



BusinessWorld



STOCK MARKET	ASIAN MARKETS	WORLD MARKETS	PEGO-DOLLAR RATES	ASIAN MONIES-US\$ RATE	WORLD CURRENCIES	DURAI CRUDE OIL
PSEI OPEN: 2,026.77 HIGH: 2,071.50 LOW: 2,023.76 CLOSE: 2,071.50 % CHG: +0.55% VOL: 78,838.8 PSEI: 174.8	JANUARY 21, 2021 TSEI: 2,026.77 KSEI: 2,071.50 SSEI: 2,023.76 HSEI: 2,071.50 % CHG: +0.55% VOL: 78,838.8 PSEI: 174.8	JANUARY 21, 2021 DAX: 15,143.92 FTSE: 12,464.47 Nikkei: 25,100.00 S&P 500: 3,368.79 % CHG: +0.55%	FX OPEN: P48.070 HIGH: P48.050 LOW: P48.055 CLOSE: P48.079 % CHG: +0.00% VOL: 176,328.04	JANUARY 21, 2021 LATEST 90 (LAMPUNGS) JPY: 132.10 KRW: 127.00 SGD: 1.34 HKD: 7.75 AUD: 1.32 NZD: 1.52 THB: 32.90 MYR: 4.60 IDR: 15,500 PHP: 56.50	JANUARY 21, 2021 USD: 1.00 EUR: 0.83 GBP: 0.73 JPY: 110.00 AUD: 1.32 NZD: 1.52 CAD: 1.35 CHF: 0.93 HKD: 7.75 SGD: 1.34 THB: 32.90 MYR: 4.60 IDR: 15,500 PHP: 56.50	DURAI CRUDE OIL OPEN: 28.50 HIGH: 28.50 LOW: 28.50 CLOSE: 28.50 % CHG: 0.00% VOL: 100,000

TUESDAY • JANUARY 26, 2021 • www.bworldonline.com

APL	PO.280	MO	PHI.300	BIC	FI.050	AR	PO.007	MH	PT.850	AI	PAO.000	DIO	PI2.160	PMA	P2.520	ACEN	PL.790	SPH	PS.300
Value: P12,352,400	Value: P105,951,544	Value: P552,820,380	Value: P99,201,700	Value: P31,716,404	Value: P36,830,563	Value: P20,879,766	Value: P27,352,330	Value: P24,381,833	Value: P90,833,688	Value: P10,400	Value: P1,340	Value: P1,340	Value: P1,340	Value: P1,340	Value: P1,340	Value: P1,340	Value: P1,340	Value: P1,340	Value: P1,340

Philippines bucks global decline in FDI

By Jenina P. Ibañez
Reporter

FOREIGN DIRECT INVESTMENTS (FDI) to the Philippines rose by almost a third in 2020, a stark contrast with the collapse in global FDI amid the coronavirus disease 2019 (COVID-19) pandemic, according to preliminary estimates by the United Nations Conference on Trade and Development (UNCTAD).

In its latest investment trends monitor released on Monday, UNCTAD said that the Philippines bucked the trend as FDI flows went up 29% to \$6.4 billion in 2020 from \$5 billion in 2019.

In contrast, global FDI plunged by 42% to around \$809 billion last year, mostly due to investment declines among developed countries. FDI in Southeast Asia last year declined by 51% to \$107 billion after flows to largest recipients Singapore and Indonesia shrank.

"FDI flows to developed countries fell drastically by 69% to values last seen almost 25 years ago. At an estimated \$229 billion, inflows in developed economies were only one third of the low point after the global financial crisis in 2009 (at \$714 billion)," UNCTAD said.

China was the largest FDI recipient with \$163 billion in inflows, followed by the United States with \$134 billion.

UNCTAD's investment trends monitor estimates annual figures based on partial year data.

The latest data from the Bangko Sentral ng Pilipinas showed FDI flows in the Philippines fell by around 10% to \$5.235 billion in the first 10 months of 2020. The central bank set a target of \$5.6 billion in total FDI for the year.

