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Net inflow of FDIs to PH hit 3.5-year low in Sept

December 12, 2023 | Ronnel W. Domingo | Philippine Daily Inquirer

MANILA -The net inflow of foreign direct investments (FDI) to the Philippines fell by 42 percent to \$422 million in September—from \$731 million in the same month last year—when high inflation and hawkish monetary policy outlook both here and in major global economies were showing little signs of letting up.

This was the lowest in about three and a half years or since the \$314 million recorded in April 2020, according to data from the Bangko Sentral ng Pilipinas (BSP).

Also, the readout for September represents a 46-percent drop from \$790 million in August 2023.

The BSP said that, in particular, there was a 48-percent contraction in nonresidents' net investments in debt instruments, pegged at \$238 million from \$456 million in September last year.



Bangko Sentral ng Pilipinas. (File photo / Philippine Daily Inquirer)

There was also a 44-percent plunge in nonresident's investment in equity capital other than reinvestment of earnings, which settled at \$105 million from \$187 million.

Further, nonresidents' net reinvestments of earnings eased by 9.9 percent to \$79 million from \$87 million.

Most of the inflows that went into equity capital placements continued to come from Japan, Singapore, and the United States.

Jan-Sept tally also down

These were invested into companies that were engaged in finance and insurance, construction and manufacturing.

The results for September brought the January-September tally to \$5.9 billion, dipping by 15.9 percent from \$7 billion in the same period last year.

"FDI declined [during those nine months] on the back of persistent global economic uncertainties, which continued to affect investor decisions," the BSP said.

Reforms needed

In September, inflation in the Philippines renewed an uptrend, prompting the BSP to telegraph plans for further tightening that was announced in October.

Last week, in an update on the World Bank's economic outlook on the Philippines, the multilateral lenders said the government needed to implement reforms—especially laws that were recently enacted—to boost private investment.

"Persistently high inflation amid volatility in global commodity prices, the high cost of borrowing for businesses and households, and geopolitical uncertainty have affected private investments," said Ndiame Diop, World Bank country director for the Philippines.

"Full implementation of key recent reforms is important to mitigate these challenges, stimulate private investment and promote job creation and poverty reduction," Diop added.

The World Bank was referring to new laws that include amendments to the Public Services Act allowing full foreign ownership of businesses in industries such as airports, railways, expressways and telecommunications; the Retail Trade Liberalization Act lowering the paid-up capital requirement for foreign retail enterprises; the Foreign Investment Act allowing international investors to set up and own domestic enterprises, including micro and small enterprises; and amendments to the implementing rules and regulations of the Renewable Energy Act allowing foreign ownership of renewable energy projects.

Source: <https://business.inquirer.net/436688/net-inflow-of-fdis-to-ph-hit-3-5-year-low-in-sept>

Trade deficit likely narrowed in October — UK think tank

December 12, 2023 | Louella Desiderio | The Philippine Star



Pantheon Macroeconomics chief emerging Asia economist Miguel Chanco and senior Asia economist Moorthy Krshnan said the Philippines' trade deficit likely improved to \$3.150 billion in October.

STAR / Ernie Penaredondo

MANILA, Philippines — The country's trade deficit is expected to have narrowed in October compared to the previous month due to the likelihood of a more significant drop in exports, while imports are seen to have registered a smaller decline, according to the United Kingdom-based think tank Pantheon Macroeconomics.

In a report, Pantheon Macroeconomics chief emerging Asia economist Miguel Chanco and senior Asia economist Moorthy Krshnan said the Philippines' trade deficit likely improved to \$3.150 billion in October.

Data released by the Philippine Statistics Authority last month showed the balance of trade in goods or the difference between the value of the country's exports and imports amounted to a \$3.51 billion deficit in September, lower than the \$4.83 billion gap in the same month a year ago.

The September trade gap is also smaller compared with the \$4.13 billion trade shortfall in August.

