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Faster PHL growth likely if Marcos addresses gaps in agri, good governance

February 07, 2023 | Luisa Maria Jacinta C. Jocson | BusinessWorld

The sunset is seen behind the Binondo-Intramuros Bridge in Manila, Feb. 5. — PHILIPPINE STAR/ MIGUEL DE GUZMAN

THE PHILIPPINE ECONOMY could grow by as much as 8 -10% if the government can address the gaps in agriculture, investment, and good governance, according to economists.

"If President Ferdinand R. Marcos, Jr. meets these three challenges, we will reach 8-10% growth in the next five years," University of Asia and the Pacific (UA&P) Center for Research and Communication Director for Research Bernardo M. Villegas said at a briefing on Monday.

He said the Marcos administration should aim for at least 2-3% agricultural growth every year to achieve the 8-10% gross domestic product (GDP) expansion.

Agricultural production, which contributes about a tenth to GDP, dipped by 0.1% in 2022 for a third straight year of contraction.

Economic managers have set a 6-7% GDP growth target this year, and 6.5-8% goal for 2024-2028.

Mr. Villegas said Mr. Marcos should also increase the "very low" investment rate in the Philippines to over 30%, which is the average in East Asia.

"We have the worst savings rate in Asia, we're only saving 10% compared with our neighbors who have 25-40%. We cannot get it from local capital. (We need to) attract foreign direct investments (FDI), which he should target at $15-20 billion per year," he added.

Bangko Sentral ng Pilipinas (BSP) data showed FDI net inflows declined by 8.3% to $7.635 billion in January to October. The BSP expects FDI net inflows to have reached $8.5 billion at the end of 2022 and $11 billion by the end of this year.

Mr. Villegas said the Philippines should also improve good governance.

"(Mr. Marcos) must fight corruption. If he can meet these challenges, we can reach 8-10% growth," he added.

Based on the 2022 Corruption Perceptions Index (CPI), the Philippines ranked 116th out of 180 countries, up one spot from its worst-ever showing of 117th place in the previous year.

However, the country's score was unchanged at 33 out of 100 in a scale that measures perceived levels of public sector corruption. A score of 100 means a country is "very clean," while zero means it is "highly corrupt."

6% GROWTH THIS YEAR

Victor A. Abola, an economist at UA&P, said the Philippine economy is likely to grow 6% this year or at the low end of the government's 6-7% target.

"For GDP, I expect it to be 6% with the services sector providing the lead. Hotels and restaurants are continuing to open up and we expect more tourists, not only abroad, but domestic demand has been driving the hospitality sector," he said.

The economy grew 7.6% last year, its fastest growth in 46 years. It also exceeded the government's 6.5-7.5% goal.

"We do have some fiscal space especially given our debt-to-GDP ratio. Our fiscal space is bound to expand by 2024. We expect the (debt-to-GDP) ratio will start declining to 60.1% this year depending on the rate of growth of the economy," Mr. Abola said.

The country's debt as a share to GDP was at 60.9% as of end-December, better than the 63.7% debt-to-GDP ratio as of end-September but still above the 60% threshold considered manageable by multilateral lenders for developing economies.

The government is aiming to bring down the debt-to-GDP ratio to less than 60% by 2025 and 51.5% by 2028

https://www.bworldonline.com/top-stories/2023/02/07/503296/faster-phl-growth-likely-if-marcos-addresses-gaps-in-agri-good-governance/

NEDA Board approves 7 infra projects worth P154B

February 03, 2023 | Chino S. Leyco | Manila Bulletin

MANILA BULLETIN

President Ferdinand R. Marcos Jr. approved the implementation of seven infrastructure projects worth P154.72 billion, including a cancer center for the University of the Philippines – Philippine General Hospital (UP-PGH), the National Economic and Development Authority (NEDA) announced.

In a briefing on Friday, Feb. 3, NEDA Secretary Arsenio M. Balisacan said the approval of these "high impact" infrastructure projects would help country achieve the Marcos administration's medium term social and economic transformation target.

