



필리핀한인상공회의소뉴스

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Neda happy with 'close to' 6% GDP growth in 2023

January 29, 2024 | Ian Nicolas P. Cigaral - @inquirerdotnet | Philippine Daily Inquirer

MANILA, Philippines — A 2023 economic growth that is lower than the previous year's 7.6 percent but close to the government's target will be an acceptable performance, considering the headwinds that the economy faced, the state's chief socioeconomic planner said.



INQUIRER/
BERMUDEZ

MARIANNE

As the market waits for the Jan. 31 release of 2023 gross domestic product (GDP) numbers, Secretary Arsenio

Balisacan of the National Economic and Development Authority (Neda) said he would be happy as long as growth would be close to the Marcos administration's 6 to 7 percent target range.

What fueled Balisacan's optimism was his hope that the fourth quarter growth would be better than the third quarter results.

"Our target is at least to hit the lower-end of the range of 6 to 7 [percent]. And, but you know, I'll be happy if we get so close to it, even if it's lower," he said in an interview at the annual reception for the banking community hosted by the Bangko Sentral ng Pilipinas (BSP) on Friday.

Last month, the inter-agency Development Budget Coordination Committee (DBCC) tempered its GDP growth target for 2024 to 6.5 to 7.5 percent, from the previous goal of 6.5 to 8 percent expansion.

El Niño

What triggered the downgrade was the threat of a prolonged El Niño dry spell, which is predicted to last until the second quarter of this year and may potentially jack up food and energy prices.

Another challenge for the economy is the high interest rate environment that could hurt consumption and investments. Despite inflation easing back to within the government's 2 to 4 percent target range in December last year, the BSP said it deems it necessary to "keep monetary policy settings sufficiently tight until a sustained downtrend in inflation becomes evident."

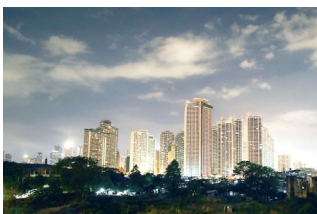
But the DBCC nevertheless retained its 6 to 7 percent growth goal for 2023 as "momentum is expected to continue for the rest of the year and surpass that of our neighboring countries."

With the January-September average growth now at 5.5 percent, the economy would have to expand by 7.2 percent in the fourth quarter of 2023 to attain at least the low end of the government's target band.

Source: <https://business.inquirer.net/443013/neda-happy-with-close-to-6-%ca%bc23-gdp-growth>

Charter change needs to be limited to just economic provisions — NEDA secretary

January 29, 2024 | Luisa Maria Jacinta C. Jocson | BusinessWorld



BUILDINGS at the Makati central business district are seen in this file photo. — PHILIPPINE STAR/
MIGUEL DE GUZMAN

NATIONAL ECONOMIC and Development Authority (NEDA) Secretary Arsenio M. Balisacan said that he would prefer that any amendments to the Constitution only be restricted to its economic provisions.

"All these economic restrictions in the Constitution, especially with all these major developments in the region, there are so many other places to go for investment. You can go to Thailand, Indonesia, Vietnam, or Cambodia," Mr. Balisacan told reporters on the sidelines of the Bangko Sentral ng Pilipinas' (BSP) 2024 Annual Reception for the Banking Community on Friday.

"If you don't fix or make our country open to investment, they won't come to us. We need all these investments," he added. [Cont. page 2]

Charter change needs to be limited to just economic provisions — NEDA secretary

[Cont. from page 1]

Asked if he would prefer limiting the amendments to just the economic provisions, Mr. Balisacan said: “That’s what we’ve been saying. It has to be. Otherwise, you may create more uncertainty. At least the economic provisions, you know what’s in there.”

President Ferdinand R. Marcos, Jr. last week said he supports proposals to amend the economic provisions of the 1987 Constitution, which he said was “not written for a globalized world.”

However, he was not in favor of allowing full foreign ownership of land, media and power generation.

