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SPECIAL POINTS OF INTEREST

Foreign investments vital to hitting PHL export goals'

December 13, 2023 | Andrea E. San Juan | Business Mirror

The Philippines is seeking to attract investments in export-oriented industries to drive exports growth and enable the country to compete with its Asean neighbors, according to Trade officials.

"To achieve our exports target, it is critical for us to target investment-driven exports," Department of Trade and Industry-Export Marketing Bureau (DTI-EMB) Director Bianca Pearl R. Sykimte told reporters on the sidelines of an event organized by the Design Center of the Philippines last Monday.

"We cannot simply grow [our exports]) without foreign investments," she added.

She cited countries like Vietnam that have been able to entice investments in its export-oriented industries.

"One of Vietnam's exports is telephone sets. *Baka iyan 'yung* Samsung and that is about $65 billion," she said.

"Malaysia's exports of integrated circuits generate about $78 billion in revenues. It's roughly the total exports of the Philippines in 2022 and that is just one product," she added.

Sykimte said the DTI has reorganized its organizational structure to achieve the objectives of the Philippine Export Development Plan (PEDP).

Under the PEDP 2023-2028, the government plans to expand export revenues to $240.5 billion in 5 years.

Trade Undersecretary and Board of Investments (BOI) Managing Head Ceferino S. Rodolfo said during the National Export Congress last week that the government should aspire for a higher exports target.

"With all of the collaboration, maybe we should work towards four times or maybe five times the 2021 [exports]," he said.

He also revealed that the BOI might not hit its P1.5-trillion target for investment approvals this year.

"I don't think we can reach P1.5 trillion [of investment approvals] this year. Baka P1.3 trillion. That means also that that would be the highest investment approval of BOI in our 56-year history. So highest on record," said Rodolfo.

In February 2023, the BOI decided to revise its 2023 Investment approvals target from P1 trillion to P1.5 trillion following the "strong" investment approvals recorded in January 2023 alone.

The DTI attributed the revision of the investment approvals target for 2023 to the "robust" pipeline of investment leads, including those secured through the foreign trips of President Ferdinand R. Marcos Jr.

The DTI had said that the establishment of green lanes will help the Philippines attract more foreign direct investments as this will address the barriers that hamper their entry.

Source: https://businessmirror.com.ph/2023/12/13/foreign-investments-vital-to-hitting-phl-export-goals/

SEC renews call for availment of amnesty program for companies

December 13, 2023 | Richmond Mercurio | The Philippine Star

MANILA, Philippines — The Securities and Exchange Commission (SEC) has renewed its call for companies to avail of its amnesty program with the deadline looming.

In a statement, the SEC urged non-compliant and suspended or revoked corporations to start 2024 with a clean slate by availing of the amnesty before the year ends.

The corporations now have less than three weeks to avail of the amnesty program until the final deadline on Dec. 31 this year.

According to the SEC, failure to avail of the amnesty will subject non-compliant and suspended or revoked corporations to a new scale of fines that will be implemented starting Jan. 1, 2024.

The amnesty program was launched last March by the SEC to improve compliance with reportorial requirements.

This will be made possible by allowing non-compliant and suspended or revoked corporations to pay a reduced penalty for the late and non-filing of their general information sheets (GIS), annual financial statement, and official contact details required under SEC Memorandum Circular 28, Series of 2020.

“Availing of the amnesty entitles non-compliant corporations to pay a fixed amnesty rate of P5,000, regardless of the number of reports and number of years they failed to submit their reports,” the SEC said.

“Meanwhile, suspended and revoked corporations shall pay only 50 percent of their total assessed fines, on top of a P3,060 petition fee,” it said.

Based on a list which the SEC released last October, there were 22,403 ordinary corporations in danger of having their certificates of incorporation revoked for their failure to submit their GIS within five years from the date of incorporation.

A separate list covering 298,335 ordinary corporations that have failed to submit their GIS for three times consecutively or intermittently within five years has likewise been released.

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

“Availing of the amnesty will also allow them to continue enjoying the benefits and privileges of being a registered business in the Philippines,” it said.

The SEC said corporations applying for amnesty may proceed to the SEC Amnesty Microsite at amnesty.sec.gov.ph for step-by-step guidance on how to avail of the program.

Source: https://www.philstar.com/business/2023/12/13/2318367/sec-renews-call-availment-amnesty-program-companies

Philippines confident in attaining lower end of GDP target for 2023

December 13, 2023 | Reuters | BusinessWorld

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The Philippines is confident it can still hit the lower end or stay in the vicinity of its 6%-7% gross domestic product growth target for the year, Economic Planning Secretary Arsenio M. Balisacan told a press conference.

