



# 필리핀한인상공회의소뉴스 KOREAN CHAMBER OF COMMERCE PHILIPPINES NEWSLETTER



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## SPECIAL POINTS OF INTEREST

- World Bank retains Philippines growth outlook —page 1-2
- PHL requires up to P31 trillion in investment to hit energy targets — page 2-3
- PHL seeks strong collaboration among member economies to revitalize Apec —page 3-4
- Tariff cuts to combat inflation — page 4-5
- ‘Ambitious’ PEDP goals to be adjusted on weak global growth — page 6
- No relief for emerging currencies — page 6-7
- Marcos orders DA, BOC to implement 24/7 shipment processing — page 7

## World Bank retains Philippines growth outlook

Jun 05, 2024 | Louella Desiderio | The Philippine Star

MANILA, Philippines — The World Bank has maintained its growth forecasts for the Philippines for this year until 2026 on expectations of easing inflation, strong domestic demand as well as improved trade performance.

The multilateral lender’s Philippine Economic Update (PEU) report showed the country is expected to grow by 5.8 percent this year, unchanged from the forecast the World Bank provided in April.

The latest growth forecast is faster than the 5.5 percent gross domestic product (GDP) growth posted in 2023, but below the government’s six to seven percent target for this year.

For 2025 and 2026, the World Bank also retained its annual growth outlook for the Philippines at 5.9 percent.

This is also lower than the government’s 6.5 to 7.5 percent economic growth target for 2025 and the 6.5 to eight percent growth goal for 2026.

World Bank senior economist Ralph Van Doorn said the growth forecasts are based on the assumption that inflation would ease.

The PEU showed the World Bank expects inflation in the country to average at 3.6 percent this year and ease further to 3.2 percent next year and to three percent in 2026 from last year’s six percent.

Van Doorn said the “assumption is that inflation will remain in the comfort zone of the central bank and then leading to conditions that allow the central bank to lower the policy rate.”

A more accommodative monetary policy is expected to support private domestic demand.

Van Doorn also said the growth forecasts are based on the expectation that global growth would be picking up again, which will lead to increased trade and strengthen demand for Philippine exports.

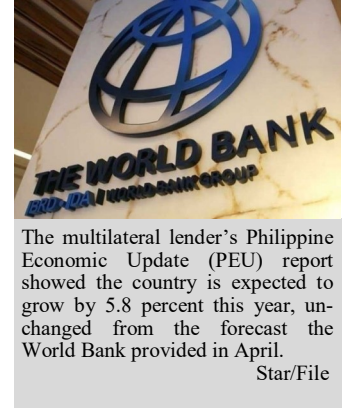
He said pro-investment reforms undertaken by the previous government and the current administration like the Public Service Act amendment and the new Public-Private Partnership Code are likewise expected to support the country’s economic growth.

“We assume that a lot of these reforms are being implemented and will lead to actual investments that are coming to the country and lead to a more productive capacity of the country,” he said.

The economy is also expected to benefit from the government’s commitment to shore up public investment, with public investment plans averaging 5.7 percent of GDP from 2024 to 2026, including 124 new flagship infrastructure projects.

With the Philippines seeing steady and resilient growth, Van Doorn said the World Bank expects the country to attain the upper middle-income status in the next two to three years.

Last month, National Economic and Development Authority Secretary Arsenio Balisacan said the agency is hopeful the country could achieve upper middle-income status toward the latter part of 2025. [Cont. page 2]



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Star/File

## World Bank retains Philippines growth outlook

[Cont. from page 1]

With a gross national income per capita of \$3,950, the Philippines is currently classified as a lower middle-income country.

Risks that may affect the World Bank's growth outlook include higher than expected inflation, extreme weather and climate change, global geopolitical tensions and a sharper economic slowdown in China.

A prolonged El Niño event and La Niña may also strain domestic food supply and push up inflation.

"To manage inflation, the continued implementation of non-monetary strategies is essential, including efforts to optimize supply and demand management and to secure timely and adequate imports of staple food items," Van Doorn said.

