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SPECIAL POINTS OF INTEREST

Philippine economy likely rebounded in Q3

November 06, 2023 | Lawrence Agcaoili | The Philippine Star

MANILA, Philippines — Economic growth likely grew at a faster pace in the third quarter after slowing for three straight quarters amid challenges brought about by elevated inflation and soaring interest rates, according to economists.

Economic growth slowed to 6.4 percent in the first quarter and 4.3 percent in the second quarter of this year. The economy grew by 7.5 percent in the fourth quarter of last year.
Philstar.com / Irra Lising,file

Jun Neri, lead economist at Ayala-led Bank of the Philippine Islands, said the country's gross domestic product (GDP) growth likely accelerated to 6.1 percent in the third quarter.

Economic growth slowed to 6.4 percent in the first quarter and 4.3 percent in the second quarter of this year. The economy grew by 7.5 percent in the fourth quarter of last year.

"Government outlays appear to have improved in the third quarter compared to the second quarter, however, the faster inflation in August and September was likely a damper on consumer confidence," Neri said.

The economy grew by 5.3 percent in the first half and needs to grow by at least 6.6 percent in the second half to at least meet the lower end of the six to seven percent growth target penned by economic managers.

BPI said economic growth may slow to 5.8 percent this year after accelerating to 7.6 percent last year from 5.7 percent in 2021.

The economy contracted by 9.5 percent in 2020 due to strict COVID quarantine and lockdown protocols.

"We think the biggest risk to the fourth quarter growth is inflation remaining elevated. A huge challenge to growth is softening investment activity, particularly in construction as materials remain expensive and high vacancy rates in office real estate keep some developers cautious," Neri warned.

The Bangko Sentral ng Pilipinas (BSP) has raised key policy rates by a total of 450 basis points, including the 25-basis-point off-cycle hike on Oct. 26, to prevent supply-side price pressures from inducing additional second-round effects and further dislodging inflation expectations.

Michael Ricafort, chief economist at Rizal Commercial Banking Corp., said the GDP growth likely quickened to six percent in the third quarter after slowing further to 4.3 percent in the second quarter.

Ricafort said the growth was supported by catch up spending by the national government, especially on infrastructure, after some underspending earlier in 2023.

Ricafort also cited the robust remittance growth from overseas Filipino workers (OFWs), improving employment data after the global health pandemic, low base effect in the third quarter of last year, local election-related spending, and the recovery in both foreign and local tourism.

However, the economist noted that higher prices could further reduce spending by consumers, businesses, government, and other institutions.

The Yuchengco-led bank sees the Philippine economy growing within a range of 5.5 to six percent this year. *[Cont. page 2]*

Philippine economy likely rebounded in Q3

[Cont. from page 1]

Security Bank chief economist Robert Dan Roces said the economy may have expanded by five percent during the July to September period, largely supported by increased government expenditure.

Roces added that private consumption would remain the driver, albeit slower with demand waning due to inflation, but expects surprises with the upcoming holiday season.

"Nevertheless, we observe a waning consumer demand that may act as a drag on private consumption," Roces said.

Security Bank expects the GDP expansion to slowdown this year to 5.6 percent from 7.6 percent last year.

Inflation averaged 6.6 percent from January to September, well above the BSP's two to four percent target range. After easing for six straight months to 4.7 percent in July from a peak of 8.7 percent last January, the rise in the prices of essential goods and services quickened to 5.3 percent in August and 6.1 percent in September.

China Bank chief economist Domini Velasquez believes the GDP growth settled at 4.9 percent in the July to October period.

"Household spending was still resilient although we estimate growth to be slower, as above-target inflation further bites into demand. Government spending likely recovered after contracting in the second quarter. We saw the government ramp up spending in the third quarter, particularly for infrastructure, to catch up with the fiscal program," Velasquez said.

However, she warned that growth in public construction could be dampened by weaker activities on the private side given the high interest rate environment.

She added that goods exports are on a path to recovery, which bodes well for the country's trade performance, especially as imports would no longer benefit from favorable base effects starting the fourth quarter of this year.

"On the supply side, we expect services to remain the primary engine of growth with strong gains in transportation, accommodation, food service activities, and arts and recreation. Manufacturing likely saw some increased demand in preparation for the holidays," Velasquez said.

The economist remains pessimistic about agriculture as strong typhoons hit the country in July and August, while El Niño continues to pose a risk on production.

"Moving forward, we expect increased activities during the holiday season to bolster support to the economy, although the fourth quarter and full-year growth will still likely fall short of the government's six to seven percent target," she said.