Mr. Balisacan said that opening up the economy will further encourage competition and benefit the public.

“We really need to put competitive pressure on the economy so that efficiency can improve, quality of goods and services can improve, prices are contained at competitive levels... That’s what we don’t get if we have so much concentration on just a few hands,” he said.

“They also bring in new technologies, new ways of doing things. We need those kinds of externalities in the economy. There are many benefits of being open, not just growth in the short term. It creates dynamics,” he added.

The government has been implementing reforms to further open up sectors of the economy. In 2022, it amended the 85-year-old Public Service Act (PSA) to allow full foreign ownership in telecommunications, domestic shipping, railways and subways, airlines, expressways and tollways, and airports.

“As far as the economy is concerned, we need to open the economy, whether by constitutional amendments or other means, but that can only go so far with other laws,” Mr. Balisacan said.

Mr. Balisacan said that one sector that can be opened to foreign ownership is education to boost the quality of learning, research, and innovation.

Last week, senators issued a statement opposing a proposal for both chambers of Congress to vote jointly to revise the Constitution.

The Constitution may be amended either through a constitutional convention composed of delegates, by Congress sitting as a constituent assembly or through a people’s initiative.

GROWTH PROSPECTS

Meanwhile, Mr. Balisacan said that he is “hopeful” that gross domestic product (GDP) growth in the last quarter of 2023 will outperform economic growth in the third quarter.

“I haven’t seen the numbers, but I hope it will be good, because our leading indicators are good, like our labor market (figures),” he said.

A *BusinessWorld* poll of 20 economists showed that GDP likely expanded by 5.7% in the fourth quarter. If realized, this would be slower than the 5.9% growth in the third quarter and the 7.1% expansion in the same period in 2022.

The economy grew by 5.5% in the nine-month period. To meet the lower end of the government’s 6-7% goal for 2023, GDP would need to grow by 7.2% in the fourth quarter.

Fourth-quarter and full-year 2023 GDP data is set to be released on Jan. 31.

Mr. Balisacan also said economic growth will be driven by easing inflation.

“(The economy) is largely domestic... I think despite the high inflation, domestic spending is quite robust. Of course, it could have been much better if inflation had declined faster than what we’ve seen. The fact that inflation is seen to continue to decline should give confidence to our people,” he added.

Inflation eased to 3.9% in December, the lowest print in 22 months.

Last year, inflation averaged 6%. This marked the second straight year that inflation breached the central bank’s 2-4% target.

PPP PROJECTS

Meanwhile, Mr. Balisacan said that the NEDA is studying the possibility of a public-private partnership (PPP) to help finance the Bataan-Cavite Interlink Bridge project. [Cont. page 3]

Charter change needs to be limited to just economic provisions — NEDA secretary

[Cont. from page 2]

“We would want to see the Bataan-Cavite bridge eventually as a PPP. If it’s profitable, it may be attractive for the private sector,” he said.

The private sector may take on the operations and management of the bridge and eventually buy the project’s debt, Mr. Balisacan said.

“If it’s profitable enough, even the debt can be transferred to the private sector so they can continue servicing the debt, pay back the government, those kinds of things,” he added.

Last month, the Asian Development Bank (ADB) approved up to \$2.1 billion in financing for the bridge, which will link the provinces of Bataan and Cavite across Manila Bay.

The project involves the construction of a 32.15-kilometer (km) “climate resilient” bridge, 24 km of marine viaducts and eight kilometers of approach road.

Mr. Balisacan said that NEDA is also hoping to push for airport PPP projects.

“The only one been approved for Swiss challenge is Laguindingan...if we do well in the Laguindingan airport, that would be a good window for doing the other airports. We have so many other projects that are candidate for PPPs,” he said.

At a Palace briefing on Friday, Mr. Balisacan announced that the NEDA Board approved the negotiated parameters, terms, and conditions of the upgrade, expansion, operations, and maintenance of the Laguindingan International Airport Project in Northern Mindanao.

The project will now undergo the comparative challenge process following the recently enacted PPP Code.