While the NEDA Board has approved seven projects, two of which were request for changes of ongoing infrastructure projects. Based on initial estimates, the indicative total cost for these approvals would be at P154.72 billion.

The first project approved by the NEDA Board, which is chaired by President Marcos, is the UP-PGH Cancer Center Public Private Partnership (PPP) project—a solicited Build-Transfer-Operate proposal.
According to Malacañang, the project cost for the UP-PGH Cancer Center is P6 billion.

Once completed, Balisacan said the UP-PGH facility will be one of the largest cancer centers in Asia in terms of bed capacity, offering comprehensive, high-quality, and affordable oncology care services, while helping pay for itself over 30 years.

"The project will upgrade existing PGH capacity of 300 beds plus outpatient care, to be integrated in a new dedicated cancer hospital that will modernize UP-PGH's health infrastructure and demonstrate how the country's public health services can be at par with private care in terms of medical quality and support services," Balisacan said.

But he also clarified that there will be no privatization of PGH services.

"The government shall own the entire facility and PGH shall continue to operate as a public hospital. In the coming weeks, our experts in UP-PGH, as the implementing agency, will bare the specific details on the project to inform the public and interested private partners," he said.

In addition to the NEDA Board approval of the UP PGH Cancer Center solicited PPP project, four projects proposed to be financed through official development assistance (ODA) loan with a total amount of P117 billion will commence implementation in 2023.

The NEDA Board also approved an increase in cost of the MRT 3 Rehabilitation project by P7.6 billion, from P21.9 billion to P29.6 billion.

The NEDA Board likewise approved the utilization of the JICA loan balance, this is the Japan International Cooperation Agency, of P2.12 billion for the Communications, Navigation, Surveillance/Air Traffic (CNS/ATM) Management, Maintenance and Resiliency Enhancement project.

The NEDA Board also confirmed the Investment Coordination Committee (ICC) approval of the New Dumaguete Airport Development Project of the Department of Transportation (DOTr).

Under this project, a new airport facility in Bacong, Negros Oriental will be developed with domestic and international standards for operational safety and efficiency.

This project, costing P157 billion, will replace the existing Dumaguete-Sibulan Airport due to physical and operational constraints involving the latter. The New Dumaguete Airport shall enhance the province's tourism and trade potential, economic activities, and standard of living.

Of the total project cost, P13 billion will be funded through ODA from the Korean government through the Export-Import Bank of Korea-Economic Development Cooperation Fund.

The Philippine government, through the DOTr, will shoulder the remaining amount of about P 3.9 billion. The project will be implemented within seven years.

Also approved was the Department of Agriculture's Mindanao Inclusive Agriculture Development Project (MIADP), which aims to increase agricultural productivity, resiliency, and access to markets and services of organized farmers and fisherfolk groups in selected areas.

This agriculture development project covers selected ancestral domains in Mindanao from Regions 9, 10, 11, 12, 13, and the BARMM.

The project's estimated total cost is P6.6 billion, of which P5.3 billion is to be financed through ODA loan from the World Bank, while the balance of P863 million and P461 million, will be shouldered by the government through the Department of Agriculture and LGUs, respectively.*[Cont. page 3]*

NEDA Board approves 7 infra projects worth P154B

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The NEDA Board also confirmed the ICC approval of the first phase of the Integrated Flood Resilience and Adaptation (InFRA) Project of the Department of Public Works and Highways (DPWH) with a project cost P20 billion.

Further, the NEDA Board also approved the request for changes on two ongoing projects of the DOTr and the DPWH.

These are the DOTr's request for changes in scope, increase in cost, and extension of the implementation period for the Metro Davao Public Transport Modernization Project (DPTMP).

The project involves delivering a modern, high-priority bus system for Metro Davao, wherein interconnected bus services will be prioritized along 29 routes. The implementation period for this project is extended from 2023 to 2029.

The NEDA Board confirmed the DOTr's request for changes in scope, project cost increase, implementation period extension, additional loan, and second loan reallocation of the Metro Rail Transit line 3 or MRT3 Rehabilitation project.

This project involves upgrading MRT3 to its original as-designed state with provision for capacity expansion in the future.

