



필리핀한인상공회의소뉴스

KOREAN CHAMBER OF COMMERCE PHILIPPINES NEWSLETTER



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Philippine central bank says too early to declare victory against inflation

March 06, 2024 | Reuters | BusinessWorld

MANILA – Philippine central bank Governor Eli Remolona said on Wednesday it was too soon to declare victory against inflation.

Annual inflation quickened to 3.4% in February from 2.8% the previous month reflecting higher food and transport costs.

The central bank, which last month kept its benchmark rate steady at 6.50% for a third straight meeting, will review policy settings on April 4.

Mr. Remolona told a regular briefing the central bank could not say yet that it could cut interest rates soon given upside risks to inflation like higher rice prices.

But he also said it was unlikely the central bank will tighten rates some more.

[Source: https://www.bworldonline.com/top-stories/2024/03/06/579877/philippine-central-bank-says-too-early-to-declare-victory-against-inflation/](https://www.bworldonline.com/top-stories/2024/03/06/579877/philippine-central-bank-says-too-early-to-declare-victory-against-inflation/)



BANGKO SENTRAL ng Pilipinas
Governor Eli M. Remolona, Jr. —
BANGKO SENTRAL NG
PILIPINAS

Free trade pact changes to help MSMEs—Marcos

March 07, 2024 | Catherine S. Valente | The Manila Times

The Manila Times®

medium enterprises (MSMEs) in the Philippines, President Ferdinand Marcos Jr. said on Wednesday.

THE Philippines has signed the second protocol to the Asean-Australia-New Zealand Free Trade Agreement (AANZFTA), which is expected to provide better opportunities for micro, small and

"We are pleased to inform you, excellencies, that the Philippines has just recently signed the second protocol to the Asean-Australia-New Zealand Free Trade Agreement," he said.

The President said he is confident AANZFTA will continue to respond to the evolving multidimensional challenges in the business environment and complement region-to-region efforts to strengthen supply chain resilience, and the expansion of trade, investment, inclusiveness and sustainable development.

"The Protocol will indeed benefit micro, small, and medium enterprises in as much as it facilitates their participation in international trade by improving their access to markets and participation in the global value chains, as well as promoting the use of e-commerce," Marcos said.

"With the momentum from the CEO Forum yesterday (Tuesday), and AANZFTA together with the Regional Comprehensive Economic Partnership (RCEP) Agreement, we are confident that we will usher in even more robust economic cooperation within our region and provide a legal framework for a more prosperous future," he added.

The AANZFTA is a market of around 711 million people with a combined gross domestic product of \$5.9 trillion, based on data from the International Monetary Fund and the World Economic Outlook as of April 2023.

Australia and New Zealand, taken together, are Asean's eighth-largest trading partners. [Cont. page 2]

Free trade pact changes to help MSMEs—Marcos

[Cont. from page 1]

The Department of Trade and Industry (DTI) said that Australia and New Zealand ranked 16th and 28th, respectively, when it comes to trade in 2021, with a combined total value of P2.64 billion.

The DTI added that Australia was the country's top 14th origin of investment inflows in 2021, amounting to P664.32 million.

"The AANZFTA entered into force for the Philippines in 2010; it is the first region-to-region trade agreement for Asean, Australia, and New Zealand and remains as Asean's most ambitious single undertaking since it embarked on an outward-looking economic regime to integrate Asean into the global economy," it added.

Marcos also welcomed Australia's Southeast Asia Economic Strategy to 2040, an elaborate plan aiming to broaden and deepen the economic ties between Asean and Australia.

"The economic cooperation infrastructures and web of free trade agreements that Asean and Australia have established over the years provide a solid foundation for this Strategy to flourish and to create a shared future that is peaceful and is prosperous," Marcos said.

"The Philippines especially looks forward to expanding our collaboration on agriculture on food security, digital economy, infrastructure, tourism, and health care. Sectors that are key to achieving a strongly rooted, comfortable, and secure future for Filipinos and Asean citizens," he added.

Before concluding his speech, Marcos highlighted the important role of "emerging leaders in shaping the world" as he commended Australia for creating a forum for engagement intended for leaders in government, business and civil society.

