Gov't warned investments will dry up if corruption not acted on

By Justine Irish D. Tabile
Reporter

THE corruption scandal engulfing the infrastructure industry is expected to deter investments if the government does not prosecute those involved and follow up with reforms.

Danish Ambassador to the Philippines Franz-Michael Skjold Mellbin sees the corruption issue as an opportunity for the Philippines to move forward.

"Of course, everybody is waiting to see actual action on this," he told reporters on the sidelines of the Nordic Ambassadors' Forum 2025 on Thursday.

"I think that will send a very important signal: what is the government actually going to do to prosecute and process cases against those who are going to be indicted and who are under suspicion for having stolen and misused public funds," he added.

He said that the government should not stop at prosecutions but also look at how it can improve existing processes to attract more investment.

"We do have some specific ideas on how to stem the tide in several areas. One of them would be to digitize more, but not just on the front end. It has to be digitization on the back end of government services," he said.

"As long as you're pushing paper around, that does open, unfortunately, the opportunity for individuals to mess with the process or to elicit certain favors. This is one way you can improve," he added.

He also cited the need for the government to make regulations clearer and more objective.

"I think that there are quite a lot of opportunities, and I'm very happy that the business community now also is stepping forward trying to help the government with specific suggestions," he said.

"One of those suggestions is to have more centralized tax assessment (for a) higher degree of professionalism and transparency in tax assessments," he added.

Nordic Chamber of Commerce of the Philippines President Bo Lundqvist said corruption does not instill confidence among Nordic investors.

"If there is any takeaway... it is how important these matters — honesty, trust, and transparency — are to us Nordics," he told *BusinessWorld*.

"From a business perspective, if you plan to make a serious (long-term) investment... you want to make sure you as a country (has) at least those ideals and those values that you bring with you," he added.

He described as a positive development the initiation of the inquiry by the President, adding that the Congress has been diligent in its investigation, raising confidence that prosecutions will eventually succeed.

"That's the first thing to do. Enforce, right? You cannot change the world in one day. Everyone understands that. You cannot change traditions and all that," he added.

"If you start (demanding) accountability, where people actually get punished for wrongdoing, well, then that hopefully changes the attitude, and we can slowly get to a more transparent and honest type of government," he added.

He said the government needs to put budgets, transactions, spending, and progress reports online.

"The transparency needs to go all the way to what was actually spent and what was actually done ... I think a chain of checkpoints (is required)," he added.

PHILIPPINE STAR/CESAR RAMIREZ

RESIDENTS wade through floodwaters in Lingayen, Pangasinan.

Crop damage due to typhoons hits P744M

DAMAGE to agriculture caused by Super Typhoon Uwan (international name: Fung-wong) and Typhoon Tino (Kalmaegi) hit P743.83 million, according to the Department of Agriculture (DA).

The DA said its updated estimates for crop damage totaled P188.27 million for Uwan and P555.56 million for Tino.

According to the DA's Disaster Risk Reduction Management Operations Center, damage from Uwan by volume was 10,839 metric tons (MT) of rice, corn, cassava, high-value crops and livestock, affecting 6,580 farmers.

Uwan affected an estimated 3,905 hectares of farmland in the Ilocos, Central Luzon, Calabarzon, Mimaropa, Bicol, and Eastern Visayas regions.

Meanwhile, the DA upgraded its damage estimate for Tino to P555.56 million. This typhoon affected 20,362 farmers and crop volume of 21,971 MT of rice, corn, high-value crops, cassava, livestock and poultry.

Tino affected an estimated 10,634 hectares of farmland in Calabarzon, Mimaropa, the Western, Eastern and Central Visayas, and Northern Mindanao.

The DA said it has prepared P422.8 million in production inputs for affected farmers, in addition to its quick-response funds, which can be tapped for rehabilitation and recovery of affected areas, and indemnification through the Philippine Crop Insurance Corp.

Affected farmers may also apply for zero-interest loans of up to P25,000 under the Survival and Recovery (SURE) Program of the Agricultural Credit Policy Council, payable over three years.

The DA said it has started providing hybrid rice seed and fertilizer to farmers affected by Tino in Palawan, Occidental Mindoro, and Oriental Mindoro.

The DA said it has also started distributing corn seed to farmers in the municipalities of Alacapan, Gattaran and Rizal, Cagayan, which were along the track of Uwan. — **Vonn Andrei E. Villamiel**

Gatchalian sees farm output growing 3% in 2025

By Adrian H. Halili
Reporter

AGRICULTURAL OUTPUT is expected to grow by 3% in 2025, a senator said at a plenary budget debate on Thursday, with the farm industry shrugging off a series of late-year calamities.