All subsystems will be restored, renewed, or upgraded, including the tracks, signaling system, power supply system, overhead catenary system, and communications system, as well as maintenance and station equipment.

The project will also involve integrating other MRT3-related projects, such as the Common Station, the Dalian Trains, and the transition to a 4-car train configuration. This rehabilitation project aims to enhance the safety and level of service of the MRT3 and to promote its use to help alleviate the worsening traffic congestion in Metro Manila.

Lastly, the NEDA Board approved the expansion of the scope of the Nov. 22, 2022 NEDA Board approval to include: the utilization of the P2.12 billion JICA loan balance for the CNS/ATM Maintenance and Resiliency Enhancement.

Source: https://mb.com.ph/2023/02/03/neda-board-approves-seven-infra-projects/

House bill to mandate 30% downpayment upon hiring freelancers

February 07, 2023 | Chino S. Leyco | Philstar.com

The proposed Freelance Workers Protection Act or House Bill 6718 requires employers to have a written contract and provides for a 10% night differential, hazard pay and a special lane or assistance at the Bureau of Internal Revenues dealing with freelancers.

Stock photo by Romain Dancre via Unsplash

MANILA, Philippines — A draft legislation passed on third and final reading at the House of Representatives aims to require companies and employers to settle a downpayment upon hiring freelancers.

In a statement, Rep. Christopher de Venecia (Pangasinan), plenary sponsor of the Freelance Workers Protection Act or House Bill 6718, said it "gives freelancers legit status in law and in business transactions."

The bill also requires employers to have a written contract and provides for a 10% night differential, hazard pay and a special lane or assistance at the Bureau of Internal Revenues dealing with freelancers.

Moreover, it seeks the application of the tax code and the Barangay Micro Business Enterprises Act as well as measures for mediation and conciliation, civil action and civil penalty for erring employers.

"Our freelancers will also now be recognized in a way that when credit institutions, embassies, or government agencies see that you are a graphic artist, software developer, events host, musician, photographer, they know you are actually engaged in a career that is codified in an enabling law, and not just 'rumaraket," De Venecia said.

He hopes that with the measure, freelancers will have more awareness of their rights, privileges and responsibilities.

"Since our freelancers have been working on a 'contract-basis,' there have been horror stories of companies taking advantage of freelance workers by either changing the terms of agreement last minute, not paying on time or at all, forcing them to work ungodly hours or in unsafe environments," De Venecia added.

Once a law, HB 6718 will task the Department of Labor and Employment to submit a report to the Philippine Creative Industries Development Council on the legislation's effectiveness as well as the number of complaints received, investigations initiated and notices issued on violations.

The most recent version of the Freelance Workers Protection Act is similar to House Bill 8817 submitted in the previous 18th Congress.

Source: https://www.philstar.com/business/2023/02/06/2243037/house-bill-mandate-30-downpayment-upon-hiring-freelancers

House Bill seeking to boost enterprise productivity hurdles 3rd, final reading

February 06, 2023 | Jovee Marie De La Cruz | BusinessMirror

A measure seeking to mandate all enterprises employing 10 or more workers to establish a productivity incentive program for their employees has been approved on third and final reading at the House of Representatives.

House Bill 6683 or the Enterprise Productivity Act effectively repealed Republic Act (RA) No. 6971 or the Productivity Incentives Act of 1990, and was passed by members of the chamber with an overwhelming vote of 242.

The bill also establishes a system of tax incentives for enterprises, small or large, that will successfully establish and implement a productivity incentives program for their employees.

Speaker Ferdinand Martin G. Romualdez said the bill was passed to recognize both the Filipino workers' hard work and the enterprises' willingness to reward the productivity of labor.

"Together, they make up a strong pillar of our economy, and this measure pays tribute to their immeasurable contribution to nation-building," said the Speaker.

Provisions of the measure apply to all business enterprises "with or without existing and duly recognized collective bargaining agreements. It shall cover all employees and workers regardless of their position, designation, or status, and the manner by which their wages are paid."
It mandates the establishment of
a Productivity Incentives Committee made up of representatives from the management and from the employees, whether or not a labor organization or employees' association exists in the enterprise.