"We hope this engagement will trigger a conversation on the issues facing our region and how they may be addressed through cooperation and partnership. Our emerging leaders are indeed the bedrock of the sustainability of our continued economic, social, and political progress," Marcos said.

Source: <https://www.manilatimes.net/2024/03/07/business/top-business/free-trade-pact-changes-to-help-msmes-marcos/1935726>

Fight vs inflation far from over— BSP

March 07, 2024 | Keisha Ta-Asan | The Philippine Star



Red and white onions are being sold from 50 to 60 pesos per kilo at a public market in Lingayen, Pangasinan on February 3, 2024.

Cesar Ramirez

MANILA, Philippines — Bangko Sentral ng Pilipinas Governor Eli Remolona said it is too soon to declare victory in the fight against inflation, signaling a higher-for-longer rate environment, as inflationary risks continue to cloud the outlook.

"The models and the data seem to suggest that it's still too soon to declare victory. We seem to be on our way, but there's not enough data to assure us that we will settle comfortably within our target range of between two and four percent," Remolona told reporters in a press conference yesterday.

Inflation quickened to a two-month high of 3.4 percent in February from 2.8 percent in January. Still, it marked the third straight month that inflation settled between the target range.

To tame inflation and stabilize the peso, the BSP has raised the key interest rate by 450 basis points to 6.50 percent, the highest in nearly 17 years. The Monetary Board has been keeping rates steady since its last 25-basis-point off-cycle increase on Oct. 26, 2023.

According to Remolona, the BSP's risk-adjusted inflation forecast is still near the upper-end of the central bank's two to four percent target.

Last month, the Monetary Board lowered its risk-adjusted inflation forecast for this year to 3.9 percent from 4.2 percent previously. It raised its view for 2025 to 3.5 percent from 3.4 percent.

"It's on the edge, so I can't say that we're going to ease soon. I think it's unlikely that we will tighten some more. But we'll see what the data says," Remolona said. [Cont. page 3]

Fight vs inflation far from over— BSP

[Cont. from page 2]

The BSP chief also noted that elevated rice prices are considered as upside risks to the outlook, as these could affect inflation expectations and cause second-round effects.

“People tend to notice rice prices more than other prices,” he said. “It has an outsized effect on expectations, so we’re struggling with this. For now, we seem to be able to manage expectations, but rice is a big factor in that.”

Nicholas Mapa, senior economist at ING Bank Manila, said monetary policy tightening and keeping rates higher for longer is ineffective in dealing with supply-driven inflation.

“The BSP may be tempted to hike further as a last-ditch effort. However, we are fully aware that even more rate hikes will translate to higher constraints on the overall growth momentum,” Mapa said.

Rice inflation stood at a higher rate of 23.7 percent in February from the previous month’s 22.6 percent. It was the highest since the 24.6 percent recorded in February 2009.

If upside risks materialize, Nomura economist Euben Paracuelles said the BSP could delay policy easing, especially when the growth outlook is also gradually improving.

“We believe the latest inflation outlook is likely to add to BSP’s caution in starting its cutting cycle too early,” he said. “We maintain our forecast for BSP to start cutting only by August, a few months after June, when our US team expects the first rate cut by the Federal Reserve.”

Paracuelles also cautioned against higher-than-minimum wage, as lawmakers are deliberating on whether to increase the daily minimum wage by P100 across the board.

“When combined with prospects of supply-side constraints potentially pushing headline inflation higher, faster wage growth could lead to greater second-round effects, in our view, and raise additional concerns for BSP,” he said.

Source: <https://www.philstar.com/business/2024/03/07/2338587/fight-vs-inflation-far-over-bsp>

House panel okays RBH 7 in bid to fast-track Cha-cha

March 07, 2024 | Jovee Marie N. de la Cruz | BusinessMirror

THE Committee of the Whole House of Representatives on Wednesday approved Resolution of Both Houses (RBH) No. 7, which seeks to lift foreign equity limits on education, public utilities and advertising in the 1987 Constitution.

