P704-million port upgrade contract for Basco, Batanes awarded

THE Philippine Ports Authority (PPA) said it awarded the P704.62-million Basco, Batanes port improvement project to Goldridge Construction and Development Corp.

In a notice of award dated Feb. 10, the regulator said the contract to upgrade and rehabilitate Basco port was awarded to the Bataan-based construction firm after it emerged as the low bidder among five companies that submitted proposals.

The PPA said the contractor will have 900 calendar days from the receipt of the award to complete the project, which includes the construction of a port operations area and a reinforced concrete pier.

Basco port serves as the gateway for trade, tourism and connectivity in Batanes province, the PPA said.

For this year, PPA expects to further boost maritime trade and connectivity following strong cargo growth in 2025.

The PPA exceeded its 2025 target with 307.64 million metric tons (MMT) of cargo throughput for the year, up 6.3%.

The PPA said it is expecting cargo volume to grow 4.03% to 320.94 MMT in 2026, driven mainly by foreign cargo.

Container throughput is forecast to increase 3.94% to 8.88 million twenty-foot equivalent units. For this year, passenger traffic is expected to grow 5.78% to 87.26 million.

The PPA said it remains optimistic about cargo and passenger traffic growth due to continued investment in port upgrades. — **Ashley Erika O. Jose**

EU FTA expected to open up $12B in potential PHL exports

By Justine Irish D. Tabile
Senior Reporter

THE PHILIPPINES will have access to additional exports estimated at $12 billion once it concludes a free trade agreement (FTA) with the European Union (EU), Trade Undersecretary Allan B. Gepty said.

Citing data from the International Trade Centre, Mr. Gepty said the estimate represents the unrealized potential for Philippine exports in Europe.

"Usually the reasons for this unrealized potential are two major factors: one is the lack of awareness of the opportunities, and the second is the difficulty in complying with certain rules and standards in accessing the European market," he told reporters on Thursday.

"We are hoping that through this FTA that we are negotiating, we can in a way fill in the gaps or at least address some of the major issues that bar our (micro-, small-, and medium-sized enterprises) from accessing the European market," he added.

The Philippines and the EU are looking at concluding the negotiations this year, moving up from the initial target of 2027.

"We are really working hard to conclude it this year because, of course, after the conclusion of the negotiation, there's still legal scrubbing and signing, and then there's ratification. It will take time before it becomes effective," he said.

He said the parties are still on track to conclude the negotiations within the year, adding that "the probability is high."

"March is a bit critical. We are hoping to stabilize the text," he said, noting that the meeting in March will be the parties' fifth full round of negotiations.

Up for discussion in March are market access as well as remaining issues in other chapters.

He said securing an FTA with the EU will allow the Philippines to increase the share of markets with which the Philippines enjoys preferential trade access to 80%, as 70% of Philippine trade currently goes to FTA partners.

Concluding the FTA this year is also critical for the Philippines as it approaches upper middle income class (UMIC) status.

"We are currently benefiting from the EU General System of Preferences Plus (GSP+) ... And this is not a permanent arrangement" because "We are about to hit UMIC status, and under EU GSP+ rules, once you hit UMIC, and sustain that for three consecutive years, then you will be disqualified," he added.

He said that if the Philippines achieves UMIC status this year, it will stop being a beneficiary of the preferential scheme by 2029.

ADB Regional Lead Economist James P. Villafuerte told reporters on Thursday that the Philippines is on track to achieve UMIC status within its target timeline.

"When I look at the per capita income level of the Philippines, I think, if I am not mistaken, it is a few dollars away from UMIC status," he said.

"Definitely UMIC status will be attained, I think, if not this year, probably next year because we're really very close to the threshold," he added.

However, he said the Philippines' Association of Southeast Asian Nations (ASEAN) peers are now aiming to hit the high income status.

"Indonesia wants to be high income by 2045; Thailand also wants to be high income. I think most ASEAN economies are really trying to step up the income ladder," he said.

He said that the Philippines has yet to set targets in terms of high-income status, but "for the Philippines to reach high-income status, we should be growing at around 9-10%."

To prepare for this, he said the Philippines should focus on digital transformation, regional development, and human capital.

Meanwhile, Mr. Gepty said that the Marcos administration has been very aggressive in pursuing FTAs.

"In fact, my count is that if we are successful in concluding all the negotiations and trade arrangements, we are eyeing around 18 new and upgraded FTAs," he added.

Aside from the Philippines-EU FTA, the Philippines is also in talks for a bilateral FTA with Chile, Canada, and India.

"We are very happy that the Philippines is very visible in the international trade and global economy, and we just have to sustain the gains that we have achieved," he said.

Despite these gains, he said Philippine trade continues to be in deficit, though it peaked in 2022.

"The challenge is how can we reverse this and how we can improve our export industries," he said.

Looking deeper, he said 68%, of Philippine imports consist of raw materials and intermediate goods, while consumption goods account for 18%.