The bill said the committee shall develop the productivity incentives program. Whenever gains or savings are realized from the implementation of the productivity improvement program, the management shall initiate the discussion on the sharing thereof.

"Productivity incentives program as provided in this Act shall be based on the implemented productivity improvement program, and without prejudice to any company policy, program, contract, or collective bargaining agreement providing for higher productivity incentives," the bill said.

As for tax deductions, private establishments are entitled to deduct 50 percent of the total productivity incentives granted to their employees and 50 percent of the total grants for training and special studies given to employees pursuant to the productivity incentives program prepared by the committee from their gross income.

"The Bureau of Internal Revenue shall establish a system for availing of tax deductions. It shall maintain and furnish the National Wages and Productivity Commission [NWPC] with an annual record of business enterprises that avail of tax deductions under this Act for program monitoring," HB 6683 said.

As MSMEs may fall under the purview of the provisions of the bill if it becomes law, banking institutions are mandated to "provide a loan facility or extend a credit window to micro, small and medium enterprises at an interest rate lower than the prevailing rate that implement a productivity improvement program."

Source: https://businessmirror.com.ph/2023/02/06/house-bill-seeking-to-boost-enterprise-productivity-hurdles-3rd-final-reading/

RCEP is vital for PH economy– Pascual

February 07, 2023 | Jenica Faye Garcia | The Manila Times

DEPARTMENT of Trade and Industry (DTI) Secretary Alfredo Pascual recognized the need for the country's integration into the Regional Comprehensive Economic Partnership (RCEP) as it will lead toward a more investment-friendly country.

He emphasized that RCEP is vital to open the country to market trade in order to boost investment and become an ideal investment destination in Asia. Thus, it should be viewed as stability of trade and investment.

"True, our country has already implemented game-changing economic reforms. RCEP will complement these reforms and strengthen the country's enabling environment for business," Pascual said. *[Cont. page 5]*

DEPARTMENT of Trade and Industry (DTI) Secretary Alfredo Pascual. PHOTO BY J. GERARD SEGUIA

RCEP is vital for PH economy– Pascual

[Cont. from page 4]

He further identified this pact as the country's market opportunities that "will open a wide range of investors, particularly in export-oriented enterprises."

"In this era where the center of economic activities is in the region, the Philippines cannot afford not to be part of this mega free trade agreement," Pascual affirmed.

RCEP will also benefit micro, small and medium enterprises that complement the national policies for a vibrant, sustainable and resilient economy.

Meanwhile, Philippine RCEP Chief Trade Negotiator Assistant Secretary Allan Gepty assured that concerns raised by agricultural groups are well addressed in the agreement, stating that if the surge of imports will threaten the local industry, there will be a "suspension of further reduction of customs duties or increase customs duties" as part of the commitments in RCEP.

Gepty further stated that under the World Trade Organization, there is an Anti-Dumping and Countervailing Measures that will safeguard rights.

Biz orgs urges legislators to ratify RCEP

Financial Executives Institute of the Philippines President Michael Guarin took a stand in the country's integration to RCEP by saying that the country will be at a great disadvantage if it will not be part of the agreement.

Guarin affirmed that "it presents a huge market for Philippine exports, as well as allow[ing] the country to import at a lower tariff," because he added that "most of the country's largest trading partners are members of RCEP."

"It is a huge business ecosystem that will benefit our domestic companies as well as attract foreign investment," he explained.

Moreover, European Chamber of Commerce of the Philippines President Lars Wittig urged legislators to ratify the RCEP agreement the "soonest."

"We are encouraged to see that there is a push from legislators to have this by the end of the first quarter," said Wittig.

He added that it would entail further risks of losing out to other countries that are already part of the RCEP if it is delayed.

"There may be loss of significant opportunities in terms of export markets, investments and jobs for Filipinos, but it will yield significant economic benefits for the Philippines," said Wittig.

Philippine Chamber of Commerce and Industry President George Barcelon also took the same stand in supporting RCEP.

