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Irrigation canals improved to ease impact of El Niño

THE Department of Agriculture (DA) has improved and constructed about 740 kilometers of irrigation canals as of November this year to ease the impact of El Niño on farmers.

Agriculture Secretary Francisco Tiu Laurel Jr. said the DA aims to rehabilitate 843 kilometers of irrigation canals to distribute water more effectively and efficiently to farmlands.

He noted that 40 units of small-scale irrigation systems covering 1,477.5 hectares have also been repaired in addition to these canals.

"We are leaving no stones unturned in our effort to ease the impact of El Niño on our farmers and fishermen as well as consumers by ensuring food production is sufficient and supply is secure during the expected dry spell that could affect a majority of provinces and millions who depend on agriculture and fisheries," Laurel said.

The DA, along with other agencies comprising the Interagency Task for El Niño, has also undertaken cloud-seeding, dispersal of farm animals and provision of alternative livelihoods to farmers and fishermen, implementation of low-water-use technology for rice farming, and quick-turnaround strategy.

Meanwhile, the DA's Bureau of Soil and Water Management requested P112 million for cloud-seeding operations for 2024 to supplement the water requirement of standing crops during periods of low rainfall.

Cloud-seeding operations will be implemented in collaboration with the Department of Science and Technology, and the Department of National Defense.

These agencies will provide information for optimum cloud-seeding operations, including provision of aircraft, respectively.

The DA is set to distribute 56,169 animals to 297 farmer groups and 470 individual farmers through the Philippine Native Animal Development Program.

Alternative livelihood and technologies adaptive to climate change will also be provided to fishermen in Bicol, Central Visayas, and Zamboanga Peninsula.

Laurel said the DA will entice more rice farmers to use alternative wetting and drying technology to save water.

The technology has been successfully used by over 1.2 million farmers and implemented on 9,210 hectares of rice fields.

About 17,660 hectares of rice fields have been targeted for the implementation of the quick-turnaround strategy, wherein all rice farmers will immediately replant rice without waiting for months to take advantage of the remaining moisture in the soil.

The Philippine Crop Insurance Corp. has been tasked to indemnify affected farmers, and between June and November this year has insured 1.27 million farmers, around 76 percent of the target group.

It has set aside P1.8 billion to insure 916,759 farmers and fishermen between January and June next year.

It has also reserved P500 million as credit support under its Survival and Recovery Loan Program of the Agriculture Credit Policy Council for some 20,000 borrowers who may be affected by calamities, including the El Niño phenomenon. PNA

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GOV'T SUPPORT TO STATE-RUN FIRMS HITS P6.7 B IN NOV

Agri sector gets bulk of subsidies

By LOUISE MAUREEN SIMEON

The government increased its budgetary support to state-run firms by almost 10 percent to P6.73 billion in November, with the bulk of the subsidies going to the agriculture sector.

Data from the Bureau of the Treasury showed that subsidies to government-owned and controlled corporations (GOCCs) in November rose by 9.16 percent to P6.73 billion from P6.17 billion in the same period in 2022.

During the month, budgetary support for major non-financial government corporations soared by 54 percent to P4.61 billion.

On the other hand, subsidies for other government corporations dropped by 33 percent to P2.13 billion from P3.18 billion in 2022.

The government grants subsidies to GOCCs as a way of covering operational expenses that are not supported by their own revenues.

For November, more than 60 percent of the total subsidies went to support the agriculture sector, specifically the National Irrigation Administration (NIA) and the National Food Authority (NFA).

NIA got the biggest allocation at P2.52 billion, up 24 percent from the P2.04 billion it received in the same period in 2022.

NFA secured the second highest subsidy at P1.67 billion while the Philippine Postal Corp. came in third with P500 million.

During the month, no subsidy was released to the Bases Conversion and Development Authority, Civil Aviation Authority of the Philippines, Center for International Trade Expositions and Missions, and the Philippine Crop Insurance Corp.

The Power Sector Assets and Liabilities Management Corp., SB Corp., Social Housing Finance Corp. and the Sugar Regulatory Administration also did not receive budgetary support.