Chanco and Krshnan said that the October trade gap would mask a decline in export growth to -8.9 percent during the month from -6.3 percent in September "due to adverse base effects."

Meanwhile, the think tank expects the contraction in imports to ease to -7.7 percent in October from the previous month's -14.7 percent.

The value of the country's merchandise export sales slid 6.3 percent to \$6.73 billion in September from \$7.18 billion in the same month last year.

The country's imports also dropped 14.7 percent to \$10.24 billion in September from \$12.01 billion in the same month a year ago.

For the first nine months, the country had a trade deficit of \$39.82 billion, lower than the \$46.69 billion the previous year.

The country's merchandise exports were down 6.6 percent to \$54.54 billion in the January to September period.

Imports value dipped 10.2 percent to \$94.36 billion.

The PSA is set to release data on international trade today (Dec.12).

Source: <https://www.philstar.com/business/2023/12/12/2318117/trade-deficit-likely-narrowed-october-uk-think-tank>

Congress renews push for Charter amendments on economic provisions

December 12, 2023 | Reuters, Wendell Vigilia and Irma Isp | Malaya Business Insight

Lawmakers are considering efforts to amend the country's Constitution to ease restrictive provisions on economic ownership, a top congressional leader said on Monday.

Malaya
Business Insight

"We want to lift the restrictive provisions vis a vis the economy," House Speaker Martin Romualdez said in an economic briefing.

Trade Secretary Alfredo Pascual expressed support to the proposal saying "this will make our country more competitive in attracting foreign investments — needed for creating high-quality jobs for our people."

Romualdez said the amendments will allow lawmakers to "regulate" economic sectors that can be opened for foreign investors.

Romualdez said the amendments should be undertaken through a People's Initiative because the two other modes provided for by the fundamental law of the land cause procedural issues, particularly on how the House and the Senate should vote on the amendments.

"We will highly recommend that we embark on a people-centered initiative to cure this impasse, so to speak, on how we vote. And I hope that we can undertake this as soon as possible so we could have some clarity on the procedures. We'd like to have that (procedural problem) resolved by and through a people's initiative," Romualdez told the Philippine Economic Forum in Iloilo.

Romualdez said top congressional leaders of the country's political parties were to meet yesterday to discuss procedural issues that have hampered past efforts to amend the Philippines' 1987 constitution. *[Cont. page 3]*

Congress renews push for Charter amendments on economic provisions

[Cont. from page 2]

Foreign business chambers have been urging Congress to lift current limits to foreign investment, including the so-called 60-40 rule, which caps foreign ownership of local firms at 40 percent.

Past efforts to rewrite the constitution have failed. Critics have said efforts to amend the constitution could also open doors for lawmakers to lift term limits for elected officials.

The House has long been pushing to amend the 36-year-old Charter's economic provisions to attract more foreign investments.

Romualdez said that while the 1987 Constitution provided three modes for amending it, the Charter does not explicitly say if the House and the Senate should vote jointly or separately, an issue that can only be decided by the Supreme Court once the voting is done.

"I'm going to be sharing with you things that I've not shared with the public," he said. "I will actually be pre-empting our all-party leaders' caucus this afternoon and sharing it with you here in Iloilo. We are thinking of addressing the procedural gap or question as to how we amend the Constitution."

The People's Initiative mode was floated in 2018 by then Southern Leyte Rep. Roger Mercado, who was the chair of the House Committee on Constitutional Amendments.

Lawmakers have long been trying to exercise their constituent powers by treating Charter change resolutions like an ordinary bill but the plan never came to fruition because of the legal question on how the voting should be undertaken.

Another option the previous Congress explored under the Duterte administration was the expensive Constitutional Convention which involves electing delegates who would propose the amendments or even a revision of the Constitution.

Source: https://malaya.com.ph/news_business/congress-renews-push-for-charter-amendments-on-economic-provisions/

Creative industry growth seen at up to 8% in 2024

December 11, 2023 | Justine Irish D. Tabile | BusinessWorld



PHOTO COURTESY OF THE METROPOLITAN THEATER

THE creative industry is expected to grow between 6% and 8% next year in terms of gross value added, with the Department of Trade and Industry (DTI) actively promote the sector's growth, an official said.