"We support RCEP and are cognizant that agriculture sectors need more support in technology and finance," Barcelon said.

"As part of [the] Asean (Association of Southeast Asian Nations) free trade umbrella, agriculture is already part of the multilateral agreement. So shutting ourselves out of RCEP is not advisable," he added.

Meanwhile, Dr. Rene Ofreneo, former undersecretary for Labor Relations of the Department of Labor and Employment, said that the country is not really ready for the RCEP.

"We need a strong capability and readiness program for both industry and agriculture because we are failing in price of products and domestic support such as infrastructures credit, technical assistance, cheap power, etc.," said Ofreneo.

It is because "free trade means a fiercer competition, and the winners are the most capable in terms of quality," he added.

Source: https://www.manilatimes.net/2023/02/07/business/top-business/rcep-is-vital-for-ph-economy-pascual/1877528

DOE to achieve renewable energy goals via reforms

February 03, 2023 | Kris Crismundo | Philippine News Agency

RENEWABLE ENERGY. Energy Undersecretary Rowena Guevara during the Laging Handa public briefing on Feb. 3, 2023. Guevara said the Marcos administration has been keen on implementing policy reforms that would help the country to increase the share of renewable energy in the energy mix. *(Screenshot from PTV-4 Facebook page)*

MANILA – The Department of Energy (DOE) is optimistic that the country will be able to achieve its long-term renewable energy (RE) goals through the policy reforms of the Marcos administration.

During the Laging Handa public briefing Friday, DOE Undersecretary Rowena Guevara said President Ferdinand R. Marcos Jr. has been keen on implementing policy reforms that would help the country to increase the share of renewable energy in the energy mix to 35 percent by 2030 and to 50 percent by 2040.

Among the initial reforms of the administration on renewable energy is allowing the full ownership for RE projects.

"*Dahil po dito sa ating full, 100 percent foreign ownership for renewable energy, sa taya ng Department of Energy, makakaya nating ma-fulfill iyong target natin na by 2040 ay 50 percent na tayong renewable energy* (Because of our (policy) for a full, 100 percent foreign ownership for renewable energy, the Department of Energy projects that we can fulfill our target of 50 percent renewable energy by 2040)," Guevara said.

She said the share of RE in the energy mix was at 22.8 percent in 2022.

Aside from allowing 100 percent foreign ownership in RE projects, the DOE is pushing for policies that will attract more investments in offshore wind projects.

It added that an executive order would lure offshore wind investments into the country.

Earlier, the Board of Investments (BOI) said it approved a PHP360-billion offshore wind energy project of Danish RE company Copenhagen Energy A/S and PetroGreen Energy Corp.

The administration is also setting up 'green lanes' on strategic investments to fast-track the implementation of these projects that are expected to benefit the Filipino people.

Guevara added the DOE will be issuing the energy storage system policy on Feb. 14 to encourage companies to invest in energy storage system facilities.

With the increasing demand for energy in the country, as well as the commitment of the Philippine government in mitigating impacts of climate change, the DOE official said the Chief Executive has been aggressively promoting the country as destination for RE investments.

Source: https://www.pna.gov.ph/articles/1194356

Two more rate hikes likely before BSP pause

February 07, 2023 | Niña Myka Pauline Arceo| The Manila Times

MONETARY authorities will likely raise key interest rates by 25 basis points (bps) next week and follow this up with an identical increase in March, an economist said on Monday.

The adjustments will be needed given still-high inflation, ING Bank Manila senior economist Nicholas Mapa said, after which the Bangko Sentral ng Pilipinas' (BSP) policymaking Monetary Board will likely hit pause on its tightening.

"We expect BSP to hike by 25 bps at the February meeting and by another 25 bps possibly at the March 23 meeting given persistent price pressures," Mapa told The Manila Times.

Although headline inflation is on the downtrend, "we zero in on high core inflation, and the fact that price pressures have spread to several items in the consumer price index basket," he added.

Consumer price growth hit a 14-year high of 8.1 percent in December. Results for January will be released by the Philippine Statistics Authority today, February 7.