The House Committee of the Whole of the House approved RBH 7, entitled A Resolution of Both Houses of Congress Proposing Amendments to Certain Economic Provisions of the 1987 Constitution of the Republic of the Philippines, Particularly on Articles XII, XIV, and XVI, through viva vice voting.

On the same day, the panel also approved the committee report on RBH 7.

Deputy Majority Leader and Mandaluyong City Rep. Neptali Gonzales II, who was designated majority leader of the committee, moved to terminate the hearings.

He then presented a motion to approve RBH No. 7, which embodies the proposed amendments.

Shortly after, Majority Leader and Zamboanga City Rep. Manuel Jose M. Dalipe, who was presiding over the hearing, declared the resolution approved.

Gonzales said RBH 7 has been exhaustively deliberated in the previous six hearings.

Looking ahead, he said the House is scheduled to start plenary debates on the proposed amendments on Monday.

Gonzales emphasized the efficiency of the second reading, as it primarily involves sponsorship and limited member interpellation.

Gonzales expressed optimism that RBH 7 could be approved on second reading on Wednesday next week. [Cont. page 4]



Neptali Gonzales II

House panel okays RBH 7 in bid to fast-track Cha-cha

[Cont. from page 3]

Like RBH 6

RBH No. 7 is almost an exact reproduction of RBH No. 6, introduced by Senate President Juan Miguel Zubiri and Senators Loren Legarda and Juan Edgardo Angara.

The proposed House and Senate changes are on the grant of legislative franchises to and ownership of public utilities in Article XII, the ownership of basic educational facilities in Article XIV, and advertising firms in Article XVI.

The suggested principal amendments are the insertion of the phrase, “unless otherwise provided by law,” which would empower Congress to lift or relax present economic restrictions in the nation’s basic law, and the addition of the qualifier “basic” in Article XIV.

RBH No. 7 and RBH No. 6 also restate the provision of the Constitution that Congress may propose amendments “upon a vote of three-fourths of all its members.”

Members of the House of Representatives are suggesting an early plebiscite to allow the people to ratify proposed amendments to the Constitution’s restrictive economic provisions.

They stressed the need to separate the plebiscite from mid-term elections to prevent the Constitution from becoming the subject of political disputes.

Earlier, the Commission on Elections said that the poll body is ready to conduct the plebiscite on economic charter change, whether it occurs concurrently with or separately from the 2025 midterm elections. Congressional Policy and Budget Research Department (CPBRD) Deputy Secretary General Romulo Miral Jr. said that the current economic restrictions within the 1987 Constitution contribute to the use of dummies and questionable partnerships in deals, negatively impacting transparency and accountability.

Miral said the Philippines is the only country explicitly stating these restrictions in its Constitution. He said the proposed charter change not only tackles economic issues but also significantly influences governance.

In recent roundtable discussions on charter reform, resource persons at the House of Representatives advocated the removal of foreign investment and ownership restrictions in the Constitution’s economic provisions.

Noted economists and experts participating in the discussions supported the idea of lifting these restrictions to increase investments, generate jobs, and boost the overall economy.

Among them were former Finance Secretary Margarito Teves, UP Economics Professor Dr. Raul Fabella, Dr. Dennis Mapa of the Philippine Statistics Authority, and Dr. Francis Quimba of the Philippine Institute of Development Studies.

Teves emphasized that the Philippines was highly restrictive in terms of foreign capital inflow among Asean countries and globally.

Fabella supported the proposal to lift restrictions on foreign ownership in the Constitution, considering it a more credible commitment to investors compared to opening up certain sectors through legislation.

However, IBON Foundation said the proposed Charter change will only lead to more foreign investment liberalization, a policy that has hindered the nation’s development for decades, resulting in a jobs crisis for millions of Filipinos.

It said an increase in foreign investment does not guarantee development.

Foreign chambers

MEANWHILE, the Joint Foreign Chambers of Commerce (JFC) in the Philippines is calling upon the House of Representatives to initiate an economic charter change to unlock international trade, foster greater foreign investment, and enhance business conditions, which will mutually benefit both the Philippines and the business interests of the JFC members’ respective countries.