China Bank sees the GDP growth slowing to around 5.2 percent this year before faring better in 2024 as inflation and interest rates go down.

Sanjay Mathur, chief economists for Southeast Asia and India at ANZ, said the Philippine economy likely grew higher at 4.5 percent in the third quarter from 4.3 percent in the second quarter.

Mathur cited that buoyant consumption credit growth and a rise in tourist arrivals supported growth in the third quarter, while external demand stayed weak.

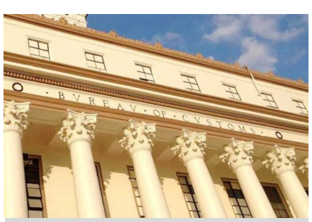
"We believe GDP growth will continue to stabilize in the coming quarters. Both monetary and fiscal policy will remain restrictive and will not support growth. We may see some boost if exports recover meaningfully but that will likely take time," Mathur added.

ANZ penned a GDP growth forecast of five percent for 2023 and 5.6 percent for 2024.

Source: https://www.philstar.com/business/2023/11/06/2309173/philippine-economy-likely-rebounded-q3

BoC now sees digitalization timeline delayed to 2026

November 05, 2023 | Luisa Maria Jacinta C. Jocson | BusinessWorld



PHILSTAR FILE PHOTO

THE Bureau of Customs (BoC) is seeking to postpone the full digitalization of its processes to 2026, citing procurement delays.

"We're asking for 2026, just a little bit of an adjustment, because of some delays that we've experienced… we've been asked to at least restructure a little bit (and) give a little bit of an extension to the original timeframe," Customs Assistant Commissioner Vincent Philip C. Maronilla told reporters.

"This is the first time we're doing this together with the World Bank. Unfortunately, there are intricacies in our procurement processes and the procurement processes of the World Bank that there were adjustments that needed to be made, that caused a little delay," he added.

Mr. Maronilla said the BoC is still "optimistic" about the progress made under its initial 2025 timetable.

"We still have 2024 and 2025, that's two years. But if you base it on the original timeline and delays that have happened, that's what we're basing the 2026 extension on. Even if we're able to implement it by 2025, there are other catch-up systems that we need to put up," he added. *[Cont. page 3]*

BoC now sees digitalization timeline delayed to 2026

[Cont. from page 2]

Mr. Maronilla said that the agency's digitalization rate will be 98% this year.

"Right now, conservatively, we're predicting we're at that because some of the systems that we're trying to finish up are systems we need to integrate with other agencies and other offices and are dependent on the level of preparedness of the systems of those agencies," he added.

The remaining processes to be digitalized mostly have to do with port operations rather assessment, Mr. Maronilla said.

The Philippines Customs Modernization Project was approved by the World Bank in 2020. It aims to improve the efficiency of the agency and reduce trade costs.

Customs has reported collections in the 10 months to October of P739 billion, exceeding its target by 2.4%.

In October, revenue hit P78.616 billion, up 1.4% against target.

Source: https://www.bworldonline.com/economy/2023/11/05/555510/boc-now-sees-digitalization-timeline-delayed-to-2026/

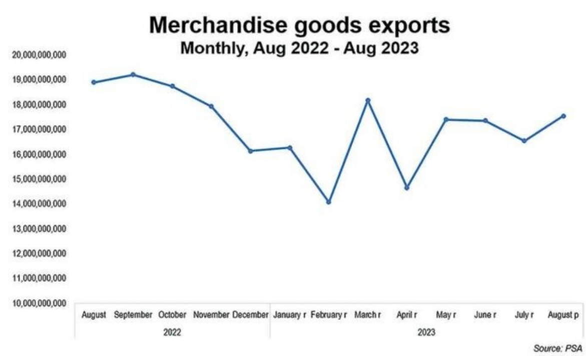
Exports to fall short of goal

November 06, 2023 | Irma Isip | Malaya Business Insight

The Philippines hopes to grow by 5 percent its exports of goods and services this year from $98 billion in 2022, according to Ceferino Rodolfo, undersecretary of the Department of Trade and Industry (DTI).

That would be around $103 billion, $24 billion short of the $127-billion target set under the Philippine Export Development Plan (PEDP).

Rodolfo said while this year's growth projection is slower than the target set by the Development Budget Coordinating Committee (DBCC), the Philippines continues to perform better than its neighboring countries in exports.



Rodolfo added services will continue to drive exports this year.

The DBCC has set the exports target growth at 1 percent for goods and 6 percent for services.

