NIA launches Swiss challenge for First Gen's 120-MW Nueva Ecija pumped-storage project

THE National Irrigation Administration (NIA) is inviting counter-proposals for a Swiss challenge to the 120-megawatt (MW) Aya Pumped-Storage Project at the Pantabangan Dam complex in Nueva Ecija, whose original proponent is First Gen Hydro Power Corp.

The Swiss challenge invites bidders to improve on the terms proposed for the unsolicited development, operation, and maintenance project, with First Gen Hydro holding the option to match any counter-proposals.

First Gen Hydro, a unit of Lopez-controlled First Gen Corp., signed a memorandum of understanding with the NIA in 2019 to develop the project.

In the bid notice, the NIA said prospective challengers can purchase a complete set of tender documents from Jan. 13 to 19 for a non-refundable fee of P75,000.

Interested parties must indicate their intent to challenge by Jan. 27, with a pre-challenge conference scheduled on Jan. 31.

The counter-proposals are due on Feb. 3, during which the proposals will also be opened and examined for completeness. — **Vonn Andrei E. Villamiel**

Infra spending, consumption expected to stay weak — HSBC

THE ECONOMY may struggle to reach its potential this year as the flood control corruption scandal continues to dampen infrastructure spending, with corresponding spillover effects on consumption, HSBC Global Investment Research said.

HSBC Global said gross domestic product (GDP) growth will likely come in at 4.7% in 2025 with the fourth-quarter reading possibly ending at or under 4% with "risks tilted to the downside."

"(I)f public infrastructure spending continues to dip by 40% in November and December, there is a risk that growth can go below 4% for the fourth quarter of 2025," HSBC economist for ASEAN Aris D. Dacanay said at a briefing on Tuesday in Taguig City.

HSBC's projections fall below the Department of Economy, Planning, and Development's 4.8%-5% for the year.

The infrastructure corruption scandal that cast a cloud over Public Works officials, legislators, and private contractors triggered a review of public works spending, with knock-on effects on household consumption, dragging down economic growth to an over four-year low of 4% in the third quarter.

In October, infrastructure spending dropped for a fourth straight month, falling 40.1% year on year to P65.9 billion. It also fell 16.2% from September.

Household consumption growth slowed to 4.1% in the three months to September from 5.3% in the second quarter and 5.2% a year earlier, the Philippine Statistics Authority (PSA) reported.

The PSA is set to release fourth-quarter GDP data on Jan. 29.

Mr. Dacanay noted the continued slowdown may cause GDP growth to settle at 5.2% by year's end, towards the lower end of the government's 5%-6% target band.

"Consumption will likely be slow in 2026, even when wages are increasing, because families, households in the Philippines usually tend to rein in their spending to prepare for the uncertain times ahead, whatever may come," he said.

He said Bangko Sentral ng Pilipinas (BSP) expectations that the economy will begin to recover by the latter half of 2026 will materialize only if the government implements institutional reforms.

The recovery will happen "if we're able to push through with the necessary institutional reforms," he said. "But at the status quo... I don't think so."

Nevertheless, the BSP may have enough leeway to further reduce key borrowing costs this year to spur demand, Mr. Dacanay said.

HSBC sees scope for a sixth straight 25 basis-point (bp) cut from the Monetary Board within the first quarter, even if the Federal Reserve decides to hold its rates steady.

"With consumption strong, growth strong, unemployment not really so bad but inflation becoming sticky, we're not forecasting the Fed to cut rates further... Even if the Fed doesn't cut rates, we do think the BSP will do the unprecedented and narrow its differential with the Fed by 50 basis points," he said.

The Monetary Board capped off 2025 with a fifth consecutive 25-bp reduction at its December meeting, bringing the benchmark policy rate to an over three-year low of 4.5%. This brought its total cuts to 200 bps since it began its easing cycle in August 2024.

The central bank has noted that the current easing cycle is nearing its end, but BSP Governor Eli M. Remolona, Jr. still left the door open for another 25-bp cut at the next meeting on Feb. 19.

However, he noted a sixth straight cut may be "unlikely" considering current economic data and as the current policy rate is approaching their neutral rate. — **Katherine K. Chan**

Palay farmgate price falls 24.6% in 2025

FREEPIK

THE farmgate price of dry palay (unmilled rice) dropped 24.6% in 2025 to a national average of P17.70 per kilo, according to preliminary data from the Philippine Statistics Authority.

The highest palay prices in 2025 were posted in the Bangsamoro Autonomous Region in Muslim Mindanao at P20.67 per kilo, the only region to register a price above P20.

The lowest palay price last year was logged in Calabarzon at P14.14 per kilo, well below the P21.30 average in 2024. The 33.6% decline was the biggest of any region in 2025.