He said the government would also need to continue providing social assistance to vulnerable groups that are disproportionately affected by high food inflation.

To support the country's development priorities, the World Bank also emphasized the need to enhance revenue collection.

For the multilateral lender, additional revenue efforts could focus on broadening the tax base, rationalizing tax incentives, strengthening tax administration and improving collection efficiency.

*Source: <https://www.philstar.com/business/2024/06/05/2360363/world-bank-retains-philippines-growth-outlook>*

## PHL requires up to P31 trillion in investment to hit energy targets

Jun 04, 2024 | Sheldeen Joy Talavera | BusinessWorld



REUTERS

THE PHILIPPINES will need between P20 trillion and P31 trillion worth of investment to properly implement the Philippine Energy Plan (PEP), which will involve boosting the share of renewable energy (RE) in the power mix, the Department of Energy (DoE) said.

"When we talk about renewable energy, we need a total investment of P20 trillion to P31 trillion," Energy Undersecretary Rowena Cristina L. Guevara said at the Asian Development Bank (ADB) forum on Tuesday.

RE currently holds a 22% share of the power generating mix. The government is aiming to increase this share to 35% by 2030 and 50% by 2040.

Other strategies for hitting the target include building smart and green transition system, building up port infrastructure to facilitate the servicing of offshore wind farms, and voluntary early decommissioning or repurposing of coal-fired power plants.

The funding can be provided by the private sector and the banking system, Ms. Guevara said on the sidelines of the forum.

However, she said that the government is encountering challenges, including permitting issues.

As of February, the DoE had awarded over 1,300 renewable energy service contracts with a potential capacity of over 134,000 megawatts (MW).

Many developers tend to stall out in the pre-development stages and may not continue with their projects, she said.

Ms. Guevara said the DoE is targeting over 52.8 gigawatts (GW) of renewable energy on top of the existing and committed power plants in the Philippines.

Of the total, 27,000 MW are solar projects, 16,600 MW wind, 6,000 MW hydro, 2,500 MW geothermal, and 360 MW biomass.

"About 134,631.87 MW potential capacity can still be tapped from projects in the pre-development and development stages," Ms. Guevara said.

"We need more encouragement for our banking sector to engage in renewable energy investments," Ms. Guevara said at the forum.

[Cont. page 3]

## PHL requires up to P31 trillion in investment to hit energy targets

[Cont. from page 2]

Citing a study funded by the Rockefeller Foundation, Ms. Guevara said Philippine banks “can actually finance two-thirds of our energy transition.”

“But they need a leader who will help them understand the risks and rewards of investing in renewable energy,” she said.

Ms. Guevara said that to meet the 52.8 GW target, “we have to almost double our transmission system” which currently can support power generation of 28 GW.

Among the major projects of the National Grid Corp. of the Philippines is the Mindanao-Visayas Interconnection Project and the Cebu-Negros Panay Project.

The Hermosa-San Jose 500-kiloVolt Transmission Line, which has been stalled by a temporary restraining order, is targeted to be completed by July 15, Ms. Guevara said.

Warda Ajaz, project manager for the Asia Gas Tracker at the think tank Global Energy Monitor, said that the Philippines “boasts impressive solar PV (photovoltaic) and wind energy potential.”

To avoid being reliant on “economically volatile and insecure fuel sources” such as liquefied natural gas (LNG), she said that the country should instead put its investment into renewable energy.

“The billions of dollars being spent on new LNG infrastructure should instead be diverted toward scaling up renewable energy capacity to ensure a sustainable, secure, and economically stable energy future,” she said in an e-mail to *BusinessWorld* on May 31.

New LNG infrastructure risks “technological lock in” which will delay the transition to renewable energy, she said.

“Policymakers should prioritize investments in renewable infrastructure and technologies, along with energy storage solutions, to provide reliable and clean baseload power,” she said.

