

# Gov't agencies face 20% cut in non-essential spending

THE Department of Budget and Management (DBM) said it will issue a circular ordering National Government (NG) agencies to reduce non-essential spending by 20%, citing the need to create additional fiscal space.

"We will be issuing the circular on this for all National Government agencies," Budget Secretary Rolando U. Toledo said at a House hearing on Wednesday.

In a statement issued on Thursday, the DBM said efficiency measures include limiting official travel, maximizing virtual engagements, strengthening energy conservation efforts, and streamlining operational expenditures.

"We exempted education, health, social, general public service, and defense (operations) with frontline services and significant supplies and materials required based on their mandated functions," Mr. Toledo said.

Depending on the level of compliance, he said the measure is expected to generate savings of between P12.8 billion and P25.6 billion.

A legislator on Wednesday proposed cuts as deep as 40%, noting that the projected savings accounted only for 0.3% of the total budget for 2026.

"The DBM welcomes the proposal from our lawmakers to increase the reduction in non-

essential government spending from 20% to 40%," Budget Undersecretary Goddess Hope O. Libiran told *BusinessWorld* via Viber.

The DBM will undertake a careful and data-driven assessment of the proposal, including an estimate of projected savings, impact on operations, and second-order effects on service delivery and economic activity.

"While expenditure rationalization is a necessary tool during periods of fiscal stress, it must be calibrated to ensure that it does not inadvertently constrain critical government functions or dampen ongoing priority," Ms. Libiran said.

"Therefore, any adjustment to the current 20% reduction policy will be guided by rigorous analysis, implementation feasibility, and alignment with the administration's broader fiscal consolidation strategy," she added.

The DBM has identified P238 billion in available funding to support the government's response to the energy crisis.

Sourced from the 2026 General Appropriations Act, the funding pool will support fuel subsidies for the transport sector, assistance to farmers and fisherfolk, healthcare support, and other targeted social protection programs. — **Justine Irish D. Tabile**



SOME RELIEF from consecutive fuel price increases could be coming as early as next week as global fuel prices tracked downward after the US announced a two-week ceasefire in its war against Iran, industry officials said.

Brigitte Carmel C. Lim, senior vice-president and chief operating officer of Top Line Business Development Corp., a Cebu-based fuel distributor, said there are strong indications of a rollback next week based on the trends in the first three days of trading this week.

"However, we usually wait for full-week trading before confirming, as market movements can still change," Ms. Lim told *BusinessWorld*. "We remain hopeful that the downward trend continues."

An industry official who declined to be identified told *BusinessWorld* that initial projections show gasoline prices could drop by as much as P2.50 per liter next week, while diesel may either remain unchanged or fall by P1.

The estimates were based on the three-day trading of the Mean of Platts Singapore (MOPS), a benchmark used for refined oil products.

"MOPS prices and premiums have softened due to the ceasefire deal in the Middle East. However, modest rebounds are seen based on today's projections," the source said.

Global markets, particularly those heavily dependent on im-

ported oil such as the Philippines, continue to face volatility in both supply and prices amid the ongoing disruptions in the Middle East and the Strait of Hormuz.

US President Donald J. Trump said the US will stop attacking Iran for two weeks, hours before his deadline for Tehran to reopen the waterway.

In a hearing on Wednesday, Energy Secretary Sharon S. Garin said that it is remains difficult to predict how the ceasefire will impact fuel prices.

"I think the problem will be stay longer than the war itself. It will take some time (before prices) go back to P100 (per liter) or below," Ms. Garin told legislators.

Fuel companies carried out another round of price increases this week, with increases ranging from P15-P19.80 per liter for diesel and P1.50-P5.90 per liter for gasoline.

According to global energy price database Global Petrol Prices, the Philippines posted some of the largest increases in gasoline and diesel prices since the outbreak of fighting in the Persian Gulf.

Ms. Garin has said prices may not immediately retreat due to the extensive damage to energy infrastructure in the Middle East, particularly Qatar.

"The speed of the increase in pump prices will not be the same as the drop in prices. In fact, it will be way, way slower (because of the infrastructure damage)," she said. — **Sheldeen Joy Talavera**

## New SIPP expected by next SONA in July

THE Board of Investments (BoI) said it is planning to release the Strategic Investment Priority Plan (SIPP) 2025-2028 before the President delivers his State of the Nation Address (SONA) in July.

"It will be released before the SONA," Trade Undersecretary Ceferino S. Rodolfo told reporters on the sidelines of the opening day of the Manila International Auto Show on Thursday.

The DTI is considering adding coal mining and production to the SIPP, he added.

The draft SIPP currently confers priority status to industries that address modern basic needs, as well as export activity and sustainability-driven industries.