Bianca Sykimte, director of the Export Marketing Bureau, said it may be difficult to attain the $127 billion exports target set for 2023 under the PEDP due to the geopolitical tensions in the Middle East, inflation and less favorable recovery of China.

Sykimte said exports of goods fell 6.6 percent in the first eight months this year but August numbers were up 4.2 percent year-on-year.

"We are the only country among the Asian economies we are tracking that grew in August," Sykimte said, adding Japan, Thailand Hong Kong, Vietnam, Taiwan, Korea, China, Singapore, Malaysia and Indonesia all declined in terms of exports.

Year-to-date, Sykimte said, the Philippines is in the middle of the pack with the lowest decline compared to Malaysia which was down 7.8 percent; Vietnam, 9.6 percent; Indonesia, 11.8 percent; Singapore, Hong Kong and Taiwan, by double digit rates.

The only countries that performed better than the Philippines are Japan which grew 2.1 percent; China which fell 5.1 percent and Thailand, 5.4 percent.

"These numbers are very telling. Vietnam and Indonesia recorded bigger declines. Our numbers are better comparatively even with the countries which others always refer to as performing better (than the Philippines). It is always good to check the numbers," Rodolfo said.

Year-to-date exports of electronics, which accounts for the biggest share, were down 4 percent.

According to Sykimte, exports of services as of the first half rose 22 percent primarily driven by travel services or tourism which jumped from $800 million to $4 billion.

She said other service exports like information technology-business process management, telecommunication, computer and information services and other businesses went up 429 percent.

She noted a big decline was registered in manufacturing services including assembly and test packaging, down 23 percent.

Source: https://malaya.com.ph/news_business/exports-to-fall-short-of-goal/

S&P: Asia Pacific aviation sector on path to full recovery by 2024

November 06, 2023 | Tyrone Jasper C. Piad-@inquirerdotnet | Philippine Daily Inquirer

INQUIRER.NET

The aviation sector in Asia-Pacific, including the Philippines, is now on its path to full recovery as early as next year as passenger volume continues to show momentum post-lockdown, according to S&P Global Ratings.

The credit rating agency, in a recent report, said that passenger air traffic in the region was expected to return

"Demand-supply dynamics are favoring aviation-related sectors in Asia-Pacific," said S&P Global Ratings credit analyst Isabel Goh.

S&P noted that the revenue passenger per kilometer—which measures air traffic for jets—in the region reached 93 percent of prepandemic levels in August.

According to data from Association of Asia Pacific Airlines, the carriers in the region serviced 194 million passengers in the first three quarters, showing growth of more than 200 percent year-on-year.

The recorded passenger volume was 69 percent of the 281 million passengers the Asia-Pacific airlines flew in the same period in 2019 or prior to the pandemic.

Locally, the Manila International Airport Authority (MIAA) reported that Ninoy Aquino International Airport (Naia) saw passenger volume grow by 59 percent to 33.76 million from January to September. This was about 95 percent of the prepandemic levels.

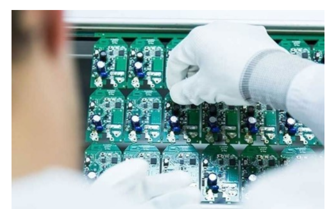
The country's main international gateway accommodated 206,050 flights as of September, up 31 percent from a year ago. MIAA is optimistic that it would achieve year-end projections of 45 million passengers and 275,000 flights served as Naia continues to welcome more guests.

Source: https://business.inquirer.net/430097/sp-asia-pacific-aviation-sector-on-path-to-full-recovery-by-24

IBPAP, SEIPI partner to boost exports

November 05, 2023 | Catherine Talavera | The Philippine Star

MANILA, Philippines — The IT and Business Process Association of the Philippines (IBPAP) and the Semiconductor and Electronics Industries in the Philippines Association (SEIPI) have partnered for various initiatives aimed at boosting the country's exports.



In a statement, the IBPAP said it recently signed a memorandum of agreement (MOA) with SEIPI as both groups recognized the need for the alignment in their priorities for the future.
STAR / File

In a statement, the IBPAP said it recently signed a memorandum of agreement (MOA) with SEIPI as both groups recognized the need for the alignment in their priorities for the future.

"The partnership is geared towards amplifying the positive impact of their respective sectors in driving economic progress, fostering innovation, and promoting environmental, social & governance (ESG) initiatives in the country," IBPAP said.

The group emphasized that the IT-BPM sector and the semiconductor and electronics industry contribute significantly to the Philippine economy in terms of jobs and revenues, adding that combined, they account for more than 20 percent of the country's gross domestic product (GDP).