*Source: <https://www.bworldonline.com/economy/2024/06/04/599706/phl-requires-up-to-p31-trillion-in-investment-to-hit-energy-targets/>*

## PHL seeks strong collaboration among member economies to revitalize Apec

Jun 04, 2024 | Andrea E. San Juan | BusinessMirror

THE Philippines has called for stronger collaboration among Asia-Pacific Economic Cooperation (Apec) economies to address current challenges and “revitalize” the multilateral trading system.

Through the lens of the Philippines, Trade Undersecretary Allan Gepty raised agriculture as the country’s priority. He urged Apec economies to engage “constructively” to resolve domestic support and public stockholding issues.

In a statement on Tuesday, the Department of Trade and Industry (DTI) said Gepty suggested that member economies explore alternative approaches for further discussion in recognition that this is a “new subject” in APEC.

Apart from agriculture, the Philippines “championed” the integration of broader segments into trade, supporting greater inclusion of micro, small, and medium enterprises, women, persons with disabilities, and youth and elderly, said the DTI.

Gepty represented DTI Secretary Alfredo Pascual at the Apec Ministers Responsible for Trade (MRT) meeting held on May 17 and 18.

Themed “Empower. Include. Grow,” DTI said the meeting focused on “charting a course toward deeper economic and technical cooperation to boost prosperity and well-being across the Asia-Pacific region.”

Also among the topics brought to the table at the Apec meeting is the Free Trade Area of the Asia-Pacific (FTAAP), a concept which DTI said is pushed by the Business Advisory Council as APEC’s business arm. [Cont. page 4]



[FILE] President Ferdinand Romualdez Marcos Jr. speaks during the APEC CEO Summit Wednesday, Nov. 15, 2023, in San Francisco. (AP Photo/Eric Risberg)

## PHL seeks strong collaboration among member economies to revitalize Apec

[Cont. from page 3]

In a Viber message sent to the BusinessMirror on Tuesday, Gepty said the private sector wants “for APEC Economies to have a [free trade agreement] FTA in the region,” adding that it will be the same concept as the regional FTAs which has “market access and agreements on rules.”

Amid the current global economic setting which is coupled with “many challenges and fast-paced advancement of technology,” Gepty, in the statement issued by the DTI, noted that FTAAP “should be viewed more in the context of regional cooperation and economic integration that facilitates not only trade but creates more opportunities for our people under an environment that is fair, and fosters inclusive growth and development.”

During discussions on trade liberalization and the outcomes of the 13th World Trade Organization Ministerial Conference, Gepty underscored, “While we did not achieve the outcomes we had hoped for, the Philippines sees this as an opportunity for us to reflect and collaborate more to strengthen the multilateral trading system.

“We need to build on the positive outcomes of MC13 by implementing and advancing the decisions and agreements from the meeting. In this regard, the Philippines reaffirms its commitment to upholding the WTO’s role in fostering a rules-based, non-discriminatory, free, open, fair, transparent, and inclusive multilateral trading system,” Gepty added as he expressed a “firm resolution” to address the outstanding issues in the WTO.

Meanwhile, on the sidelines of the ministerial meeting, DTI said Gepty met with officials of Chile, Canada, and the United Kingdom to discuss plans for deeper bilateral trade and investment cooperation.

The Apec Leaders’ Summit is slated for November.

Image credits: AP/Eric Risberg

[Source: https://businessmirror.com.ph/2024/06/04/phl-seeks-strong-collaboration-among-member-economies-to-revitalize-apec/](https://businessmirror.com.ph/2024/06/04/phl-seeks-strong-collaboration-among-member-economies-to-revitalize-apec/)

## Tariff cuts to combat inflation

June 05, 2024 | Jocelyn Montemayor | Malaya Business Insight



File photo of a farmer drying rice on the side of a road during a hot day in Candaba, Pampanga, April 30, 2024.

The National Economic and Development Authority (NEDA) Board headed by President Ferdinand Marcos Jr., has approved lower tariffs on rice and extended existing tariff cuts on some other commodities to combat inflation and ensure ample supply, NEDA Secretary Arsenio Balisacan said yesterday.