"For 2025, the estimate is about 3%, (which is) actually not bad for agriculture," Senator Sherwin T. Gatchalian, who heads the finance committee, told the Senate plenary.

If realized this would be a reversal from the 2.2% contraction in 2024.

In the third quarter, farm output rose 2.8%, driven by the crops and poultry subsectors, the Philippine Statistics Authority reported.

Agriculture accounts for about a tenth of gross domestic product and a quarter of all jobs.

"We have been looking at agriculture output for quite some time, it is normally in the negative because of various reasons," Mr. Gatchalian added.

"One of which is the typhoons and calamities that normally destroy the crops and reduces output," he said.

Typhoons Kalmaegi (Tino) and Fung-Wong (Uwan) recently traversed the Visayas and Luzon, respectively.

The Philippines remains under a state of calamity after the storms.

Asked by Sen. Francis Pancratius N. Pangilinan if increased government spending would improve local farm growth, Mr. Gatchalian said: "Wise spending can lead to increase in output, increase in productivity, as well as address climate change or the effect of typhoons."

"We need to make sure there is some sort of shock absorber so farmers can recover as rapidly as possible from the onslaught of typhoons," he added.

According to the Senate's version of the 2026 national spending plan, the chamber allocated the Department of Agriculture P159.23 billion, some P21.06 billion less than the House of Representatives budget bill.

DBCC expecting debt-to-GDP ratio of 63% in 2025, Senate plenary told

DEBT as a share of gross domestic product (GDP) could come in at 63% by yearend following the growth slowdown in the third quarter, a senior legislator said, citing projections by the Development Budget Coordination Committee (DBCC).

Senator Sherwin T. Gatchalian, who chairs the Senate finance committee, said the DBCC's estimate indicates a continued breach of the 60% threshold deemed sustainable for developing countries, despite expectations that the government will hit its budget deficit target.

"Despite the headwinds, natural calamities (and) the lower growth forecast, we will still end up with (a) 5.5% deficit and also (a) debt-to-GDP ratio of 63%," Mr. Gatchalian said during a hearing on the 2026 national budget on Thursday.

The Department of Finance had projected a ratio of 61.3% for the year.

Mr. Gatchalian said the Philippines is thus better-situated than its ASEAN peers.

"Post-pandemic, a lot of countries... are in this slightly elevated deficit range and debt-to-GDP range," he said. "In ASEAN, we're slightly better compared to our peers, (who are) hovering around 70% debt to GDP.

In the third quarter, the debt-to-GDP ratio stood at 63.1%, a level Pantheon Macroeconomics Chief Emerging Asia Economist Miguel Chanco called "manageable." This was the same ratio logged in the second quarter.

"The level itself is manageable, considering that a number of countries in the same stage of development as the Philippines have similar debt-to-GDP ratios," Mr. Chanco told *BusinessWorld*. "What's more concerning than the level is the trajectory, as the sustained decline in this ratio before COVID has clearly reversed."

Mr. Gatchalian said the DBCC is still hoping to restore the debt-to-GDP ratio to its pre-pandemic levels.

"The DBCC is very mindful of our debt stock and they're very strict in following the medium-term fiscal framework... that will slowly bring down our debt-to-GDP ratio by lowering our deficit, hopefully reaching pre-pandemic levels in the next few years."

The DBCC maintained its budget deficit cap at 5.5% of GDP or P1.56 trillion this year.

"There are a lot of headwinds and events beyond our control, for example the typhoons," Mr. Gatchalian said. "But regardless, we will be hitting (our) target deficit at 5.5%." — **Katherine K. Chan**

Lack of credit access stalls MSME growth — ADB

MICRO, small and medium enterprise (MSME) growth has stalled due to continued difficulties accessing credit, the Asian Development Bank (ADB) said.

In its Asia Small and Medium-Sized Enterprise Monitor 2025, the ADB said critical constraints continue to impede MSME development.

"A primary challenge is the lack of acceptable collateral to access credit, which, along with high credit risk perceptions and operational costs, makes MSME lending high-risk and low-return for financial institutions," it said.

As of the end of 2024, the Philippines had 1.2 million MSMEs, representing 99.6% of all registered establishments.

MSMEs employed approximately 6.3 million individuals, with employment declining 1.8% year on year.

However, the ADB said while the MSME credit market expanded in 2024, its share of the broader banking portfolio remains limited.

"Addressing structural challenges — such as risk-based lending,collateral requirements, and regional disparities — will be critical to unlocking the full potential of MSMEs in driving inclusive economic growth," the ADB said.

The bank said challenges are compounded by the continued reliance on traditional credit assessment methods and limited reliable data available on MSME operations, market viability, and credit history.

It also said the lack of a fully functional online registry for movable assets limits the ability to monetize "alternative forms of collateral."