"That means that at least slowly our manufacturing industry is catching up. Maybe not at a fast pace, but at least the imports are more focused on raw materials, intermediate goods, and capital goods," he said.

"This is an indicator of a lot of economic activity, particularly on the production side," he added.

Meanwhile, Mr. Villafuerte said the ADB expects sustained semiconductor export growth for the Philippines this year.

"In the second half of 2025, we saw a very strong export performance by the Philippines, and it's related to semiconductor and electronic exports," he said.

"We feel that this will continue this year because the demand for digital products and artificial intelligence globally is increasing," he added.

Government working on law to establish business permit office

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THE GOVERNMENT is drafting a bill that will establish a Business Permit and Licensing Office (BPLO) as a workaround to staffing shortages at local government units (LGUs), according to the Department of Economy, Planning, and Development (DEPDev).

Economy Undersecretary Rosemarie G. Edillon told reporters on Thursday that the BPLO bill is intended to promote ease of doing business (EoDB) as LGUs sometimes have no plantilla slots to staff for a business permit office.

"These are not institutionalized offices, so they are not given any plantilla positions, except if you're a big, big city, probably then you can afford that," she said on the sidelines of an event at the Department of Finance.

As contemplated, a BPLO would accept online applications, assessments, and payments for business permit renewals.

Ms. Edillion added that the proposed measure will make BPLOs mandatory in big cities initially to serve the most possible business owners.

"What happens is they bulk up during January. That's really the way they do it — hiring lots of (contractual workers). But again, there's no continuity," she added.

The Philippines ranked 53rd out of 101 economies in the World Bank's 2025 Business-Ready (B-Ready) report, which measures the state of the business environment.

In addition, Ms. Edillion called for digitalization, with LGUs needing to shift to online applications, renewal, and payment.

Asked about other priorities in the next few years, she said DEPDev is also pushing for good governance measures, along with initiatives for transparency and accountability, relevance, and responsiveness.

"We should do science-based planning even for your infrastructure projects. Science-based monitoring, using remote sensing and the like, and real-time reporting," she added.

Ms. Edillion said DEPDev has presented several proposals to President Ferdinand R. Marcos, Jr. and expects developments in the coming days. — **Aubrey Rose A. Inosante**

Growth seen on track again by Q2 as sentiment recovers

ECONOMIC GROWTH will crawl back into the government target range by the second quarter as sentiment recovers, driven by renewed infrastructure spending, University of Asia and the Pacific economist Bernardo M. Villegas told reporters.

Speaking on the sidelines of a forum on Wednesday, Mr. Villegas said: "The drivers will be a renewed emphasis on infrastructure. I think the corruption problem is not going to (run for much longer). In the first quarter, the government will demonstrate that it can actually implement infrastructure projects."

"Infrastructure will recover. And then you see foreign direct investors not really being discouraged by the corruption."

Mr. Villegas expects full-year gross domestic product (GDP) growth to average 5.6%, which would be within the government's 5% to 6% target.

"In the second quarter we could already be back within the target. I think in the whole year it will be about 5% to 5.6%. Probably in the first quarter it will start at 5%... because it's also growing from a low base."

GDP growth slowed to 3% in the fourth quarter of 2025 from 5.3% a year prior and the revised 3.9% in the third quarter.

This brought the full-year average to 4.4%, well below the government's 5.5%-6.5% goal. Growth in 2025 was the weakest annual expansion since the 3.9% posted in 2011, if the 9.5% contraction in 2020 due to the pandemic is excluded.

Mr. Villegas added that economic growth over recent years has put the country on track to achieving upper middle-income country (UMIC) status by September.

The Philippines has remained in the lower middle-income category since 1987, with gross national income (GNI) per capita hitting $4,470 in 2024.

This was only $26 shy of the World Bank's adjusted GNI per capita bracket of $4,496-$13,935 for UMIC status.

The bank is scheduled to release its updated annual country status thresholds in July.

However, Mr. Villegas noted the global economic slowdown due to the US tariffs presents a potential risk to the growth outlook.

"There will be a slowdown, definitely... because of the tariffs being imposed on all the exporting countries. But we're not really affected," he added.

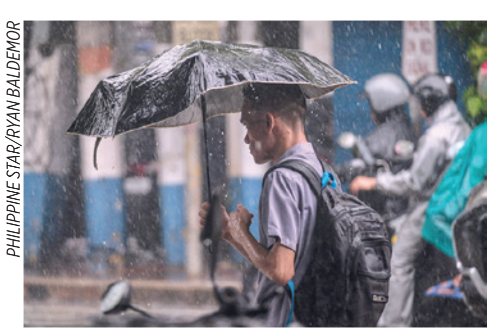
He concurred with an estimate of 6% growth potential issued by Economy Secretary Arsenio M. Balisacan, noting it could be achieved by next year.