UnionBank of the Philippines Chief Economist Ruben Carlo O. Asuncion called UNCTAD's assessment on Philippine FDI growth against an overall decline in Southeast Asia a "surprise."

He noted in an e-mail that although he does not have the

data, outsourcing investments in the Philippines grew during and after the Severe Acute Respiratory Syndrome (SARS) epidemic in 2003-2004.

"I suspect that this may be the case here. A lot of global firms might be finding themselves looking (at) how to cut cost and one way is to outsource," he said.

European Chamber of Commerce of the Philippines President Nabil Francis said in a mobile message that the assessment demonstrates the country's ability to attract investments amid the pandemic.

"Hence, we urge the Philippine government to keep the momentum going through the passage of key economic reforms," he said, noting amendments to the Public Service Act, Foreign Investments Act, and Retail Trade Liberalization Act.

"The Philippines is among the world's most restrictive countries to foreign direct investments. Foreign investment reacts positively to liberalizing foreign restrictions,"

MIAA board shuts door to Megawide's NAIA rehabilitation proposal

By Arjay L. Balinbin
Senior Reporter

THE MANILA International Airport Authority (MIAA) board has jinked the appeal filed by Megawide Construction Corp. and its foreign partner GMR Infrastructure Ltd. seeking to overturn the revocation of its original proponent status (OPS) for the Ninoy Aquino International Airport (NAIA) rehabilitation.

"I was not present in that meeting, but I was informed that Megawide's motion for reconsideration was indeed denied by the MIAA board," Justice Secretary Mercedito L. Guervara, a member

of the MIAA board of directors, told *BusinessWorld* in a phone message on Monday.

Sought for comment, Megawide said via Vibser: "We respect the government's decision on this matter."

In a phone message to *BusinessWorld* on Monday, MIAA General Manager Eddie V. Monreal said it would issue a statement "once an official document is released citing the board's decision on the matter."

"The statement shall be published in accordance with proper protocol (i.e. resolution is signed, decision was rightfully communicated to all parties concerned)," he added.

PHL BUSINESS OPTIMISM SINKS TO NEW LOW IN SECOND HALF OF 2020

Economic optimism among mid-sized market businesses in the Philippines reached a new low in the second half of 2020 with only 49% of the respondents reporting a "slightly or very optimistic" outlook for the next 12 months, according to the Grant Thornton International Business Report released by PwC Grant Thornton. The second-half figure was lower than the 54% in the first half of 2020 and 67% in the second half of 2019, as well as the lowest since the 68% posted in the first quarter of 2016.



PHL business optimism falls to lowest since 2016

ECONOMIC OPTIMISM among Philippine mid-sized businesses continued to fall in the second half of 2020, as the pandemic continued to weigh heavily on the economy.

The PwC Grant Thornton International Business Report (IBR) on Monday said that almost half (49%) of the 50 mid-sized Philippine businesses surveyed have either a "slightly or very optimistic economic outlook" for the next 12 months.

This was five percentage points lower than the 54% in the first half last year, which was already the lowest percentage of optimistic businesses since the 68% in first quarter of 2016.

The pandemic wreaked havoc on the Philippine economy, which shrank by an average of 10% in the first nine months of 2020. Economic managers expect the full-year economic contraction at 8.3-9.5%.

Unlike the Philippines, there was an improvement in business optimism around the world in the second half of 2020, the IBR showed. The report indicated 57% of the 10,000 businesses surveyed across 32 countries had an optimistic outlook for the next 12 months, an improvement from the 43% in the first half of 2020.

The survey also showed some Philippine businesses are becoming less hopeful on their growth prospects this year.

"With optimism steadily sinking among the mindset of mid-market leaders, other key indicators are also slightly turning downwards," Grant Thornton said.

BUSINESSWORLD B-SIDE

Charter change, explained

CHARTER CHANGE (Cha-cha) is once again alive in Congress. Although business groups support the initiative to liberalize the economy, they say that amending the Constitution 35 months before the national elections will only be "divisive."

Lawmakers, they added, should instead focus on passing pending measures reforming the country's existing economic policies while the country is in the middle of a pandemic.