In addition, the ADB said regulatory and bureaucratic inefficiencies also pose significant barriers, as MSMEs often encounter inconsistent and time-consuming processes across local government units, delaying registration and increasing compliance burdens.

The limited access to capital hindered by high interest rates, low financial literacy, and limited awareness of formal financial channels chokes growth of MSMEs and investing in innovation and expanding operations.

The Bangko Sentral ng Pilipinas reported that bank loans granted to MSMEs grew 10.8% to P540.92 billion as of the end of June.

This was equivalent to 4.59% of their total loan portfolio of P11.78 trillion, below the 10% overall requirement for banks under the Magna Carta for MSMEs.

Under the law, banks must allocate 8% of their loan portfolio to micro and small enterprises, and 2% to medium-sized businesses. — **Aubrey Rose A. Inosante**

Charoen Pokphand to build hog, feed production facilities for $1B

THE Department of Agriculture (DA) said the Philippine unit of Thailand's Charoen Pokphand Foods (CPF) is planning to build agro-industrial complexes for $1 billion, geared towards restoring the hog industry to pre-African Swine Fever (ASF) levels by 2028.

In a statement, the DA said CPF is evaluating nine sites for agro-industrial complexes, each covering about 20 hectares. The planned complexes, which will feature feed production and hog processing facilities, are estimated to cost $125 million each to build.

The feed plants are expected to produce around 10,000 tons per month, which would require the output of about 5,000 hectares of corn.

CPF said it aims to raise its hog production capacity from 1.3 million to 7 million head by 2030. Over half of the production will be on Luzon (4.8 million head), with the rest in Mindanao (1.2 million) and Visayas (1 million).

Agriculture Secretary Francisco P. Tiu Laurel, Jr. urged CPF to consider situating some facilities near major tourist hubs to ease food costs.

"This CPF expansion aligns perfectly with President Marcos Jr.'s vision of a zero-kilometer food system — producing food where it's needed — and advancing agricultural investment to create jobs and ensure food security," Mr. Laurel was quoted as saying in a statement.

Since the first ASF outbreak in 2019, the swine herd has fallen from 13 million to around 8 million head.

Mr. Marcos recently signed the Animal Industry Development and Competitiveness Act, which allocates roughly P20 billion annually over the next decade to develop the livestock, poultry, and dairy sectors, with nearly one-fifth of the funding allocated to hog repopulation. — **Vonn Andrei E. Villamiel**

Palay farmgate price falls 22.7% in Oct. despite ban on rice imports

THE average farmgate price of dry palay (unmilled rice) fell 22.7% year on year in October to an average of P15.89 per kilo, the Philippine Statistics Authority (PSA) said in a preliminary report.

Month on month, the average palay farmgate price rose 1.9%, the PSA said.

The October year-on-year decline eased compared with the 30.5% decline in September.

None of the 15 rice-producing regions posted year-on-year growth in average farmgate prices last month.

The highest palay prices in October were posted in the Bangsamoro Autonomous Region in Muslim Mindanao at P19.62 per kilo, down from P24.18 a year earlier and P20.34 a month earlier.

The lowest palay prices in October were logged in Calabarzon at P12.26 per kilo, compared with P18.10 a year earlier and P12.70 a month earlier.

In Central Luzon, the average farmgate price in October was P15.14 per kilo, down from P20.02 a year earlier and P13.98 a month earlier.

Farmers' groups said the findings of the PSA confirm the concerns of rice farmers.

"The PSA just validated our concerns; P15.89 for dry palay at a production cost of P15 per kilo means farmers are truly losing under the current regime of reduced tariffs," Jayson H. Cainglet, executive director of the Samahang Industriya ng Agrikultura, told *BusinessWorld* via Viber.

Mr. Cainglet added that the P15.89 farmgate price is "P8 less than the equitable farmgate price of at least P23 per kilo under Executive Order No. 101."

Raul Q. Montemayor, national manager of the Federation of Free Farmers, told *BusinessWorld* via Viber that the ban on rice imports, which started in September and was extended until the end of the year, did not help increase farmgate prices.

"This was brought about by the huge imports in 2024, of which excess stocks were carried over into 2025. The import ban did not help because the supply was not affected. Also, traders hedged against the possibility of cheap imports coming in again once the ban is lifted, and played it safe by continuing to buy palay at low prices," Mr. Montemayor said.

However, Mr. Montemayor projects that palay prices could pick up in November as supply tightens.

"This is probably due to dwindling imported stocks, plus the fact that harvests are already at their tail end. Because of the announcement of the import ban until December, traders may be starting to compete with each other for remaining palay stocks in anticipation of tight supplies later in the year and early 2026," he said. — **Vonn Andrei E. Villamiel**