For the 11-month period, subsidies went down by nine percent to P153.05 billion from P168.34 billion in 2022.

From January to November, budgetary support for major non-financial government corporations reached P71.17 billion, inching up by four percent, while subsidies for other government corporations slipped by 18 percent to P81.4 billion.

In November, the government incurred a lower budget deficit of P93 billion after revenue collections picked up while state spending declined.

Total revenue collections increased by three percent to P340.4 billion largely due to a sharp expansion in non-tax revenues, while government spending slipped nearly five percent to P433.6 billion.

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GOCC subsidies take a dive in November

BY JENICA FAYE GARCIA

SUBSIDIES given to government-owned and controlled corporations (GOCCs) plunged in November, the Bureau of the Treasury (BTr) reported.

Based on the agency's latest cash operations report, the GOCC budgetary support of P6.73 billion was 73.2 percent lower than October's P9.19 billion.

Year-on-year, it was 9 percent higher than November 2022's P6.16 billion.

Year-to-date, GOCC subsidies were down 9.7 percent to P153.05 billion from P168.34 billion.

Government financial institutions did not receive any subsidies, the same as the previous month and a year earlier.

Subsidies for major nonfinancial state firms, meanwhile, dropped to P4.6 billion from October's P8.180 billion, but higher than last year's P2.991 billion.

The tally for other state-owned firms grew in November to P2.12 billion from October's P1 billion, but lower than 2022's P3.178 billion.

The National Irrigation Administration (NIA) got the biggest share at P2.516 billion, down from P4.105 billion in October. This was higher than last year's P2.036 billion.

The National Food Authority (NFA) received P1.67 billion, lower than P2.010 billion in October. However, it was higher than the P397 million a year ago.

Third was the National Electrification Administration (NEA) at P224 million, which did not get any subsidy in October. However, this was still lower than November 2022's P374 million.

Rounding up November's top five were the Philippine Competition Commission (P500 million from nothing in October but higher than P43 million in a year earlier) and Philippine Fisheries Development Authority (P274 billion from nothing in October and a year earlier).

The top five year-to-date were Philippine Health Insurance Corp., which as of end-November had received a total of P50.74 billion; NIA (P38.43 billion); National Housing Authority (P17.83 billion); NFA (P9.70 billion); and Power Sector Assets and Liabilities Management Corp. (P5 billion).

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BALANCED NEWS + FEARLESS VIEWS
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EDITORIAL

Optimism, worries greet 2024

Multilateral lending institutions are optimistic about the prospects of the Philippine economy for 2024. The World Bank is projecting a faster growth of 5.8 percent for the Philippines from an expected 5.6 percent last year. The Asian Development Bank sees growth rising to 6.2 percent from 6 percent in 2023 amid a steady pace of recovery from the pandemic across the region. It also cited the country as among those benefiting from a strong recovery in tourism. The International Monetary Fund has likewise raised its growth forecast for 2024 to 5.9 percent from 5.8 percent.

Despite such optimism, however, the majority of Filipinos still have to brace themselves for events that will hit them where it hurts the most—their pockets. Late last month, the Department of Trade and Industry (DTI) warned that prices of basic necessities and prime commodities are set to increase this year. Amanda Nograles, assistant secretary at the DTI in charge of the consumer protection group, noted last month that 18 manufacturers had given notice of impending price increases on 63 items such as bread and coffee.

Persistently high inflation

Since the start of 2023, manufacturers have been seeking higher prices due to increased costs of raw materials and production expenses. When Trade Secretary Alfredo Pascual and other DTI officials met with 29 manufacturers and two associations of producers of essential items in September last year, they were presented with issues that raised production costs, including the imposition of pass-through fees in some jurisdictions, lack of local supply of raw materials, and bureaucratic requirements from other government agencies.

In October, the DTI again met with these manufacturers and it was agreed to hold off price increases until the end of the year. The current suggested retail price bulletin was issued way back in February 2023, indicating that price adjustments are imminent.