Reforms in the government will allow the Southeast Asian nation to sustain its growth in the medium and long term, Mr. Balisacan said.

The Philippine economy grew 5.5% in January to September.

The government is monitoring risks like the El Niño dry weather pattern and geopolitical tensions that could raise uncertainty and disrupt supply chains, Mr. Balisacan said.

Source: https://www.bworldonline.com/top-stories/2023/12/13/563294/philippines-confident-in-attaining-lower-end-of-gdp-target-for-2023/

ADB keeps PH forecasts

Country seen leading Southeast Asian growth in 2023, 2024

December 14, 2023 | Niña Myka Pauline Arceo | The Manila Times

The Manila Times®

THE Asian Development Bank (ADB) is maintaining its Philippine growth forecasts for this year and the next even as it lowered projections for Southeast Asia.

"The economy continues to be supported by domestic demand, with growth accelerating to 5.9 percent in the third quarter, averaging 5.5 percent in the first 9 months," the ADB said in its latest Asian Development Outlook.

"Household consumption eased in Q3 (third quarter) due in part to elevated inflation, but overall it remained robust amid low unemployment and steady remittances from overseas workers," it added.

The Manila-based lender's forecast for 2023 is growth of 5.7 percent, below the government's 6.0- to 7.0-percent target. It sees an improvement to 6.2 percent next year, still lower than the 6.5- to 8.0-percent medium-term goal.

The country is still expected to lead growth in Southeast Asia for both years, with Indonesia (5.0 percent) and Vietnam (6.0 percent) in second for 2023 and 2024, respectively.

In contrast, the ADB cut its Southeast Asia growth forecasts to 4.3 percent and 4.7 percent for 2023 and 2024, respectively, from 4.6 percent and 4.8 percent previously.

"The revisions reflect the continued lackluster performance of the manufacturing sector in the subregion's more open, bigger and trade-oriented economies, such as Malaysia, Thailand and Vietnam," it said.

Malaysia is now expected to grow by slower 4.2 percent this year and 4.6 percent in 2024 instead of 4.5 percent and 4.9 percent.

The 2023 and 2024 forecasts for Thailand were cut to 2.5 percent and 3.3 percent from 3.5 percent and 3.7 percent, while those for Vietnam were lowered to 5.2 percent from 5.8 percent for this year and maintained at 6.0 percent for 2024.

The ADB also said that growth was likely to slow in Timor-Leste this year and in Myanmar in 2024, while momentum in the Philippines and Indonesia — which also had its forecasts maintained — would continue despite tighter financial conditions.

"Higher public investment will lift growth in these economies in 2024, as will rising consumer spending, especially on hotels/ restaurants and tourism activities, which comes amid a strong recovery of international tourism across Southeast Asia," it added.

For this year, in particular, the ADB noted that employment in the Philippines had improved in September and that state consumption had also rebounded in the third quarter.

Infrastructure spending as of end-September was said to have hit 5.9 percent of gross domestic product, improving from the 5.8 percent recorded for the whole of 2022.

Business sentiment for 2024 had improved as of the third quarter in anticipation of continued domestic demand, the November manufacturing purchasing managers' index hit a 10-month high and services exports — particularly outsourcing and tourism — also grew by double digits.

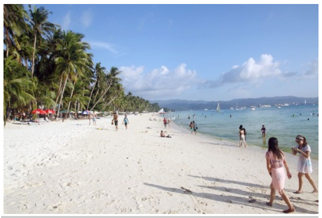
The 2023 and 2024 inflation forecasts for the Philippines were also retained at 6.2 percent and 4.0 percent, with the ADB noting gains in food inflation — at 5.8 percent in November — due to improved supplies and core inflation — which strips out volatile food and energy prices — that hit 4.7 percent last month.

"The monetary authorities hiked the policy rate by another 25 basis points in October, which will help contain inflation," it added.

Source: https://www.manilatimes.net/2023/12/14/business/top-business/adb-keeps-ph-forecasts/1924146

Visitor arrival target set at 7.7 million for 2024

December 12, 2023 | Justine Irish D. Tabile | BusinessWorld



PIXABAY

THE Department of Tourism said on Tuesday that it hopes to attract 7.7 million international visitors and book at least P440 billion in tourist receipts next year.

"We have now recovered 95% of our visitor receipts (from) international arrivals and in conjunction with our 7.7 million target for international visitors for 2024, we are hopeful that we can reach the P440 billion mark next year for international receipts," Tourism Secretary Maria Esperanza Christina G. Frasco said.

The 2024 target of at least P440 billion in tourist receipts would match the actual total for the year to date as of Dec. 12, 2023

"I understand that this is not yet our pre-pandemic number of over 8.2 million international arrivals, but what I can assure you is that we will push as hard as we can and fully activate our convergences with other government agencies in order to reach this target and bring us closer to pre-pandemic numbers," she said.