Rafaelita M. Aldaba, undersecretary for DTI's Competitiveness and Innovation Group, said the industry grew by double-digit levels in the third quarter, adding confidence to the 2024 forecast.

"We had 15.5% year-on-year growth in the third quarter so we are hoping that that will translate to around 6-8% for next year," Ms. Aldaba told reporters.

"For this year, we are hoping that it will still grow in the last quarter considering all these activities that we're undertaking," she said.

In the third quarter, the creative industry generated P52.8 billion in gross value added. It accounts for 7.3% of the Philippine economy or P1.6 trillion in 2022.

The Philippine Statistics Authority reported that the symbols, images and other related activities segment accounted for 32.9% or P528.35 billion of the creative economy last year.

Rounding up the top three contributors were advertising, research and development, and other artistic service activities (20.8%) and digital interactive goods and service activities (20.3%). The other segments are audio and audiovisual media activities; media publishing and printing; music, arts and entertainment; visual arts; traditional cultural expression; and art galleries, museums, ballrooms, conventions and trade shows.

The creative industry employed 6.98 million workers in 2022, mostly involved in traditional cultural activities.

In September, Ms. Aldaba said that the creative industry is projected to register double-digit growth in the next three years and achieve its goal of becoming among the top creative economies in ASEAN.

Source: <https://www.bworldonline.com/economy/2023/12/11/562964/creative-industry-growth-seen-at-up-to-8-in-2024/>

Summit to focus on security matters, trade issues — DFA

December 12, 2023 | Samuel Medenilla | BusinessMirror

Regional security matters, including the South China Sea (SCS) territorial disputes, and business opportunities are among the issues that will be discussed by President Ferdinand R. Marcos Jr. and other participating leaders in the Association of Southeast Asian Nations (Asean)-Japan Summit in Tokyo.

However, the Department of Foreign Affairs (DFA) said the pending Reciprocal Access Agreement (RAA) between Philippines and Japan is unlikely to be signed at the event commemorating the 50th Anniversary of Asean-Japan relations from December 16 to 18.

In a press briefing in Malacañang last Monday, DFA Assistant Secretary Daniel R. Espiritu said a Joint Vision Statement of Asean and Japan and the plan for its implementation will be issued during the summit.

“The joint statement covers the inter-gamut of relations between Asean and Japan. What we call the three pillars of Asean, are political-security matters, which include defense issues, and transnational crimes, but also economic issues, trade and investment, socio-cultural issues, people-to-people exchange issues, climate change, and again, etcetera,” Espiritu said.

The exact details of the statement are still being negotiated in Jakarta, Indonesia, according to the DFA official.

When asked if Marcos will be raising the recent aggression by China in the country’s territory in the SCS, which resulted in damages to some Philippine sea vessels during the weekend, Espiritu said the matter may be discussed “within the Asean context” during the summit proper on December 17.

Other issues to be tackled in the summit are trade and investment, supply chain, connectivity and infrastructure, climate change, and food and energy security.

On the matter of the RAA, which will allow the country to hold joint military exercises with Japan, Espiritu said the negotiations for

He noted the accord is unlikely to be finalized during the President’s upcoming bilateral talks with Kishida. “An RAA will require a long time to make, so I don’t think it could be done in just one sitting,” the DFA official said.

The DFA stressed the importance of the President’s participation in the Summit since the country is one of the top beneficiaries of the Japan International Cooperation Agency (JICA), particularly its youth and people-to-people exchange programs.

“We have a stronger relation with Japan than many, if not all, of the members of Asean. And this is even becoming more intensified in the last few years because of common security and economic concerns,” Espiritu said.

“At the same time, we were able to maintain the high-level of people-to-people and social cultural exchange between us,” he added.