The BSP expects inflation to have hit 7.5 to 8.3 percent last month.

"Upward price pressures are expected to emanate from higher electricity rates, approved water rate rebasing, higher domestic petroleum prices, uptick in the prices of key food items and the annual increase in sin taxes," the central bank said last week.

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Two more rate hikes likely before BSP pause

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"Meanwhile, the reduction in LPG (liquefied petroleum gas) prices as well as the peso appreciation could contribute to easing price pressures for the month," it added.

The median forecast in a Times poll of economists, meanwhile, was 7.6 percent. Pressure to keep raising rates will have eased, they said, but additional increases can be expected as inflation will likely stay above target this year.

BSP Governor Felipe Medalla told reporters last week that inflation would be the primary consideration when monetary authorities meet on February 16 and not that of matching the latest US Federal Reserve (Fed) rate hike.

The US central bank last week raised the Federal Funds Rate by 25 bps, smaller than previous increases, after inflation in the US slowed in December.

Mapa said that despite dovish comments from the Fed, the BSP policy rate would be increased to 6.0 percent this year from the current 5.5 percent, after which the Monetary Board would "consider pausing after the March meeting, followed by policy rate cuts should the Fed start cutting rates as well."

Key BSP interest rates were raised by a total of 350 basis points last year as inflation breached the BSP's 2.0- to 40-percent target and hit the government's upwardly revised 2022 forecast of 5.8 percent.

This year, economic managers expect inflation to stay above target at 4.5 to 5.5 percent and only return to the 2.0- to 4.0-percent range in 2024.

Source: https://www.manilatimes.net/2023/02/07/business/top-business/two-more-rate-hikes-likely-before-bsp-pause/1877533

Revised Implementing Rules and Regulations of the Telecommuting Act

February 6, 2023 | Ronald Mark C. Lleno, Ramon I. Rocha IV, IL Young Choi, Raymond Joseph S. Garcia, and James Patrick L. Urquiola | SyCip Salazar Hernandez & Gatmaitan (Email: sshg@syciplaw.com)

The Department of Labor and Employment (DOLE) issued DOLE Department Order No. 237-2022 (DO 237-2022) or the Revised Implementing Rules and Regulations of R.A. 11165 (Telecommuting Act). DO 237-2022 supersedes DOLE Department Order No. 202, Series of 2019 (DO 202-2019), or the Implementing Rules and Regulations of the Telecommuting Act.

The Telecommuting Act allows employers to offer arrangements that permit their employees to work from an alternative workplace while ensuring that minimum labor standards are observed and fair treatment is given to them.