“Prospective challengers will be given 90 days from the publication of the invitation for comparative proposals to submit their proposals. The original proponent will be given 30 calendar days to match responsive comparative proposals. If no comparative proposals are received, the project shall be awarded to the original proponent by May 2024,” Mr. Balisacan said.

Source: <https://www.bworldonline.com/top-stories/2024/01/29/571637/charter-change-needs-to-be-limited-to-just-economic-provisions-neda-secretary/>

Trade deficit narrows to \$4 B in December

January 26, 2024 | Xander Dave Ceballos | Manila Bulletin

MANILA BULLETIN

AT A GLANCE

- The Philippine Statistics Authority (PSA) reported that the country's trade deficit declined 11 percent to \$4.01 billion in December.
- This figure is lower than the \$4.50 billion in the same month of 2022 and \$4.72 billion in November.
- The December trade balance brought the country’s 2023 deficit to \$52.42 billion, down from the \$57.64 billion in 2022.
- Total export sales during the month also declined 0.5 percent to \$5.78 billion as the value of imports also declined by 5.1 percent to \$9.79 billion.
- Other mineral products posted the highest decline in the value of exports, while mineral fuels, lubricants, and related materials saw the biggest drop in imports.
- Hong Kong and the People's Republic of China were the top exporters and suppliers in December 2023, respectively. [Cont. page 4]

Trade deficit narrows to \$4 B in December

[Cont. from page 3]

The country posted a lower trade deficit in December after mild contractions in exports and imports, data from the Philippine Statistics Authority (PSA) showed Friday, Jan. 26.

The trade gap, or the difference between the value of exports and imports, declined by 11 percent to \$4.01 billion in December from \$4.50 billion in the same month of 2022.

The December trade balance brought the country's full-year deficit to \$52.42 billion, lower than the \$57.64 billion in 2022.

Total export sales during the month declined to \$5.78 billion, down by 0.5 percent from the \$5.81 billion recorded a year earlier.

During the month, other mineral products posted the highest decline in the value of exports by \$132.99 million to \$155.27 million. This was followed by machinery and transport equipment by \$37.69 million to \$142.36 million.

Electronic equipment and parts also decreased by \$24.69 million to \$80.88 million, while metal components by \$18.05 million to \$80.88 million as well as miscellaneous manufactured articles by \$14.94 million to \$50.79 million.

By major trading partner, Hong Kong became the country's top export destination, accounting for about 16.5 percent or \$951.14 million.

Other major export trading partners include the United States of America, Japan, the People's Republic of China, and the Republic of Korea.

The total value of imports, on the other hand, also declined by 5.1 percent to \$9.79 billion from \$10.32 billion in December 2022.

The decline was attributed to the import of mineral fuels, lubricants, and related materials by \$472.37 million to \$1.266 billion, electronic products by \$328.45 million to \$2.091 billion, and industrial machinery and equipment by \$48.99 million to \$425.37 million.

Organic and inorganic chemicals also recorded an annual decline of \$45.46 million to \$148.80 million while chemical materials by \$41.14 million to \$325.89 million.

People's Republic of China is still the country's biggest supplier of imported goods valued at \$2.28 billion, followed by Japan, Indonesia, USA, and Thailand.

Source: <https://mb.com.ph/2024/1/26/trade-deficit-narrows-to-4-b-in-december>

PEZA in agreement to promote IP protections in economic zones

January 29, 2024 | Justine Irish D. Tabile | BusinessWorld



THE Intellectual Property Office of the Philippines (IPOP) said it signed a deal with the Philippine Economic Zone Authority (PEZA) to draft plans for promoting intellectual property (IP) protection to investors in the special economic zones (SEZs).

In a statement, IPOP said that the memorandum of understanding it signed with PEZA will help ensure IP is respected especially in the innovative activities performed within SEZs.

“By underlining the importance of protecting and enforcing IP rights in these areas, current and potential companies and investors can do business in the Philippines knowing their IP assets are in safe hands,” IPOP Director General Rowel S. Barba said.