Meetings

Aside from the Asean-Japan Summit, Marcos will also attend the Asia Zero Emission Community while he is in Tokyo.

During the event, the President will try to rally international support for the country’s bid to host the board of the Loss and Damage Fund board, which was approved at the 28th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP28).

The chief executive will also once again meet with Japanese Prime Minister Fumio Kishida, who visited the country last month, and have an audience with the Japanese Emperor and Empress.

Before concluding his trip in Tokyo, he will have a roundtable meeting with business leaders organized by the Department of Trade and Industry (DTI) on December 18 to get updates on the pledges and agreements, which were signed during his first presidential trip in Japan last February.

The President will have at least two business meetings at the sidelines of the summit. Some of the business agreements, which may be signed in the event, Espiritu said, are on the creative economy sector and information technology.

Source: <https://businessmirror.com.ph/2023/12/12/summit-to-focus-on-security-matters-trade-issues-dfa/>



NEDA urges foreign investors to tap into PH growth, reforms

December 08, 2023 | Chino S. Leyco | Manila Bulletin

MANILA BULLETIN**AT A GLANCE**

- National Economic and Development Authority (NEDA) Secretary Arsenio M. Balisacan said the rapid economic expansion in the Philippines, the fastest in the region, presents an opportunity for foreign investors.
- Balisacan said the recent policy reforms and initiatives in the Philippines are favorable for foreign investment
- He said the government has strategies to deal with external and domestic risks to the country's growth outlook
- The NEDA chief have emphasis on leveraging the country's demographic transition for infrastructure development and job-generating investments
- The recently enacted Public-Private Partnership (PPP) Code will create a stable regulatory environment for major investments, Balisacan said.

President Marcos' chief economist said that foreign investors should leverage the Philippines' rapid economic growth, the fastest in the region, as well as its recent policy reforms and initiatives.

During the 2024 Economic Outlook Forum hosted by the European Chamber of Commerce of the Philippines, National Economic and Development Authority (NEDA) Secretary Arsenio M. Balisacan emphasized the favorable prospects of the Philippines.

Amid external and domestic risks to the country's growth outlook, Balisacan said the government has outlined strategies to address these threats.

This includes the implementation of inter-agency, non-monetary measures to tackle supply-side constraints and curb increases in food prices, as well as accelerating the efficient execution of programs aimed at boosting government spending.

"While we confront challenges in the present – and will undoubtedly encounter more in the coming years – I remain confident that we will be able to stay the course," Balisacan said.

He further stated that the government is committed to taking all necessary steps to drive and maintain the economic momentum for this year and next, and to realize its vision of providing every Filipino with a stable, prosperous, and secure way of life.

In the third quarter of 2023, the Philippine economy grew by 5.9 percent.

NEDA estimates show that the country will need to grow by at least 7.2 percent in the fourth quarter to meet the low end of the gross domestic product (GDP) growth target of six percent to seven percent for the year.

"Comparatively, the Philippines still finds itself among the best performers in the Asian region – only slower than India," Balisacan said.

"We note that the major economies and the country's peers in the region have seen their growth prospects diminished even more because of the global slowdown in economic activity," added.

Meanwhile, Balisacan emphasized the importance of leveraging the country's demographic transition, highlighting the need to build the infrastructure that, in turn, will encourage job-generating investments that can absorb the influx of younger workers.

"To capitalize on this asset of a young and dynamic workforce, we must – though it's sometimes tricky – implement the strategy of sustaining massive infrastructure spending," Balisacan said.

He sees the government's recent reforms to improve the investment ecosystem in the country to bolster the massive infrastructure spending in the coming years.

Balisacan also underscored the importance of the recently approved Public-Private Partnership (PPP) Code.

He cited how the legislation will address several concerns related to the legal and regulatory framework for PPPs that will lead to a more stable and predictable regulatory environment for significant investments.

Source: <https://mb.com.ph/2023/12/8/neda-urges-foreign-investors-to-tap-into-ph-growth-reforms>

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