In Central Luzon, the top rice producing region, the average farmgate price of palay in 2025 was P17.13 per kilo, down 28.8%.

Cagayan Valley, another major producer of the staple grain, posted an average farmgate price of P16.48 per kilo, down 30.3%.

The Department of Agriculture said the steep drop in palay farmgate prices was due to excess rice supply following record import volumes in 2024 and large shipments in early 2025. — **Vonn Andrei E. Villamiel**

PHILIPPINE STAR/MIGUEL DE GUZMAN

Farmers yet to feel benefits of improved agricultural trade balance, analysts say

By Vonn Andrei E. Villamiel

THE Philippines' agricultural trade deficit narrowed to a 21-month low in November, driven by a surge in exports and a pullback in imports, but analysts said the improvements have yet to trickle down to farmers, who continue to grapple with persistently low farmgate prices.

The Philippine Statistics Authority, citing preliminary data, said the trade deficit in agricultural goods shrank 20% year on year in November to $806.34 million. Agricultural exports rose 18.9% to $806.18 million.

Imports of farm commodities dipped 4.4% year on year to a five-month low of $1.61 billion. The decline was driven largely by a 51.5% drop in cereal imports, following a four-month rice import ban that began in September.

For the first 11 months, the agricultural trade deficit totaled $10.3 billion, narrowing about 4.6% from a year earlier.

Agricultural exports in the year to date amounted to $8.33 billion, up 18.8%, exceeding the full-year 2024 total of $7.75 billion.

Despite the narrower deficit and stronger export performance, an analyst said there is little reason to celebrate, particularly from the perspective of producers.

"There is an expected slight decrease in our agriculture trade deficit last year, given the unprecedented volume of imports of rice, pork, and chicken in 2024," Jayson H. Cainglet, executive director of the Samahang Industriya ng Agrikultura, told *BusinessWorld* via Viber.

In 2024, the Philippines imported a record 4.8 million metric tons (MMT) of rice, up from around 3.6 MMT in 2023, as traders accelerated purchases amid concerns over weaker harvests caused by El Niño and La Niña.

The Bureau of Animal Industry also reported that the Philippines imported a record 1.45 MMT of meat in 2024, up 20.43%, driven by higher pork and chicken meat purchases.

"The narrower deficit can be attributed to a higher base in 2024, and its impact was felt by producers last year through the huge drop in farmgate prices," Mr. Cainglet said.

He added that improvement in the trade balance should be felt by domestic producers through strong farmgate prices, especially for commodities that directly compete with imports.

"From the producers' perspective, the tangible measurement of our trade deficit in agriculture is how traders and trader-importers are setting prices at the farmgate for import-favored commodities like rice, pork, chicken and vegetables," he said.

Mr. Cainglet said that with cheaper imports and a lowered tariff regime, however, farmgate prices of major agricultural commodities have been pushed close to, or even lower than, production costs.

Danilo V. Fausto, president of the Philippine Chamber of Agriculture and Food, Inc., also said gains from improved trade balances have yet to be felt at the farm level.

Improvements in farmgate prices and farmer incomes are not yet apparent, he told *BusinessWorld* via Viber.

Still, Mr. Fausto said a healthier trade balance could eventually support demand and productivity, especially if accompanied by stronger support for farmers.

"The improved trade balance will steer up demand and productivity. Therefore, there is a need to increase support for agricultural export champions," he said.

Mr. Fausto added that reforms should focus on strengthening backward linkages, including more efficient access to raw materials and improved logistics, to bring down production costs.

Electronic connector firm's Batangas expansion expected to add 600 jobs

TE Connectivity Manufacturing Philippines, Inc. will add 600 jobs with the opening of its second facility in Sto. Tomas, Batangas, the Philippine Economic Zone Authority (PEZA) said.

"With investments worth approximately P4 billion, TE Connectivity's expansion underscores its confidence in the Philippines as a competitive and strategic production and innovation hub," PEZA said in a social media post on Tuesday.

The company inaugurated Plant 2 at the First Philippine Industrial Park (FPIP) Special Economic Zone last week.

"The plant will focus on the development, research, and manufacturing of electronic connectors and interconnection devices — critical technologies powering today's digital infrastructure," it said.

"The company projects about 600 employment opportunities in addition to its existing workforce of approximately 500, supporting inclusive and high-value job generation in the region," it added.

PEZA sees TE Connectivity's expansion helping strengthen FPIP's reputation as an emerging hub for advanced manufacturing in South Luzon.

