Supermarket 'mainstreaming' to drive cold chain growth

By Justine Irish D. Tabile
Reporter

THE cold chain industry is expected to grow by at least 8% each year over the next five years with frozen or chilled food becoming more mainstream and shedding its luxury image, the Cold Chain Association of the Philippines (CCAP) said.

CCAP estimated a growth range of 8-10% annually, making it among the fastest-growing segments within the logistics and food supply ecosystem.

"As consumers become more aware of food safety and quality, chilled and frozen products are no longer viewed as premium or niche — they are becoming mainstream," President Anthony S. Dizon said in a statement over the weekend.

"This shift is pushing demand for cold chain capacity across storage, processing, and especially transportation," he added.

In particular, the shift from traditional wet markets to supermarkets and retail outlets offering chilled and frozen products is expected to reshape demand for cold storage facilities and refrigerated transport.

CCAP said post-harvest food losses remain significant in the Philippines, especially in regions with limited access to cold chain infrastructure.

"Improving refrigerated transport is widely seen as one of the most effective ways to preserve product quality, stabilize prices, and extend market reach for farmers and food producers," CCAP said.

However, the association sees last-mile and regional refrigerated delivery as a key bottleneck as food distribution expands into provincial and inter-island routes.

"This challenge is compounded by the Philippines' tropical climate and relatively high electricity costs, which place a premium on energy-efficient cooling solutions," it said.

For this reason, Mr. Dizon said that the next phase of cold chain growth will demand higher operating efficiency and reliability.

"The industry has embraced state-of-the-art technologies because sustainability of investment is critical," he said. "Operators are looking for solutions that reduce spoilage, manage energy costs, and perform consistently across longer and more complex delivery routes."

'Most countries would dream of' PHL debt-to-GDP levels, WB says

By Aubrey Rose A. Inosante
Reporter

THE sustainability of Philippine debt is not currently a matter of serious concern, the World Bank (WB) said, noting however that the government still needs to rebuild fiscal buffers to prepare for future shocks.

"There is no cause for serious concern (over debt sustainability... Most countries would dream of having the kind of debt-to-GDP (gross domestic product) ratios we have here," World Bank Senior Economist Jaffar Al-Rikabi told reporters last week on the sidelines of an event.

Philippine debt-to-GDP was 63.1% at the end of the third quarter, rising from 60.1% a year earlier.

The rule of thumb for healthy levels of debt for developing countries is 60%, which the government has informally abandoned in favor of a new 70% benchmark.

Asked if the record P17.65-trillion debt stock at the end of November poses concerns for debt servicing, Mr. Al-Rikabi said it is "normal" for such levels to increase with inflation and fiscal deficits.

The Bureau of the Treasury will release the fourth-quarter debt-to-GDP ratio when the Philippine Statistics Authority (PSA) reports full-year and fourth-quarter GDP.

"We still don't have Q4 data, but in our projection, if you looked at the outlook slides, we are generally reassured that the fiscal situation is very sustainable," he said.

In its Philippine Economic Update, the World Bank said it expects sovereign debt to start declining after 2026.

National Government debt is projected to peak at 62.5% of GDP in 2026 before declining to 61.4% by 2028.

Mr. Al-Rikabi also noted that public debt remains "sustainable," noting that the majority of the debt is long-term and peso-denominated.

"Because if debt held (is) non-peso-denominated or short-term, that usually is much more volatile and is exposed to external shocks instead of just domestic shocks," he said.

He also noted that the debt ratio was low at 40% leading up to the COVID-19 pandemic, when the government had to take on much more debt to fund the pandemic containment effort and stimulate the economy.

"What we want to see on public debt, on servicing costs, is fiscal consolidation program being implemented," he said.

"We want to rebuild fiscal space so that the country can act for future crisis. You had a lot of fiscal space back then. You'll have fiscal space in the future," he added.

Mr. Al-Rikabi said the government should take control of rising interest payments to avoid squeezing out productive spending.

"You want to spend more of your budget on education, on health, on effectively implementing infrastructure projects. You don't want it to go increasingly on interest expenditure, which has grown over the last few years," he said.

For 2026, the government has budgeted P2.01 trillion for debt service, with P1.06 trillion going to amortize principal and P950 billion to interest payments.

Mr. Al-Rikabi said the bank expects the economy to expand 5.3% in 2026 and 5.4% in 2027.

"We do see deceleration for this year. We're projecting around 5.1% (in 2025). Maybe with fourth-quarter data, it ends up being weaker. I don't know. Or maybe around the same," he said.

The revised government target is 5-6% for 2026 and 5.5-6.5% for 2027.

Jonathan L. Ravelas, senior adviser at Reyes Tacandong & Co., projected a faster economic growth for the Philippines at 5.3% in 2025.

