for more housing, commercial space, and infrastructure. However, this growth must not come at the expense of our environment," Mr. Rivero said.

"We have to make sustainability very easy for our people, be it in the form of incentives or form of education. It has to be an easy option. You have to design it in a way that is easy and accessible for them to implement," he added.

TruNorth Homes Founder and Chief Executive Officer Earl Forlales said that sustainable infrastructure and solutions should be more accessible to promote broader adoption by consumers.

"There is no use for a well-planned sustainable community if people cannot afford to live in it. If we're able to infuse sustainable features and still make it affordable, that would make a sustainable community," he said.

"Sustainable infrastructure has to be affordable to the regular consumer. The more that we can make sustainable solutions more affordable, behavioral change will naturally follow on the consumer level without forcing it," he added.

Yvonne Flores, Gokongwei Group head of sustainability and corporate social responsibility, said inclusive urban planning should be approached systemically. — **Revin Mikhael D. Ochave**

FULL STORY

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Congress pitched on using RCEF for solar irrigation, pest control

THE Department of Agriculture (DA) said on Thursday that it is proposing to tap the Rice Competitiveness Enhancement Fund (RCEF) for use in pest management and solar irrigation programs.

"We would like to also add new components to the RCEF like pest and disease management... and to use if possible RCEF funds for solar irrigation, small water impounding, (as well as) post-harvest machinery and facilities," Agriculture Secretary Francisco P. Tiu Laurel, Jr. told a Congressional oversight committee on agricultural and fisheries modernization.

The Rice Tariffication Law, (Republic Act No. 11203), funds RCEF from rice import tariffs. It liberalized rice imports but made importers pay a 35% tariff on Southeast Asian grain.

Last month, the government slashed rice tariffs to 15% until 2028 via Executive Order No. 62.

"We need a few more years to ensure that we give the right support through mechanization, to increase production," he added.

Mr. Laurel said the DA is also hoping to establish a program management office for rice industry development.

He said the DA is planning to harmonize its two rice programs — RCEF and the National Rice Program.

Amendments proposed in the House of Representatives seek to raise RCEF's annual allocation from tariffs to P15 billion a year from P10 billion currently. They also seek to tweak the way RCEF is spent, with 53% going to mechanization, 28% to rice seed, and the remainder to farm credit and extension services.

Federation of Free Farmers National Manager Raul Q. Montemayor said RCEF should also be more flexible to address location-specific requirements and the preferences of rice farmers.— **Adrian H. Halili**

Senior high e-commerce track launched via Thames International tie-up

AN E-COMMERCE track for senior high school (SHS) learners was launched on Thursday in a tie-up involving the departments of Education (DepEd) and Trade and Industry (DTI) as well as Thames International School, Inc., the DTI said.

"A dedicated e-commerce track in SHS is a strategic step toward creating a future-ready workforce. We need to prepare our workforce for the emerging industry, which is digital and AI (artificial intelligence)-driven," Trade Secretary Alfredo E. Pascual said at the signing ceremony on Thursday.

"This track will provide students with the technical skills needed for e-commerce and foster an entrepreneurial mindset, preparing them to be job creators and innovators," he added.

Thames Co-Founder and President Jaime Noel J. Santos said that the target is to implement the additional track within the current school year.

"We are chasing it because the school year has just started, but the students can still transfer tracks within the first semester, within the first term ... We are working on around 50 schools in three regions," Mr. Santos said.

He said the selected regions — National Capital Region, Central Luzon, and Calabarzon — have a high concentration of e-commerce companies.

"So, immediately upon graduating, the hiring companies are there for them," he added.

Mr. Santos said the target is 1,000 students for the first batch, with an ultimate goal to graduate 50,000 students within the next four years.

Initially, Thames will be the first to implement the program, with plans to replicate it in DepEd schools through a train-the-trainer program.

Education Secretary Juan Edgardo M. Angara said that the tie-up can potentially offer alternative paths to the 4 million SHS students.

"This will give a greater chance for SHS graduates to be employed, and that is the promise of the government when it passed K–12," Mr. Angara said.

The DepEd said that the new track will be considered in the ongoing review and revision of the senior high school curriculum.

"We can see the potential of this to be part of our new senior high school curriculum, which is still currently undergoing review and redevelopment," it added.

Philippine Retailers Association President Roberto S. Claudio said demand for additional manpower in the retail industry is around 500,000 positions.

"There are a lot of retail jobs that do not require college graduates. So this is a good program... at an early stage, they will be employable," Mr. Claudio said.

"But it should not stop there. What I'd like to see is for it to have a track where they can move up to higher skills and higher education at the same time so they can still upskill," he said. — **Justine Irish D. Tabile**