In this episode of B-Side, Aka Bical Party-list Rep. Alfredo A. Garbin, Jr., — chairman of the Committee on Constitutional Amendments — speaks with *BusinessWorld* reporter Kyle Aristophere T. Alencas about the resolution filed by House Speaker Lord Allan G. Velasco in 2019, which seeks to amend the "restrictive" economic provisions of the Constitution that bar foreign investors from owning more than 40% of certain industries.

►► bit.ly/95Site_Cha-cha

Gov't hopes to achieve key development goals by 2022

THE GOVERNMENT'S goal to being down poverty rate to 14% and lift the economy's status to the upper-middle income group next year can still be achieved despite the impact of the pandemic, Acting Socioeconomic Planning Secretary Karl Kendrick T. Chua said.

Mr. Chua, who also heads the National Economic and Development Authority (NEDA), said

these key development goals, which the Duterte administration adopted in 2016, will be kept in the updated Philippine Development Plan (PDP) 2021-2022.

"[These goals can still be achieved since] we had advanced progress for both in 2018 and 2020 before the pandemic," he told *BusinessWorld*.

PHILIPPINE FLOOD CONTROL ASSOCIATION (PFCOA) is a non-profit organization that advocates for flood control and management in the Philippines. It is a member of the International Association of Flood Control and Drainage Engineers (IAFCDE). PFCOA is currently working on a project to modernize the Metro Manila Flood Management Project (MMFMP) in the National Capital Region (NCR). The project is funded by the World Bank and the Philippine government. PFCOA is the lead organization for the project and is responsible for the design, construction, and operation of the project. PFCOA is also responsible for the training and capacity building of the project staff. PFCOA is a member of the International Association of Flood Control and Drainage Engineers (IAFCDE) and the International Association of Great Lakes Resear-



The need to protect flood-management infrastructure from floods

Eleven years ago in September 2009, Tropical Storm Ondoy (international name: Ketsana) plunged many parts of the National Capital Region (NCR) into waist-to-rooftop-level floodwaters. The people of NCR, especially those in the cities of Pasig, Quezon, Manila, Caloocan, Muntinlupa, and Marikina lost their homes and livelihoods. Some, unfortunately, lost their lives. Cold, tired, hungry, and weak, some even had managed to climb the highest parts of their houses, waiting for the flood to cease.

Eleven years later, with the horror of Ondoy still in the consciousness of some, another typhoon struck the capital. Typhoon Ulysses (Vamco), again, brought the people of NCR to another horrendous, heart-stopping calamity.

"Déjà vu? It's happening again."

In Quezon City, Ulysses recorded a rainfall intensity of 150 millimeters of rain within a 24-hour period; Ondoy, on the other hand, dumped 411 millimeters within a nine-hour period. Considering this, Ulysses should have been less destructive than Ondoy. Or so we thought.

Despite the smaller total amount of rainfall dumped by Ulysses, we saw major flooding situations in many parts of NCR — especially in Marikina City.

The Philippine Atmospheric, Geophysical and Astronomical Services Administration (PAGASA) noted that the occurrence of three more storms before Ulysses contributed to the massive flooding: Typhoon Pepito (Saude), Typhoon Quinta (Molave), and Super Typhoon Rolly (Goni).

PUMP OUT THE FLOOD

In the 1970s, water pumping stations were built as a solution for NCR's flood problem. These stations work as a means for pumping out the water from the flooded

MAP INSIGHTS DR. ANDREAS KLIPPE

Floodwater does not choose which pumping stations are "modernized" and which are not. Floodwater does not stop even at the most modern infrastructure. It just does what it usually does — flow toward us and inundate us.

areas to the river or any body of water. Without these pumping stations doing their jobs, we can be certain that the whole of NCR will be plunged underwater.

Currently, there are 64 pumping stations in the capital according to Metro Manila Development Authority (MMDA). Because they help the floodwater subside immediately, it is necessary that the pumping stations are working efficiently.