The group said removing economic restrictions in the 1987 Constitution would facilitate a greater inflow of foreign direct investments in the country, a laggard in Southeast Asia where global FDI has been steadily increasing. *[Cont. page 5]*

House panel okays RBH 7 in bid to fast-track Cha-cha

[Cont. from page 4]

The JFC is a business advocacy coalition composed of the American, Australian-New Zealand, Canadian, European, Japanese, and Korean chambers of commerce and the Philippine Association of Multinational Companies Regional Headquarters Inc., or Pamuri.

‘Flawed procedurally, substantially’

Albay Rep. Edcel C. Lagman described the passage of RBH 7 as “flawed both procedurally and substantially.”

In explaining his no vote, Lagman said the committee report condensing the prolonged deliberations was submitted to the Committee of the Whole without any discussion of the numerous presentations and position papers presented during the process.

“Procedurally, because it does not follow any of the three modes of amending the Constitution under Article XVII, it is not even a Constituent Assembly in its traditional concept because, under the traditional concept of a Constituent Assembly, Representatives and Senators assemble jointly, not as legislators enacting laws, but as constituent members of a unicameral Constituent Assembly to introduce amendments to the Constitution,” he said.

Not fitting the traditional concept of a Constituent Assembly, where Representatives and Senators jointly assemble to propose constitutional amendments, RBH No. 7 introduces what Lagman sees as a fourth mode—amending the Constitution through ordinary legislation.

The contentious phrase “as may be otherwise provided for by law” within RBH No. 7 raises concerns for Lagman, creating ambiguity around potential amendments to the Constitution’s nationalistic provisions.

He argued that this lack of specificity puts prospective foreign investors in a state of uncertainty, emphasizing that investors prioritize certainty over flexibility.

Lagman argued that the removal or reduction of nationalistic provisions is unnecessary, given that a conducive economic environment for foreign direct investments (FDIs) has yet to be established.

He suggested that addressing issues such as ease of doing business, official corruption, government policy predictability, slow internet speed, and high power costs should precede constitutional amendments.

Lagman also pointed to the underwhelming outcomes of past liberalizations, such as the opening of manufacturing to 100-percent foreign investment.

He also questioned the projected benefits of foreign investments in public utilities, educational institutions, and the advertising industry, emphasizing the absence of empirical studies to support claims of increased job opportunities, technology transfer, skill development, and consumer protection.

[Source: https://businessmirror.com.ph/2024/03/07/house-panel-okays-rbh-7-in-bid-to-fast-track-cha-cha/](https://businessmirror.com.ph/2024/03/07/house-panel-okays-rbh-7-in-bid-to-fast-track-cha-cha/)

SEC to share data with more government

March 02, 2024 | Richmond Mercurio | The Philippine Star



The SEC yesterday signed nine data sharing agreements (DSAs) with various agencies, granting them access to beneficial ownership information of corporations registered with the commission.

Cesar Ramirez

MANILA, Philippines — The Securities and Exchange Commission (SEC) is teaming up with more government agencies to boost efforts to combat money laundering and terrorism financing.

The SEC yesterday signed nine data sharing agreements (DSAs) with various agencies, granting them access to beneficial ownership information of corporations registered with the commission.

The agreements were signed with the Philippine Drug Enforcement Agency, Insurance Commission, Cagayan Economic Zone Authority, National Bureau of Investigation, Department of Justice, Philippine Center on Transnational Crime, Department of Agriculture, Intelligence Service of the Armed Forces of the Philippines, and the Philippine Economic Zone Authority.

According to the SEC, the partnerships will equip these government agencies with data that may help them uncover illegal activities carried out through the corporate vehicle.

“In this era where data is gold and financial fraud, including cyber fraud, loom large - collaboration between the SEC and law enforcement is not just beneficial, it’s imperative,” SEC chairperson Emilio Aquino said. [Cont. page 6]

SEC to share data with more government

[Cont. from page 5]

“First and foremost, sharing corporate data with law enforcement is a powerful tool in combating crime. By providing law enforcement agencies access to pertinent data, we empower them to investigate and apprehend these perpetrators swiftly and effectively,” he said.