Consumers and businesses seem aware of the continuing threat of inflation this year. The latest Bangko Sentral ng Pilipinas (BSP) surveys showed that expectations of persistently high inflation—combined with concerns about lower incomes—had dampened the optimism of both companies and households about their prospects especially in the first quarter. The findings were based on the latest quarterly survey of the BSP among 1,548 firms from Oct. 5 to Oct. 14, and a parallel Consumer Expectations Survey (CES) of 5,398 households across the Philippines from Oct. 2 to Oct. 13. Among households, optimism about the next three months declined to 5.6 percent from 7.8 percent in the previous survey.

Less favorable outlook

The consumer outlook for the next 12 months is similarly less buoyant. Households are expecting a faster increase in the prices of goods or higher inflation, lower income, and fewer available jobs. The less favorable outlook for the next 12 months was attributed primarily to concerns about the negative effects of the Israel-Hamas and Ukraine-Russia conflicts on the economy, including rising oil prices; higher prices of basic goods; increasing interest rates; and climbing costs of production and raw materials.

It is worth noting that among households surveyed last October, the percentage of those with savings decreased to 29.1 percent from 32.8 percent in the July survey, indicating that many Filipinos were using up their savings to cope with the impact of rising prices.

Worse, inflation is not expected to ease much as well. While it declined for a second straight month to 4.1 percent in November from 4.9 percent in October and 6.1 percent in September, BSP Governor Eli Remolona Jr. noted that upward pressures on prices of goods and services such as higher transport charges, increased electricity rates, and elevated oil prices continue to prevail.

Infrastructure push and investment pledges

Even the prospects for the job market do not look that bright. Though unemployment declined to 4.2 percent in October from 4.5 percent the previous month, think tank Ibon Foundation pointed out that the government cannot claim gains because "net job creation is overwhelmingly composed of part-time workers and of self-employed and other informal workers." Even the PSA had admitted that the quality of available jobs appeared to have deteriorated as more people had sought additional working hours to augment their incomes during the month.

Given such bleak prospects for this new year, the government must do better in implementing programs to alleviate these economic hardships. It must ensure adequate supply of goods while doing its best, as promised by the DTI, to ensure that price increases would be kept to a minimum and won't be simultaneously implemented across the different products. Filipinos can only hope that the government's infrastructure push and investment pledges from President Marcos' numerous foreign trips materialize to help generate more jobs this year.

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GO NEGOSYO PILIPINAS

ANGAT LAHAT!

JOEY CONCEPCION

Looking to a great 2024 for the Philippines

It is my opinion that one of the attributes of a successful businessman is a strong sense of ownership of the enterprise. They are hands-on when it comes to running their businesses. This is not to say that they micro-manage; that is counterproductive because it slows down the decision-making process and undermines the confidence of delegates. I am talking about the strong sense of responsibility they have for the future of their business.

I see the same thing in the country's economic team. They have demonstrated throughout their careers the same devotion to government service a business owner shows to his own company. They have taken on the challenge of seeing to the turnaround of the country's economic fortunes, to make sure that the Philippines is no longer the laggard of the Asian economies.

What gives me optimism is the fact that the President, like a good leader, knows how to delegate. He runs the country like a company. As the head of a company myself, I recognize that I am no expert in all aspects of the business; that is why I hire people who are.

In the President's case, he has assembled a very competent and well-respected economic team – among them Fred Pascual at the DTI, Arsenio Balisacan at the NEDA and Ben Diokno at the DOF. They are veterans of several administrations and various economic cycles. He has also wisely decided that he needed someone to align all the efforts and catalyze into action the plans for the country's economic development. For this job, he chose Deck Go to become the Special Assistant to the President for Investment and Economic Affairs. It will be Deck's job to ensure the smooth integration and implementation of the government's investment and economic policies and programs.

This comes at a good time because headwinds are tapering. At the height of the Russia-Ukraine war, the talk was all about the skyrocketing prices of commodities. But look at things now: commodity prices are down and consumer spending is up.

Forex remittances continue to be a driver toward the last quarter of 2023. OFWs are a formidable force and that is why we at Go Negosyo pour so much effort into enticing them to put up businesses here. They, much like foreign investors, need to be reassured that competent people are at the helm, and that the Philippine economy remains resilient.