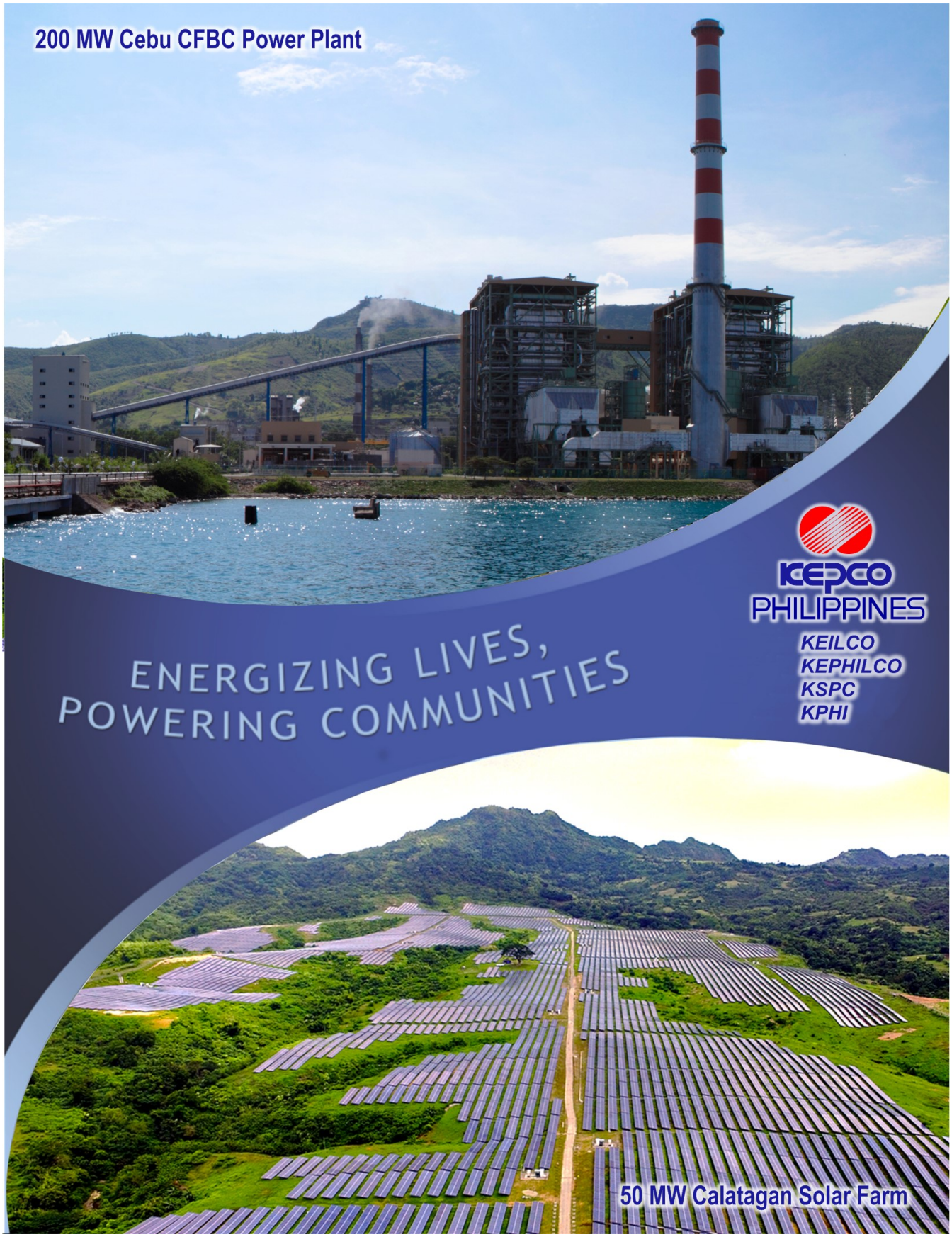
The revisions introduced by DO 237-2022 to DO 202-2019 involve clarifications about the status of employees under a Telecommuting arrangement, other reasonable arrangements it may contain, and the aspects of its implementation and administration.

DO 237-2022 clarifies that telecommunicating employees are not field personnel and emphasizes that they are entitled to minimum labor standards such as overtime pay, night shift differential, weekly rest periods, premium pay, holiday pay, and service incentive leaves.

DO 237-2022 also sets out the provisions of a telecommuting program, which may include hybrid, compressed workweek, staggered working time, or other flexible work arrangements, subject to terms and conditions that may be mutually agreed upon by the employer and employee. In implementing a telecommuting program, the facilities, equipment, supplies, and expenses required to enable employees to work are considered costs of the employer.

Both DO 237-2022 and DO 202-2019 provide that differences arising from the implementation or interpretation of a telecommuting program shall be resolved through the grievance mechanism of the company, and, in its absence, parties shall resolve the differences through dialogue and consultation. However, for unresolved grievances, DO 237-2022 provides that parties may seek assistance for conciliation or mediation from the DOLE regional or field offices or submit the grievance to voluntary arbitration. This deviates from DO 202-2019 which directs the submission of any unresolved grievance to "an appropriate branch of the National Labor Relations Commission."

Employers who implement a telecommuting program shall notify the DOLE through the Establishment Report System, which is accessible at https://reports.dole.gov.ph.

DO 237-2022 was issued by the DOLE on September 16, 2022. The full text of the implementing rules can be accessed through *https://www.dole.gov.ph/news/department-order-no-237-22-revised-implementing-rules-and-regulations-of-ra-no-11165-otherwise-known-as-the-telecommuting-act/*.

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