The SEC has signed a total of 18 DSAs with several government agencies since 2022.

These also include the Bureau of Internal Revenue, Bureau of Immigration, Department of Trade and Industry- Strategic Trade Management Office, National Intelligence and Coordinating Agency and Philippine Amusement and Gaming Corp., the Government Procurement Policy Board, Philippine National Police, as well as the Department of the Interior and Local Government.

“Whether it’s illegal drugs, transnational crime, money laundering, financial fraud, corruption, tax evasion or smuggling - timely access to corporate data can make all the difference in bringing criminals to justice,” Aquino said.

“Sharing corporate data fosters a culture of accountability and transparency within our corporations...It sends a clear message that the Philippines is not a haven for illicit corporate activities, thereby bolstering trust in the integrity of our business sector,” he said.

The SEC said beneficial owners of a corporation are distinguished from legal owners, which are defined as natural or juridical persons who, in accordance with the law, owns or has the controlling ownership interest over the corporation, or has the ability of taking relevant decisions within the corporation and impose those resolutions.

Sharing beneficial ownership data is also in line with the recommendations of the Financial Action Task Force (FATF), an intergovernmental money laundering and terrorist financing watchdog that sets international standards to prevent such illegal activities, it said.

Last Feb. 23, the Paris-based global dirty money watchdog retained the Philippines in the gray list or jurisdictions under increased monitoring after it failed to address the remaining gaps in its anti-money laundering/combating the financing of terrorism regime.

Source: <https://www.philstar.com/business/2024/03/02/2337505/sec-share-data-more-government-agencies>

ARTA pushes for faster permitting process in RE

March 07, 2024 | Irma Isip | Malaya Business Insight

The Anti-Red Tape Authority (ARTA) proposed the drafting of a joint memorandum circular or an executive order that would help expedite the permitting process in the renewable energy (RE) industry.

Malaya
Business Insight

At the stakeholders meeting on February 28 in Quezon City, ARTA director-general Ernesto Perez made this proposal as part of the study on policies and regulations that would further expedite the full establishment of RE in the Philippines.

Perez, together with the ARTA Better Regulations Office (BRO), tackled the background of the energy sector, current challenges, and ongoing initiatives of government agencies with the energy stakeholders to fast-track the permitting processes and promote ease of doing business in the energy industry.

“The energy sector is one of our President’s priorities in his administration’s socio-economic agenda,” Perez said. “That is why we need to coordinate through this meeting, to streamline and fast-track the energy sector’s permitting and licensing process and attract more investors in the country.”

In attendance are representatives of the Developers of Renewable Energy for AdvanceMent DREAM), Department of Science and Technology – Philippine Nuclear Research Institute, Board of Investments (BOI), National Electrification Administration, Department of Energy (DOE), National Power Corp. Department of Finance, Aboitiz Power Corp, National Grid Corporation of the Philippines, Energy Development Corp., Global Business Power Corp., Mindanao Development Authority, Philippine National Oil Company, San Miguel Global Power, Meralco Industrial Engineering Services Corp. and Kepco KPS Carabao Corp.

Perez suggested and requested to hear the recommendations of the DOE, BOI and DREAM to further address the presented challenges in the sector in the next scheduled meeting in March.

“With a whole-of-nation approach, we will continue coordinating with both the public and the private sector stakeholders to ensure energy security nationwide,” Perez said.

Source: https://malaya.com.ph/news_business/arta-pushes-for-faster-permitting-process-in-re/

UPCOMING EVENTS



29th KCCCP Annual General Membership Meeting

on April 18, 2024 (Thursday) 05:30PM
Ayala Ballroom, Makati Sports Club

R.S.V.P.
Ms. Chi or Ms. Sang at info@kccp.ph | 8404-3099 | 8885-7342
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SPECIAL THANKS



Both events are open for sponsorships, for more information please feel free to **contact KCCP Secretariat at 8885-7342 | 8404-3099 or email info@kccp.ph.**

For confirmation of attendance and /or reservation please contact KCCP on the aforementioned contact details.

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