Under the partnership, the two parties plan to incorporate IP into the investment promotion agency's goals by training its officials and staff.

“(This MoU) can simplify our procedures to make it easy for our locators — those particularly applying for patents and trademarks. From our end, we would also look into inputs from our investors,” PEZA Director General Tereso O. Panga said.

PEZA estimates actual direct exports from ecozones of \$54.24 billion as of October. It added that locators directly employ 1.85 million workers.

In 2023, PEZA booked P175.71 billion worth of investments across 233 approved projects.

It currently oversees 422 economic zones hosting 4,352 locators.

According to IPOP, the Philippines remains an attractive investment destination since its exclusion from the European Commission's IP watchlist in 2020 and the US Trade Representative's Special 301 Report in 2013.

“We want to boost the confidence of foreign direct investors where PEZA is a key player. As such, our goal here is to assure investors that the Philippines is a suitable and secure destination with a strong IP system where investments are protected,” Mr. Barba said.

Source: <https://www.bworldonline.com/economy/2024/01/29/571954/peza-in-agreement-to-promote-ip-protections-in-economic-zones/>

Focus on economic provisions in Cha-Cha move group

January 29, 2024 | Rizal Raoul Reyes | BusinessMirror

MEMBERS of the Constitutional Reform and Rectification for Economic Competitiveness and Transformation (Correct) organization said those advocating for Charter Change (Cha-Cha) must first focus on the economic provisions of the Constitution to make the economy more competitive.

BusinessMirror
A broader look at today's business

In a breakfast forum held in Quezon City last Friday, Correct Co-Founder Orion Perez Dumdum said they believe that the protectionist provisions in the 1987 Constitution pushed millions of Filipinos to seek employment abroad due to lack of opportunities at home.

Dumdum expressed his disappointment over the Senate's recent manifesto rejecting a people's initiative to change the Constitution.

"The Senators' stance perpetuates the existing hurdles hindering our country's economic progress. Rejecting the people's initiative is a missed opportunity to address the longstanding economic challenges faced by Filipinos, particularly in terms of job creation and economic competitiveness."

Dumdum said the restrictive economic policies enshrined in the 1987 Constitution have perpetuated massive underemployment and unemployment in the Philippines. He said the dearth of both local and foreign investment, coupled with limited economic opportunities, forced Filipinos to pursue livelihood abroad, often accepting positions beneath their educational qualifications.

"We should follow the example of Singapore, Malaysia, and even China, all of which have no restrictions against foreign ownership of businesses in their respective constitutions. Changing the restrictive provisions in the 1987 Constitution will lead to substantial economic growth and job creation. This means that Filipinos won't need to leave their families to work abroad," he added.

Dumdum said Viet Nam "has immensely benefited" from opening their economy under the doi moi policy (renovation) as it received huge inflow of investments from top global corporations. According to Ottawa, Canada-based development agency International Development Research Centre (IDRC), Viet Nam implemented a liberalization program starting in 1986 and which has resulted to significant changes in its agriculture and manufacturing sectors.

According to the World Bank, economic reforms since the launch of the Đổi Mới in 1986, coupled with beneficial global trends, have helped propel Viet Nam from being one of the world's poorest nations to a middle-income economy in one generation. Between 2002 and 2022, GDP per capita increased 3.6 times, reaching almost \$3,700, it added.

"The Philippines needs a more open economic framework. I challenge and urge our pro-status quo policymakers to consider alternative solutions that prioritize job creation, economic competitiveness, and the overall well-being of its citizens," Dumdum said. "Heed the most compelling argument to change the 1987 Constitution—it would unlock the nation's potential and provide meaningful employment opportunities for all Filipinos."

He urged the people to "first stay away from personality politics and understand how the House of Representatives works."

Meanwhile, Center for People Empowerment in Governance (CenPEG) Chairman Temario C. Rivera said in an earlier forum there is a big possibility that changing the Constitution will possibly open up the raising of more creative changes in the political system which might see the shift to a parliamentary form of government.