Meanwhile, Mr. Villegas said the peso will likely trade between P58 and P59 to the dollar this year as the central bank seeks to keep the peso at levels favorable to overseas Filipino workers (OFWs) and the business process outsourcing (BPO) industry.

"I don't see the peso ever going beyond P60. The central bank is very, very skillful in controlling that. And our reserves are very large... There's a psychological barrier that the central bank is very careful not to surpass."

Mr. Villegas also expects inflation to average around 2% to 3% this year, within the Bangko Sentral ng Pilipinas' 2-4% target band. — **Aaron Michael C. Sy**

Rainwater storage urged as rainfall turns erratic


PHILIPPINE STAR/RYAN BALDEMOR

STORING RAINWATER will be more necessary as rainfall becomes more variable with climate change, highlighting the importance of sustainable water management, author of the 2024 Philippine Climate Change Assessment (PhilCCA) said.

Speaking at an online forum hosted by Climate Tracker Asia on Thursday, geologist and Environment Undersecretary Carlos Primo C. David said some of the most significant climate impacts will manifest in the water supply as rainfall patterns shift.

Mr. David said that while abundant rainfall will continue, averaging about 2,400 millimeters annually, climate change is affecting how rain is distributed throughout the year.

"What our scientists are seeing is that the pattern of rain is changing, meaning that we are moving towards a scenario where the dry season becomes drier and the wet season becomes even wetter. We are seeing longer dry days during the dry season," he said.

Mr. David said these changes increase the risks of both drought and flooding, affecting agriculture, water supply, and other critical sectors.

In the 2024 PhilCCA, published by the Oscar M. Lopez Center for Climate Change Adaptation and Disaster Risk Management Foundation, Inc. last year, researchers found that the hydrological regions of Northwest and Central Luzon face very high frequencies of flooding.

Northwest and Central Luzon, Bicol, and Samar were also identified as having high to very high flood intensity, while Cagayan, Bicol, and Samar face a high risk of intense drought.

Mr. David said these risks highlight the need to shift toward sustainable water management, particularly by capturing and storing excess rainfall instead of allowing it to flow quickly into rivers and out to sea.

"The solution to both (flooding and drought) is a single strategy — to impound water instead of trying to push that water out into the ocean as fast as possible," he said.

Mr. David said traditional flood control approaches, such as building dikes to confine rivers, often fail during extreme weather events and can simply transfer flooding to downstream communities.

Instead, he said the Philippines should invest in infrastructure that allows water to be stored during the wet season and used during dry periods. These include small dams, reservoirs, retention basins, and man-made lakes that can hold excess water upstream during heavy rains.

Mr. David said the country should also adopt nature-based solutions, including protecting watersheds, preserving natural waterways, and ensuring land-use planning gives rivers enough space to expand during heavy rainfall.

He added that efforts to improve water storage should be accompanied by measures to expand access to water services.

"There are still areas where there is no piped water in our communities. From our estimate, around 40 million Filipinos still lack access to safe, potable piped water in their homes," Mr. David said.

To address these gaps, Mr. David said government programs are installing filtration systems in remote island barangays, building low-cost water refilling stations, and mapping water resources nationwide to guide long-term planning.

"Climate change simply intensifies (already existing problems in the water sector)," he said. "But it is also an opportunity for us to change our strategy, not only to address climate change, but to fix (long-standing) issues," he added. — **Vonn Andrei E. Villamiel**

BSP taps space agency for climate-risk monitoring

THE Bangko Sentral ng Pilipinas (BSP) said it entered into a partnership with the Philippine Space Agency (PhilSA) to use satellite technology in identifying the economic impact of climate and environmental risks.

In a statement on Thursday, the central bank said its memorandum of agreement (MoA) with the PhilSA serves to advance financial stability, sustainability and resilience.

"The MoA reflects how we view resilience-building in the financial system: It requires good governance, strong coordination, and better data — supported by technology that helps institutions act earlier and smarter," BSP Assistant Governor Pia Bernadette R. Tayag said.

"This innovation improves preparedness across the economy and the financial sector," she added.

The agreement will grant the BSP access to PhilSA satellite imagery and other datasets, which will indicate areas prone to climate shocks and facilitate assessments of community and economic impact.

"These insights can inform monetary policy, financial supervision, and sustainability initiatives," the central bank said.

In a recent report, the International Monetary Fund flagged the economic risks of climate shocks, citing the potential for supply disruptions that significantly affect agriculture.

It noted that a category-5 typhoon in the Philippines risks accelerating inflation by about 0.4% percentage points.

Earlier, the government weather service, known as PAGASA, forecast up to eight tropical cyclones entering the Philippine area of responsibility within the first half.

"Space science and banking may appear to operate in different domains, yet both are ultimately concerned with stability," PhilSA Director General Gay Jane P. Perez said.

The BSP noted that the MoA will also facilitate the development of tools, research and training "to promote the responsible use of satellite data and geospatial analytics in support of their respective mandates." — **Katherine K. Chan**