The modern basic needs list includes agriculture, fisheries and forestry, manu-

facturing, halal, kosher, and organic-related activities, services, healthcare and disaster risk reduction management services, infrastructure and logistics, and energy.

Tier-2 priority activities includes goods and services not locally produced and import-substituting activities, while Tier 3 includes highly strategic and innovation-driven activities.

Sustainability-driven industries include industrial and hazardous waste treatment, bulk water treatment and supply, wastewater treatment, and environment or climate change-related projects.

The BoI is set to hold hybrid public consultations with industry, the public, and other partners on the Proposed Partial General Policies and Specific Guidelines of the draft SIPP.

The SIPP outlines priority industries eligible for tax incentives under the Corporate Recovery and Tax Incentives for Enterprises to Maximize Opportunities for Reinventing the Economy Act.

The incentives framework seeks to attract high-value investments to support economic growth and industrialization.

According to the Foreign Investment Promotion and Marketing Plan, the government aims to increase foreign direct investment (FDI) by 5%, with an additional percentage point of growth expected annually until 2028.

Net FDI inflows slumped to a five-year low \$7.791 billion in 2025, according to the Bangko Sentral ng Pilipinas. — **Beatriz Marie D. Cruz**

## Changan PH sees sales of 2,500 units this year led by hybrid vehicles

CHINESE AUTOMAKER Changan PH expects sales to hit 2,500 this year, led by hybrid electric vehicles (HEVs).

"Our target for the year is 2,500 sales, and that's both the ICE (internal combustion engine) and the EVs," Changan PH Business Unit Director Ryan Bermudez told *BusinessWorld*.

For 2026, Mr. Bermudez expects hybrid EVs to account for 70% of the company's sales, with ICE vehicles will make up 30%. Last year, 80% of Changan's sales were ICE engines.

He said high fuel prices are expected to boost demand for EVs, as consumers seek more energy-efficient alternatives to gasoline-powered vehicles.

"We all know that with fuel prices going up, the perception is there's going to be a shift to EVs," Mr. Bermudez said.

Despite this, he noted that gas-powered vehicles remain a practical option for some buyers.

"In terms of the balance of pricing, a hybrid sedan would cost you close to a million pesos. But for an ICE engine, a compact sedan would cost you less than P800,000," Mr. Bermudez said.

He added that Filipinos' awareness of EVs remain limited

due to the lack of charging infrastructure nationwide.

"We see companies building charging stations. However, how visible are they to the consumer?" Mr. Bermudez said.

At the end of February, EV sales jumped 66.9% to 5,701, according to a joint report by the Chamber of Automotive Manufacturers of the Philippines, Inc. and the Truck Manufacturers Association. The segment includes battery EVs, plug-in hybrid EV, and HEVs.

Overall vehicle sales dropped 9.4% to 69,538 units in the two months to February.

For this year, Changan is hoping to launch five models.

The company launched two ICE cars in the first quarter — the entry-level CS15 in January and the Eado Plus car in March.

At the Manila International Auto Show on Thursday, the company launched its CS35 Max model, which it describes as "a balance of an ICE and a PHEV." Changan also previewed its CS55 vehicle, which will have ICE and HEV variants.

The company will launch another EV model in the third quarter, Mr. Bermudez said. — **Beatriz Marie D. Cruz**

## Unsolicited pipeline reflects keen interest by private sector investors — PPP Center

By Justine Irish D. Tabile

Senior Reporter

THE Public-Private Partnership Center of the Philippines (PPP Center) is projecting a healthy flow of unsolicited proposals this year, reflecting sustained interest from private investors, who may have been spurred to play a bigger role in infrastructure after last year's massive corruption scandal.

PPP Center Executive Director Rizza Blanco-Latorre said the growing number of unsolicited proposals submitted to the PPP Center also reflects a desire to sidestep delays inherent in solicited proposals.

"What happens (with solicited projects) is that the government develops the project. *Maghihintay 'yung private sector kailan ipapabid* (This will force investors to wait until projects are bid out). There are a lot of private investors (who) cannot wait for the government," she told *BusinessWorld*.

"Since they have the resources and technical expertise, they develop the project and then submit it to the government to evaluate," she added.

She is expecting more unsolicited proposals to be submitted in the remaining months of the year.

Ms. Blanco-Latorre said prospective investors have not been deterred by the infrastructure corruption scandal, judging by the volume of proposals filed in the last six months.

"I believe that the private sector has so much faith and trust in the PPP framework here in the Philippines, especially that we now have the new PPP code and its implementing rules and regulations," she added.

She said the corruption issues surrounding last year's flood control projects have actually increased private sector interest in major government projects.

"Because (of the corruption concerns), the private sector now wants to be part of infrastructure projects," she added.

As of April 8, the PPP Center said there were 251 projects in the pipeline valued at P3.3 trillion.