Citing the United Nations World Tourism Organization, Ms. Frasco said that the Philippines posted a tourism industry recovery rate of 65.54%, exceeding the Asia and the Pacific average of 62% in the first nine months.

As of Dec. 12, the Philippines recorded 5.07 million international visitor arrivals.

"With the holiday break fast approaching we are confident that we will further reach the target that was set this year at 4.8 million international arrivals, underscoring our commitment to continuous growth and transformation in Philippine tourism," Ms. Frasco said.

Asked whether 5.5 million international arrivals is achievable this year, she said: "It's a moving target, as they say. And we're hopeful that with the holiday rush, our international arrivals will be a little over 5 million."

In the year to date as of Dec. 12, the top source market of international arrivals was South Korea which accounted for 1.34 million visitors.

Rounding up the top five source markets were the US (836,694), Japan (285,655), China (252,171), and Australia (238,487).

Ms. Frasco said that she has requested more direct flights to and from Italy and the UK.

"We have proposed this to Philippine Airlines and we're hopeful that the organization will be able to provide the flights because they are in high demand,," Ms. Frasco said.

She added that the department is also batting for more direct flights to the US and Europe.

"Meanwhile, we have also been in close collaboration with our international aviation partners that have actually added more flights to the country not just to Manila, but also to Cebu and Davao for certain international airlines," she added.

Source: https://www.bworldonline.com/economy/2023/12/12/563208/visitor-arrival-target-set-at-7-7-million-for-2024/

Government eyes flexible tariff rates to ease inflation

December 14, 2023 | Cai U. Ordinario | BusinessMirror

THE government is keen on temporarily lowering tariffs for the importation of certain commodities as a means to cushion the impact of El Niño on inflation, according to the National Economic and Development Authority (Neda).

In a briefing on Wednesday, Socioeconomic Planning Secretary Arsenio M. Balisacan said expanding the coverage of Executive Order 10 may be "severe" and would depend on the situation.

Balisacan noted that many provinces will be affected by the El Niño but their products will be different. If provinces producing commodities that still have high tariffs are affected by drought, the tariffs of these items could be reduced. *[Cont. page 5]*

Government eyes flexible tariff rates to ease inflation

[Cont. from page 4]

“If you don’t want to import those high-priced [commodities or those with] heightened prices, what do you do? One way is if you already have existing high tariffs for those commodities, why don’t you lower it temporarily to reduce the impact of high global prices on the local market?” Balisacan said in Neda’s Yearend Briefing.

Balisacan said this is not unusual for countries, and even European countries adjust tariffs of commodities they import to help stabilize local prices.

“If the prices are high in the world market, they lower the tariffs. If the prices are low in the world market, they raise the tariffs. And so the domestic prices are stable,” Balisacan said.

No big impact on growth

Meanwhile, Balisacan said while the El Niño phenomenon is expected to be severe and would affect 65 provinces next year *(https://businessmirror.com.ph/2023/12/13/drought-may-strike-65-provinces-dost/)*, this may not have a significant impact on growth.

The last time the country experienced a severe dry spell was in the 1997-1998 period. In 1998, the Philippine economy’s GDP contracted 0.5 percent.

Only the first and third quarters of the year recorded a growth of 1.8 percent and 0.4 percent, respectively.

In the second quarter, GDP contracted 0.9 percent.

The fourth quarter of 1998 saw GDP plunge 3 percent, which was then considered the largest decline in economic performance since the third quarter of 1985 when it contracted by 5.2 percent.

“The big difference between 1997-1998 and now is that the relative share of agriculture in the economy is now much smaller,” Balisacan said.

“Now our agricultural production is around 10 percent of our economy.”

Earlier, Neda said the Committee on Tariff Related Matters (CTRM) has recommended the extension of reduced tariff rates on select agriculture commodities to maintain the recent gains in inflation reduction.

Balisacan said the CTRM, cochaired by the Department of Trade and Industry (DTI) and Neda, is expected to present its recommendation to the Neda Board, chaired by the President, next week.

Balisacan said Executive Order (EO) 10 was recommended for extension for another year or until December 2024.

He said the government intends to have the extension of the EO approved by the President before the existing one expires at the end of the year.

Under Marcos’s EO 10, the lower tariff rates on imported rice, corn and pork were extended until the end of 2023.

Under existing rules and regulations governing the President’s power on modifying tariff rates, the Neda is the one that will make the necessary recommendation to the President on tariff adjustments.

Image credits: Jun Pinzon/Dreamstime

Source: https://businessmirror.com.ph/2023/12/14/government-eyes-flexible-tariff-rates-to-ease-inflation/

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