This is a valuable lesson we business veterans try to share with MSMEs. There will be headwinds, but those who are prepared will be able to sail through them. The winds blow different ways and at different times; one just needs to adjust the sails and ride it out. The important thing is to have the fortitude and the knowledge to power through the difficulties.

While there are things that are beyond our control, like the weather and war, things eventually return to normal and settle down. We saw that in the prices of wheat and sugar. We know this first-hand in RFM, when, after commodity prices skyrocketed, they reached a peak and started coming down – enough to restore our margins and improve our profits. With stable prices and a sense of stability restoring confidence, businesses can move on and even invest in expansion, creating jobs for more people.

With this confidence among the bigger companies, brisk business among the MSMEs cannot be far behind. *Sari-sari* stores, for example, benefit from stronger consumer goods companies as a robust logistics system and competition among the big manufacturers benefit them in terms of more competitive prices and retailer incentives.

This is why big corporations keep a close eye on the men and women at the helm of the country's economy. When we feel that the President has chosen well, we are confident in the decisions they make.

I believe this also manifests in how well the PSAC (Private Sector Advisory Council) is working together. The PSAC was set up early in the President's term to advise the President on jobs, health, digitalization, infrastructure, agriculture and tourism. Today we are seeing the synergy growing and maturing. Our team in the jobs sector, all fellow top businessmen, have gotten into the groove of things and we are all fully engaged in the job at hand.

For some of us, the PSAC tasks go beyond recommendatory and extend into execution. I, for example, have Go Negosyo and the MSMED Council, and the PSAC Jobs recommended the creation of the Private Sector Jobs & Skills Corp. (PCORP) to create a skilled workforce.

These are all initiatives of the private sector. Nobody told them to do it. But being in the private sector has taught us a lesson or two: every project must be seen to its completion. To get things done, you don't stop at giving recommendations; instead, you have to be part of the solution. And to make sure things are sustained, you build the structures that make it possible – even easy – to implement. These are real-world solutions acquired through years of practice and even mistakes. Proposals are only as good as the paper they're written on; follow-through is the key.

And this is where that sense of ownership I mentioned earlier is so important. We must all feel that we have a stake in the country's future. Perhaps businessmen feel it more acutely because every fluctuation and every disruption is magnified and is directly quantifiable in the daily reports that we receive. Perhaps the policymakers feel the repercussions more deeply because they know where these come from and how they could have been headed off.

The PSAC will play a big part in how our economic policies move forward because they will provide support and ensure that the recommendations are

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implemented. I work together with the secretaries of the DTI, the DepEd and the DAR and I can say that partnership with the government is important in making sure that the program implementation pulls through as envisioned. Without this cooperation, we will all be throwing punches in the air.

There are so many opportunities for the Philippines. Organizations like the ADB, the World Bank and the IMF remain optimistic and expect the country's economy to be among the fastest-growing in the region. The numbers show that we are experiencing broad-based growth, and a young, digital-savvy population will be our edge.

Opportunities are with us, but we have to stay confident and reject the pessimism. The government cannot do it alone. We in the private sector must be there alongside them because we are all in this together.

With teamwork, 2024 will be a great year.

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The Manila Times®

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Analysts: Inflation moderated in Dec

BY JENICA FAYE GARCIA

INFLATION likely moderated for a third straight month in December due to the decline in global crude oil prices, analysts said.

The median forecast in a survey of nine economists by *The Manila Times* was 4.0 percent, within the Bangko Sentral ng Pilipinas' (BSP) 3.6-percent to 4.4-percent projection for the month, also in the range of November's 4.0 percent, but down from the year-earlier 7.8 to 8.0 percent.

A 4.4-percent inflation figure would be a rise from 4.1-percent recorded in November. Meanwhile, 3.6 percent would mean that interest rate hikes had finally dampened inflation back to the 2.0- to 4.0-percent target.

Almost all analysts polled see inflation easing in December, with one predicting an uptick due to tight rice supplies that continues to drive upward the consumer price index.