"This is my reading of the situation right now. The immediate concern is the 2025 election and later the 2028 presidential election," Rivera said. "With a shift in government to a parliamentary form, the chances of House Speaker Ferdinand Martin G. Romualdez to become the next head of state becomes bigger."

Industrialization not Cha-cha

MEANWHILE, Rivera and Professor Bobby M. Tuazon, both analysts from the CenPEG, emphasized the significance of industrialization and a robust, self-reliant economy as the cornerstones for a genuinely independent foreign policy.

Rivera, a retired professor of the University of the Philippines and chairman of CENPEG, asserted that a strategic industrialization program was imperative for the Philippines to genuinely capitalize on increased foreign investments, dismissing the controversial Charter Change as solution to socioeconomic problems as claimed by some legislators.

Rivera stressed that legislators should address corruption, high electric power costs, declining education standards and the unpredictability of laws and policies as the genuine impediments to attracting more foreign investments. He highlighted existing legislation like the Public Service Act, which liberalizes foreign investment policies. *[Cont. page 6]*

Focus on economic provisions in Cha-Cha move group

[Cont. from page 5]

“Can you solve these problems by simply amending the Constitution? That is not the proper way to address our problems. No matter how you change the existing laws, if our leaders and policy makers are not determined to address our problems, there will be no end to these problems,” he explained.

Tuazon agreed, saying that too much corruption and lack of modern infrastructures are among the obstacles to foreign investments, not the need for charter change.

Source: <https://businessmirror.com.ph/2024/01/29/focus-on-economic-provisions-in-cha-cha-move-group/>

Bataan-Cavite bridge O&M eyed for PPP

January 29, 2024 | Louella Desiderio | The Philippine Star



National Economic and Development Authority Secretary Arsenio Balisacan told reporters during the Bangko Sentral ng Pilipinas’ annual reception for the banking community that the Bataan-Cavite Interlink Bridge is among the projects seen as a candidate for PPP.
Businessworld / DPWH

MANILA, Philippines — The government is looking at the operations and maintenance (O&M) of the Bataan-Cavite Interlink Bridge as a potential public-private partnership (PPP) project.

National Economic and Development Authority Secretary Arsenio Balisacan told reporters during the Bangko Sentral ng Pilipinas’ annual reception for the banking community that the Bataan-Cavite Interlink Bridge is among the projects seen as a candidate for PPP.

“We would like to see this new Bataan-Cavite bridge, we would want to have that eventually also a PPP,” he said.

He said the O&M of the bridge, after it is built, could be offered to the private sector.

“If it’s profitable enough, even the debt can be transferred to the private sector so they can continue the servicing for debt, pay back the government,” he said.

Last December, the Asian Development Bank approved up to \$2.1 billion worth of financing for the construction of the 32.15-kilometer bridge to connect Bataan and Cavite across Manila Bay.

The Bataan-Cavite Interlink Bridge is among the government’s flagship infrastructure projects.

It will provide a better connection from Metro Manila to Central Luzon and nearby provinces like Cavite, Laguna, Batangas, Rizal and Quezon and help boost economic activity.

In addition, it is expected to help attract more manufacturing industries in the Freeport Area of Bataan, the only freeport in the Manila Bay area.

The project will involve the construction of one of the world’s longest marine bridges, including two cable-stayed bridges, 24 km of marine viaducts, and a total eight km of approach road in the two provinces.

Once completed, the project is expected to reduce travel time between Bataan and Cavite to 1.5 hours from five hours, and to about two hours from four hours between Bataan and Metro Manila.

The government is pushing for PPPs for infrastructure development due to the state’s limited fiscal space.

Private sector involvement in public projects is also seen to provide benefits, given the sector’s financial resources, as well as technical and managerial capacities.

Source: <https://www.philstar.com/business/2024/01/29/2329191/bataan-cavite-bridge-om-eyed-ppp>

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