"Expansions like TE Connectivity Plant 2 signify stronger confidence in the Philippines by powering technology and shaping the country's role in the rapidly evolving global innovation and artificial intelligence ecosystem," it added. — **Justine Irish D. Tabile**

Proposed upgrades to Mindoro port expected to improve farm logistics

THE Department of Agriculture (DA) said the deepwater port being planned for Abra de Ilog, Occidental Mindoro will address logistics bottlenecks to the benefit of farmers and fisherfolk in the province.

The DA said the port, to be implemented by the Philippine Fisheries Development Authority, is designed to accommodate large vessels and improve the movement of agricultural products between Mindoro, Luzon, and export markets.

Agriculture Secretary Francisco P. Tiu Laurel, Jr. was quoted in a statement as saying that the port will address high logistics costs, which he described as a key contributor to food inflation.

"Shipping in bulk reduces costs from inputs to final products, making modern port infrastructure critical in addressing high food prices," the DA said.

According to the DA, the port will expand the current roll-on/roll-off (Ro-Ro) facility in Abra de Ilog, which links Mindoro to Batangas.

Planned upgrades include a finger pier, modern fish market, cold storage and ice plants, warehouses, wastewater treatment facilities, solar power systems, and reefer vans to help reduce post-harvest losses and meet export-grade food safety standards.

The DA said the project could relieve congestion at the Batangas port and shorten shipping times, potentially positioning Abra de Ilog as a cost-efficient transshipment hub for agricultural commodities.

Construction is also expected to create jobs, while long-term operations could attract logistics providers, processors, and other support businesses, the DA said.

According to the DA, construction is expected to take about 24 months once approved. — **Vonn Andrei E. Villamiel**

PHL economy to 'rebound' in 2026 — BMI

THE Philippine economy is expected to grow faster this year, lifted by reduced export dependence and a rebound in public expenditures amid a flood control controversy, Fitch Solutions unit BMI said.

"We expect the Philippine economy to rebound in 2026 from a low base in 2025, aided by its lower dependence on exports, and a recovery in government spending following recent corruption allegations," BMI Asia Country Risk Analyst Brandon Ong said in a webinar on Tuesday.

The Philippines, a domestically driven economy, has been paying a 19% reciprocal US tariff since August on many goods alongside Cambodia, Malaysia, Thailand, and Indonesia.

The corruption scandal weighing down infrastructure spending has curbed government spending and dented business and consumer confidence.

BMI projected Philippine GDP growth to accelerate to 5.2% in 2026 from an estimated 4.9% in 2025.

BMI's forecasts are within the government's revised 5-6% target band for 2026 but short of the 5.5-6.5% range for 2025.

Economy Secretary Arsenio M. Balisacan has said that economic growth may have slowed to between 4.8% and 5% in 2025.

The Philippine Statistics Authority (PSA) will release fourth-quarter and 2025 GDP data on Jan. 29.

Mr. Ong noted that China's slowdown is likely to ripple across Asia due to the interconnectivity of regional economies.

"Exceptions do emerge in economies where we project firmer domestic demand in 2026, including Japan, Indonesia, the Philippines, South Korea, and Australia," he said.

As for Japan and Indonesia, fiscal stimulus will be supportive to growth, he added.

BMI said Asia's growth is set to slow in 2026 as the boost from export front-loading wanes and US tariffs start to bite. — **Aubrey Rose A. Inosante**

PPA awards P550-M Bohol port expansion project

THE Philippine Ports Authority (PPA) said it awarded a P550.67-million contract to expand and upgrade Bohol's Tubigon Port in Bohol to Ormoc-based JFAP Construction.

In a notice of award posted on Tuesday but dated Dec. 18, the regulator said 13 construction companies submitted proposals for the project.

Tubigon Port serves as an alternative to Tagbiliran port. It links to other major economic regions and handles passenger ferry services.

The contractor for the project was given 720 calendar days to complete the expansion and reconstruction of the port, the PPA said.

The PPA is expecting stronger growth in cargo and passenger traffic this year, enabled by investments in port efficiency.

PPATUBIGON/FB ACCOUNT

For 2026, the PPA said it is expecting cargo volume to come in 4.03% stronger at 320.94 million metric tons, driven mainly by higher foreign cargo shipments.

The PPA said foreign cargo volume is expected to rise 4.28% to 202.73 million metric tons in 2025. Domestic cargo volume is expected to rise 3.61% to 118.22 million metric tons.

Passenger traffic is expected to grow 5.78% to 87.26 million, the PPA said, after logging 82.49 million passengers in the first 11 months of 2025.

The PPA logged a record of 6.28 million passengers during the Christmas and New Year travel season, the strongest numbers since its establishment in 1974. The surge was logged between Dec. 15 and Jan. 5. — **Ashley Erika O. Jose**