"Mainly because we're a consumption-driven economy. We have one of the longest Christmases. People tend to forget when the calendar starts the ber-months it's Christmas," Mr. Ravelas said in a John Clements Consultants, Inc. event on Jan. 8.

"People talk about spending. This has been a major driver over the last two weeks of December. I think that could probably prop up the fourth quarter," he said.

Mr. Ravelas sees the economy growing by 5.6% in 2026 and 5.8% in 2027.

Economy Secretary Arsenio M. Balisacan has said that GDP growth likely slowed to 4.8-5% in 2025 due to the flood control corruption scandal, prompting economic managers to temper their goals through 2027.

"We may have seen peak negative sentiment, unless somebody gets jailed (over the corruption scandal)," he said.

Farm job volatility seen as structural, not just result of seasonality

By Vonn Andrei E. Villamiel

PERSISTENT month-to-month employment swings in agriculture point to structural weaknesses beyond seasonal factors, analysts said, after the industry lost more than half a million jobs in November even as overall employment expanded.

Employment in agriculture fell 5.7% month on month in November, equivalent to 594,000 jobs lost, according to results of the Labor Force Survey issued by the Philippine Statistics Authority (PSA). Total employment rose 1.34% from October to 49.27 million.

On a year-on-year basis, agricultural employment declined 0.71% to 9.85 million in November, shedding 69,000 jobs.

Former Agriculture Undersecretary Fermin D. Adriano said agriculture jobs typically taper off in November due to the close of the rice harvest, a time when vegetable and orchard farmers also cannot harvest because this is still peak typhoon season," he told *BusinessWorld* via Viber.

According to the PSA, agriculture employment typically peaks in the May to June and September to October periods, coinciding with the main planting and harvest cycles, before falling sharply because of typhoons.

During the offseasons, agricultural workers are absorbed by other industries, like services.

In December, the Philippine Institute for Development Studies reported that such off-season employment tends to be informal and low value.

"The continuing decline of agricultural employment, without a commensurate rise in high-productivity industry jobs, suggests a risk of premature de-industrialization, where labor shifts to low-value services rather than high-value manufacturing," the study found.

Mr. Adriano said another key issue is whether other industries are generating enough jobs to absorb workers displaced from agriculture.

"The main concern should be employment in manufacturing..." he said. "If you don't see increases in employment in those sectors as we near the peak Christmas season, then we really do have a serious employment problem."

Mr. Adriano added that manufacturing and services are generally preferred by workers because of higher and more stable wages, but weak investment inflows have limited their capacity to generate jobs.

Meanwhile, some analysts said the scale and recurrence of employment losses in agriculture suggest structural problems.

Jose Enrique A. Africa, executive director of think tank IBON Foundation, said the decline in agricultural employment on both a monthly and year-on-year basis indicates more than routine seasonal adjustments.

"The structural weakness is even clearer if we look at how agricultural employment has fallen steeply in recent years, dropping by 627,000 from an annual average of 10.7 million in 2021 to just 10 million in the first eleven months of 2025," he told *BusinessWorld* via Viber.

FULL STORY
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OPINION

With PFRS, sustainability disclosures can become a competitive edge

SUITS THE C-SUITE
CRYSTAL ALELI CORNELL, JOYCE ANNE SORIANO *and* **ZOE AURORA ROMERO**

IN BRIEF:

• The SEC's new guidelines require companies to report sustainability and climate-related financial information starting FY 2026, specifically disclosures on governance, strategy, risk management and metrics and targets.

• Effective reporting and sustainability practices can enhance corporate governance, attract investors, and improve long-term business resilience by integrating sustainability into core business strategies.

In today's fast-changing business environment, the demand for consistent, comparable, and transparent sustainability reporting is crucial for investment decisions. The International Sustainability Standards Board (ISSB) has introduced IFRS S1 General Requirements for Sustainability-related Financial Information and S2 Climate-related Disclosures, which provide crucial sustainability-related information alongside financial statements, catering to investor demands for transparency.

These standards offer businesses a chance to enhance corporate governance and investor protection through globally aligned regulations.

Following the adoption of IFRS S1 and S2, on Dec. 22, the Securities and Exchange Commission (SEC) issued Memorandum Circular No. 16, Series of 2025 requiring publicly-listed companies (PLCs) and large non-listed companies (LNLs) to adopt Philippine Financial Reporting Standards (PFRS) on Sustainability Disclosures starting in FY2026 with limited extensions of transition reliefs under a tiered approach.

Mandatory external limited assurance of Scope 1 and Scope 2 Greenhouse Gas (GHG) emissions by an independent assurance practitioner will also be required two years after the initial implementation of these standards for each tier.