Inflation data for December will be released by the Philippine Statistics Authority on Friday, Jan. 5, 2024.

Despite a surge in spending, Emmanuel Lopez, Colegio de San Juan de Letran economist, said that 3.6 percent for the month of December is attainable, owing to stable prices of petroleum products.

"I surmised that the inflation rate for December is at 3.6 percent, down from 4.1 percent from last month's (November) rate. Despite the surge in spending, prices remain pretty stable including basic petroleum products," Lopez said.

"We expect a pretty good outlook until early next year including a strong peso vis-a-vis the US (United States) dollar," he added.

Bank of the Philippine Islands senior economist Emilio Neri and China Banking Corp. chief economist Domini Velasquez, meanwhile, expect December inflation to slow down to 3.9 percent. While there is price pressure, particularly from rice, meat and fruits, they stressed that this would be offset by the decline in the prices of vegetables, electricity, among others.

"Rice prices continue to increase but price increases in other items were more moderate. There is an increasing probability that the BSP will meet its inflation target this year," Neri added.

"Much of the upward price pressures in December still primarily came from food, particularly rice, meat, fish and fruits. However, their impact was partially offset by declines in the prices of vegetables, eggs, sugar and electricity.

➤Inflation B2

INFLATION FROM B1

Analysts: Inflation

Additionally, despite recent oil price hikes, domestic pump prices, on average, were lower month-on-month," Velasquez said.

However, Neri said that it is not yet time to "rule out" price spikes in rice or other commodities due to the effects of climate change, the energy transition, Covid-driven changes in consumer patterns, and trade and political tensions.

Union Bank chief economist Ruben Carlo Asuncion, HSBC Global Research economist Aris Dacanay and Philippine National Bank economist Alvin Arogo all predicted a decline of the December inflation rate to 4.0 percent.

Asuncion said this will be caused by a combination of expectation for food inflation to decline and "lead the pack in sustaining the disinflation trend as we end the year."

Dacanay stressed that global oil prices has moderated in December, but implied that "inflation is more-or-less sticky," referring to the effects of the November inflation.

"This is because the drop in fuel prices was likely offset by the rise in global rice prices as these re-spiked due to El Niño risks," he added.

"Moving forward, elevated rice prices will likely put a floor under how much inflation can ease in the Philippines throughout 2024. In addition, the Christmas rush might have also kept inflation sticky as it reintroduced a wave of demand over the archipelago," he added.

Arogo, for his part, said that "upside pressures may have emanated from the increase in certain agricultural commodities, rebound in crude oil prices, and potential pass through of minimum wage hikes."

Rizal Commercial Banking Corp. chief economist Michael Ricafort, meanwhile, predicted a December inflation figure of 4.1 percent, owing to the decline in global crude oil prices as well as stronger peso exchange rate versus US dollar.

"Relatively better weather conditions in most parts of the country during the month would still help food prices/inflation relatively slower," he added.

Security Bank Corp. chief economist Robert Dan Roces said inflation to be at 4.3 percent for December, owing to the increase on the prices of food, restaurants, accommodation services, and personal care services, which he

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stressed typically goes up during the holiday season.

Sun Life Investment Management and Trust Corp. economist Patrick Ella, meanwhile, predicted a 4.4-percent inflation rate in December due to tight rice supplies.

"I see no impact of (the) December inflation print on 2024 but the direction of inflation in 2024 will be key to BSP's monetary policy decision. My 2024 inflation view is still at 3.8 percent," he added.

The BSP on Friday said inflation could settle within the target, but could be higher from November's print.

Inflation is currently on a decline, nearing the upper-end target in November. However, it appears that the Philippine central bank is not yet done with its tightening cycle.

Currently, the policy rate stands at 6.50 percent, marking a 16-year peak. This follows a series of cumulative rate hikes amounting to 450 basis points (bps) that commenced in May of the previous year in response to the surge in inflation.

The BSP aims to keep inflation between 2.0 to 4.0 percent in 2024. For the upcoming year, inflation is expected to be closer to the upper limit, around 4.0 percent rather than the middle at 3.0 percent, BSP Governor Eli Remolona Jr. said.