However, considering the extremity of flood problems, the Department of Public Works and Highways (DPWH) and the MMDA, with financial funding from the World Bank, have set up a plan that will improve NCR's resilience to flooding.

This initiative gave birth to the Metro Manila Flood Management Project. Basically, one of the aims of this project is to improve the urban drainage system, modernize existing pumping stations and construct new ones. The project will modernize 36 existing pumping stations around NCR. It will also put up 20 new pumping stations. This is thought to be a very noble cause since a lot of the drainage pipes and pumping stations were built 50 years ago and need some serious renovation.

OH, THE IRONY!

Water pumping stations are supposed to manage flooding so it is so ironic when they are flooded. Flooding occurs when accumu-



ESTERO DE SUNOG APOG Pumping Station started operating on Oct. 27, 2020.

lated garbage clogs the drainage or the river overflows and drenches the stations.

Flooding can damage the mechanical and electrical components of the pumping stations. It can also cause corrosion and leakage. When a piece of equipment is damaged, it needs to be repaired. Repairing requires money to be spent. Repairing requires time to be spent.

Not only that, the problem escalates when another typhoon surfaces in the midst of repairing a pumping station destroyed by a preceding typhoon. What if a series of typhoons continuously batter the country in just a few months and we are in the middle of repairing a destroyed pumping station? Do you honestly think we can proceed with repairing?

IS MODERNIZING ENOUGH?

Given these, the question about the sustainability of water pumping situations is put into question.

One may also ask if it is enough to just modernize them. Floodwater does not choose which pumping stations are "modernized" and which are not. Floodwater does not stop even at the most modern infrastructure. It just does what it usually does — flow toward us and inundate us.

Do you remember Hurricane Katrina that struck the United States in 2005? This Category 5 Atlantic Hurricane damaged a water system that consisted of 125 miles of pipes and 90 pumping stations. A study by Elizabeth Chilsom titled "Impact of Hurricanes and Flooding on Buried Infrastructure" spells the damage that flooding brought to the water system. According to the study, "Flooding exposed pipes to conditions such as subsidence, soil swelling, and the loss of bedding support through the infiltration of water... It took four days to repressurize the water system..."

If this can happen to a developed country, what are the chances of it happening to the Philippines? We cannot be left unguarded to what can happen in the next months and the next years. If Ulysses, which dumped less rain than Ondoy, can cause massive flooding, how sure are we that we will not be flooded by another "ordinary" typhoon? We cannot be sure of anything; we cannot let our guard down.

The Philippine government has done much with this initiative of improving the water pumping systems. However, we should always consider that these stations can also be prone to flooding. Flood-protecting the stations can save the government a lot of worry. It can focus on other matters like providing support to the residents stricken with flood. The government can also save a lot of money because there is no need for unnecessary repair.

BLOCK THE FLOOD

One effective solution for protecting infrastructure is the setting up of barriers. Flood barriers are structures that are put around a house, a property, a building, or a piece of equipment to stop floodwater from getting into it during heavy flooding caused by typhoons or intermittent rain.

Efforts to modernize the water pumping systems — thanks to the DPWH and MMDA, with the World Bank — are good, but they may not be enough. We have to protect the stations. We have to protect the equipment therein. There are many problems that cannot be easily solved by merely "modernizing."

There is still the issue with garbage. There is still a problem with the river overflowing. There is still a concern about low-lying areas. Modernizing the water pumping stations, as I have mentioned, is a noble cause. But it is not enough.

What we need to do is protect these infrastructures with flood barriers. Only when we protect them can they also protect us against floods. And only when we are protected will we continue protecting our families and our properties. ■

This article reflects the personal opinion of the author and does not reflect the official stand of the Management Association of the Philippines (MAP).

DR. ANDREAS KLIPPE is the Chair and President of Flood Control Asia RS Corp., Clark, Pampanga. He is responsible for all RS activities in Asia/Pacific, Chair of the North Luzon Chapter of the European Chamber of Commerce of the Philippines. He is a speaker, a writer, a German engineer, and a Philippine resident.
map@map.org.ph
a.klippe
@floodcontrolasia
http://map.org.ph