Adopting PFRS on Sustainability Disclosures allows companies to shift sustainability from a mere compliance requirement to a fundamental part of their corporate strategy, ultimately driving long-term value and resilience in an increasingly unpredictable environment.

The standards focus on four core areas:

• *Governance*: governance processes, controls and procedures a reporting entity uses to monitor, manage and oversee sustainability- and climate-related risks and opportunities

• *Strategy*: approach the entity uses to manage sustainability- and climate-related risks and opportunities

• *Risk Management*: processes the entity uses to identify, assess, prioritize and monitor sustainability- and climate-related risks and opportunities

• *Metrics and Targets*: information used to manage and monitor the entity's performance in relation to sustainability- and climate-related risks and opportunities over time

Adopting the standards allows companies to shift sustainability from a mere compliance requirement to a fundamental part of their corporate strategy, driving long-term value and resilience. These reporting obligations can serve as a catalyst for organizational improvement and bolster investor trust.

Organizations often struggle to integrate sustainability across all levels. According to EY's 2023 Sustainable Value Study, only half of Chief Sustainability Officers (CSOs) feel empowered to hold C-suite peers accountable for sustainability initiatives. Furthermore, 41% of organizations aim to strengthen collaboration between the C-suite and the board to effectively implement climate strategies.

With the new reporting obligations, effective sustainability disclosures can influence corporate governance structures and strategic decision-making processes. In their disclosures following the PFRS on Sustainability Disclosures, companies need to set out their governance processes, controls and procedures that they use to monitor, manage and oversee sustainability-related and climate-related risks and opportunities. This includes considering trade-offs associated with sustainability risks and linking remuneration policies to performance metrics. In addition, companies need to identify responsible governance bodies and ensure they have the necessary competencies.

In addition, the standards ask the board to disclose how sustainability-related and climate-related risks and opportunities are considered when overseeing overall strategy, the company's decisions on major transactions and its risk management processes and related policies. With these obligations, organizations that have not yet integrated environmental, social, and governance (ESG) factors into their strategies will need to reassess their approaches to meet these new expectations. By doing so, they can enhance governance, meet stakeholder expectations, and leverage sustainability for revenue growth.

Local adoption of the IFRS Sustainability Disclosure Standards paves the way for a consistent sustainability reporting framework applicable across companies, making it easier for companies to communicate their sustainability efforts. Standardized disclosures on climate-related risks can also enable investors to assess how well companies are managing these risks. Between companies who disclose their exposure to extreme weather events in a similar manner, investors can better evaluate which company has a more robust risk management strategy.

Mandatory and standardized disclosures help ensure comparability of company data, improving understanding of performance and potentially financial information that translates towards better capital access. When companies disclose the financial implications of their sustainability initiatives, stakeholders can better understand how these initiatives contribute to overall financial performance, improving investor confidence and potentially lowering capital costs.

Transparent sustainability practices have the potential to attract a broader range of investors, including those focused on ESG criteria. Companies that can outline sustainability goals, progress, and metrics consistently can foster trust and attract investors who prioritize ESG criteria. Reporting under the standards, in compliance with the SEC Memorandum Circular, provides covered entities the opportunity to inform senior-level decision-making while enabling them to hold themselves accountable over their sustainability targets — and be held accountable by others.

To truly realize the value of sustainability, boards must adopt a long-term perspective. Sustainability should not be treated as an isolated initiative; it needs to be seen as an essential pathway for successful businesses. By effectively integrating sustainability strategies into their operations, companies and boards can enhance performance. Sustainability and business must work hand in hand and should not treated as a separate endeavor.

Adopting PFRS on Sustainability Disclosures allows companies to shift sustainability from a mere compliance requirement to a fundamental part of their corporate strategy, ultimately driving long-term value and resilience in an increasingly unpredictable environment.

To prepare for the adoption of the new sustainability standards and related reporting developments, companies can consider the following actions:

Integrate sustainability into governance frameworks. Ensure a shared vision at the leadership level for integrating sustainability into business practices. Governance roles should oversee strategy, major transactions, and risk management, setting the tone for the organization.

Build capacity. Develop capabilities across different functions to meet the new standards. Every department should understand the importance of sustainability and its business benefits.

Adopt a mindset of continuous improvement. Embrace a culture of continuous improvement in sustainability practices and reporting. The company's initial report does not need to be perfect; however, as capabilities, skills, and resources improve over time, so too should the quality of the report.

Regularly monitor and assess the evolving risk landscape through tailored board insights and discussion sessions. In addition, be prepared to revisit sustainability targets based on the latest scientific data, and leverage insights from peers to drive innovation. This proactive approach enables leadership teams to make informed decisions and implement strategies effectively.

This article is for general information only and is not a substitute for professional advice where the facts and circumstances warrant. The views and opinions expressed above are those of the authors and do not necessarily represent the views of SGV & Co.

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