Of the total, 195 or 78.3% are solicited projects worth P1.96 trillion, while the remaining 54 projects are unsolicited projects worth P1.34 trillion.

Most of the projects are in property development (46 projects), maritime (45 projects), and information and communications technology (23 projects).

By value, the top categories are railways (P1.97 trillion), property development (P361.89 billion), and land transport (P274.06 billion).

Of the pending projects 223 are under development, and 18 have reached the approval stage.

Meanwhile, the remaining 10 projects are advancing through bidding or comparative challenge processes, depending on whether they are solicited or unsolicited.

The PPP Center said 167 projects worth P3.16 trillion will be implemented by the National Government, while 84 projects worth P136 billion will be overseen by local government units.

## Mindanao Rail pre-feasibility study completed for project's third phase

THE Department of Transportation (DoTr) is moving to the full feasibility study stage of the P100.64-billion Mindanao Railway project Phase 3, according to the Public-Private Partnership (PPP) Center.

"The PPP Center through its Project Development and Monitoring Facility (PDMF), completed the pre-feasibility study (pre-FS) for the Mindanao Railway Project, Phase 3," PPP Center said via Viber on Wednesday.

It said the project is undergoing further preparation at the DoTr the railway's implementing agency.

The DoTr will move to a comprehensive feasibility study to assess and refine the project's technical, financial, and economic viability, the PPP Center said.

Only phase three of the Mindanao Railway is being put forward for a solicited PPP.

Phase 3 is a 61-kilometer high-capacity, inter-city passenger and cargo railway system linking the industrial and commercial centers of Cagayan de Oro, according to the PPP Center website.

Phase 3 has an estimated project cost of P100.64 billion.

The rail line will link Laguindingan Inter-

national Airport, the port of Cagayan de Oro City, and the Mindanao Container port.

Transportation Undersecretary Timothy R. Batan said the DoTr and the Asian Development Bank are also updating the feasibility study for the first phase of the Mindanao Railway project.

The Philippines dropped China as a funding source for the first phase, the South Long-Haul railway, and the Subic-Clark Railway, due to lack of progress on financing decisions by Beijing.

The DoTr is revising Mindanao Railway's original study to make the project more modern and environment-friendly. — **Ashley Erika O. Jose**

## World Bank PHL inflation scenario projects 0.62 ppt rise for every \$20 crude move

EVERY \$20 rise in the price of crude, persisting for six months, is expected to raise Philippine inflation by 0.62 percentage point (ppt), the World Bank said.

It added that Thailand is even more sensitive, with inflation there rising 0.67 ppt for the same crude price movement.

Thailand and the Philippines were described as "among the more exposed economies given their reliance on imported oil," the bank said in its East Asia & Pacific (EAP) Economic Update 2026.

Philippine inflation surged to a nearly two-year high of 4.1% in March, breaching the 2-4% target band set by the Bangko Sentral ng Pilipinas, amid rising rice, fuel and electricity costs.

According to the World Bank, in the Philippines, "rising fuel costs are straining the transport sector and driving up logistics and commuting expenses for businesses and households alike."

"Higher energy and fertilizer prices are likely to feed through to food costs and lower household purchasing power," it added.

The Philippines is a net importer of oil and sources most of its needs from the Middle East, making it vulnerable to crude price swings.

According to the report, imported inflation via rising oil prices hurts poorer households more, making the effect regressive.

"Household expenditure data from the Philippines ... demonstrate that lower-income quintiles allocate a disproportionately larger share of their total consumption to fuel and related transport costs, rendering them

highly vulnerable to energy price shocks," it said.

"Across the region, a sustained 50% increase in fuel prices could lead to a 3-4% loss in income for households in the region through both direct and indirect effects," it added.

After the Iran war broke out in early March, the government declared a one-year state of national emergency to shield the economy from the impact of the crisis.

"The government's declaration of an energy emergency underscores the severity of the situation. Growth is projected to

remain below potential at 3.7%," the World Bank said.

This projection represents a downgrade of the bank's January estimate of 5.3%.

If realized, the downgraded projection will fall below the post-pandemic low of 4.4% in 2025 and end up missing the Philippines' 5-6% GDP target range for 2026.

The 2026 projection for the Philippines was also below the average for the EAP.

"Growth in developing EAP is projected to moderate to 4.2% in 2026, as the conflict in the Middle

East raises commodity prices, trade barriers and economic policy uncertainty remain elevated, and the boost from export front-loading ahead of higher tariffs fades," the World Bank said.

Meanwhile, the World Bank raised its GDP growth projection for the Philippines to 5.6% in 2027 from 5.4% previously.

World Bank Vice-President for EAP Carlos Felipe Jaramillo said that the region's growth still outperforms much of the world, even in uncertain times. — **Justine Irish D. Tabile**