"This historic collaboration marks a pivotal milestone in the Philippine business landscape, uniting the country's leading commodity exporters in a strategic effort to bolster exports and propel the nation's economic growth," SEIPI president Dan Lachica said.

"The partnership is poised to harness the collective strengths of SEIPI and IBPAP, heralding a new era of innovation, efficiency, and global competitiveness for the Philippine export industry," he said.

The MOA covers five key areas of cooperation which aim to help accelerate the growth of both industries in the Philippines.

Among these areas include ease of doing business, ESG agenda, industry development, investment promotion and job creation, and technology and artificial intelligence (AI).

Under the ease of doing business, the partnership seeks to create a more business-friendly environment through consistent engagement with the national and local governments and by advocating for policy reforms that simplify and streamline business processes for investors.

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In terms of ESG agenda, the partnership aims to collaborate on initiatives that address current and emerging social, environmental, and corporate governance issues.

For industry development, the groups look to foster higher value business process outsourcing (BPO) services in the semiconductor and electronics sector for Research & Development and Integrated Circuit Design.

In the area of investment promotion and job creation, the groups seek to attract and retain investors through comprehensive marketing and communication strategies, which enhance job opportunities.

Under the technology and AI area, the partnership seeks to leverage on new technologies such as AI to improve the inventory of practices of both industries, encourage knowledge sharing, and implement projects to promote the use of other emerging tools.

“This reaffirms IBPAP’s commitment to drive the sustained growth of the IT-BPM sector, generate more employment opportunities for Filipinos, and enable our economy’s upward trajectory,” IBPAP president and CEO Jack Madrid said.

“Guided by the Philippine IT-BPM Industry Roadmap 2028 and in line with the IT-BPM ESG Program, we will continue to engage with our stakeholders in the government, academe, and allied sectors such as the Semiconductors and Electronics industry,” Madrid said.

Source: https://www.philstar.com/business/2023/11/05/2308932/ibpap-seipi-partner-boost-exports

SEC extends amnesty to Dec 31

November 07, 2023 | Ruelle Castro | Malaya Business Insight

The Securities and Exchange Commission (SEC) is extending anew its deadline for non-compliant and suspended or revoked corporations to December 31, from an earlier announced extension to November 3.

This is the last chance to avail of lower fines and penalties for late regulatory filings.

The amnesty program, extended under Memorandum Circular 20 series of 2023, provides corporations that have incurred penalties for the late and non-filing of their general information sheet (GIS), annual financial statements (AFS) and official contact details, a reduction on penalties for non-compliance with their reportorial requirements.

The SEC will increase the penalty after the amnesty is over.

“Corporations may avail of amnesty by accepting the web-based expression of interest form on their SEC Electronic Filing and Submission Tool (eFAST) accounts. Submission of all other requirements will be accepted until Jan. 31, 2024, so long as the company has filed its expression of interest before December 31,” the SEC said.

“Non-compliant corporations must also upload and submit their latest due GIS and AFS on eFAST before Jan. 31, 2024. Suspended and revoked corporations must submit their respective petitions to lift their suspension or revocation on eFAST, along with their latest GIS and AFS, within the same period,” it added.

For suspended and revoked corporations, additional requirements such as copies of their certificates of incorporation, latest mayor’s or business permits, and certificates of registration with the Bureau of Internal Revenue must be submitted to the SEC Company Registration and Monitoring Department or to the nearest SEC Extension Office, initially through email by January 31, 2024.

“Should an applicant fail to submit the complete set of requirements by Jan. 31, 2024, the amnesty fee paid, as well as the P3,060 petition fee initially collected from suspended/revoked corporation, shall be forfeited in favor of the SEC,” the agency said.

Last month, the SEC released a list of 22,403 ordinary corporations that are in danger of having their certificates of incorporation revoked for their failure to submit their GIS within five years from the date of incorporation.

It also listed 298,335 ordinary corporations that have failed to submit their GIS for three times consecutively or intermittently within a five-year period.

“Such corporations are advised to avail of the amnesty program to avoid getting tagged as delinquent or having their corporate registrations suspended or revoked,” the SEC said.

“Going forward, the SEC will strictly enforce the submission of reportorial requirements by corporations, and impose the corresponding penalties,” it added.

The penalties may be in the form of monetary fines, placement of the erring corporation under delinquent status, and suspension and revocation of a corporation’s certificate of incorporation, as provided under the Revised Corporation Code or Republic Act 11232.

Source: https://malaya.com.ph/news_business/sec-extends-amnesty-to-dec-31/

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