The NEDA board also approved the Comprehensive Tariff Program for 2024-2028 that calibrates the current tariff rates until 2028 to ensure access to, and affordability of, essential commodities.

Balisacan said the Comprehensive Tariff Program is a strategic move that will balance the interest of consumers and local producers which is crucial for fostering rapid, sustained and inclusive economic growth. An executive order will be issued on the new tariff program.

Tariffs on rice will be cut to 15 percent for both in-quota and out-quota rates, down from 35 percent, through to 2028, Lower tariffs on corn, pork and mechanically de-boned meat were also extended until 2028.

The Philippines will also lower import duties for chemicals and coal briquettes to reduce energy prices, Balisacan said.

The Philippines is one of the world’s largest rice importers.

“This tariff reduction will substantially ease the upward pressure on domestic prices,” Balisacan said.

Annual inflation quickened for a third straight month in April to 3.8 percent, driven by an uptick in transport and food prices, including rice.

“Reducing rice tariff is expected to bring down rice prices for consumers while also supporting domestic production through tariff cover and increased budgetary support to improve agricultural productivity especially as global rice prices remain elevated,” Balisacan said.

Balisacan said based on the latest inflation reports of the Philippine Statistics Authority in the past three months, rice contributed about 2 percentage points or over 50 percent to the headline inflation.

He added the current upward price pressure for rice has been driven by the effects of the El Niño phenomenon as well as increasing demand given the growing population and economy.

[Cont. page 5]

**Tariff cuts to combat inflation**

[Cont. from page 4]

Impact Balisacan said this is expected to lower rice prices to at least P29 per kilo but not as a general price but for the poor and vulnerable sector who will be receiving direct subsidies from the government.

Balisacan said that while the tariff is lowered to 15 percent, it would still generate a substantial amount for the government and the Rice Competitiveness Enhancement Fund (RCEF).

He said the rice sector would continue to enjoy comparatively high tariff protection from competitive imports as the “tariff is higher for the 80 to 90 percent of the total 11,484 tariff lines under the Asean Tariff Nomenclature 2022”.

“The remaining tariff is still quite substantial. It’s still 15 percent. So whatever imports, if those imports are coming in at still elevated high prices, it’d still be quite a substantial tariff revenue for the RCEF,” he said in mixed English and Filipino.

On the impact of the reduced tariff on rice farmers, Balisacan said there are specific programs that address the plight of farmers such as provision of subsidies, assistance and services.

Balisacan emphasized the importance of the tariff reduction as rice prices in the world market are expected to continue to increase until September.

“The market says that by September we will likely see a moderation of prices, but some other forecasts also showed that if beyond September (prices) may still continue to elevate. So, it’s better be prepared,” he said.

**Other tariff moves**

Balisacan said the NEDA Board also agreed to maintain until 2028 the reduced tariff rates on corn, pork and mechanically-deboned meat identified under Executive Order No. 50 that was issued in 2023.

Balisacan said this would ensure the stable supply of these commodities, help manage inflation, promote policy stability and investment planning and enhance food security.

The reduced rates on meat and other products under the modified Most Favoured Nation (MFN) rates was initially effective until the end 2024.

Balisacan said the NEDA Board likewise approved the recommendations of the Committee on Tariff and Related Matters (CTRM) to maintain the current rates on more than half of the tariff lines covering various agricultural and industrial products especially for raw materials and intermediate inputs used in manufacturing.

He said tariff cover for various other agricultural products such as sugar, onions, shallots, garlic, broccoli, carrots, cabbage, lettuce, sweet potatoes, cassava, coffee substitutes, complete feeds, and feed preparations are retained, while tariff lines on certain chemical and chemical products, textiles, machinery and transport equipment are merged to simplify the tariff structure for more efficient customs administration and improve the ease of doing business.

He said the tariff maintenance will ensure access to inputs and support efforts to improve productivity and competitiveness as well as help domestic industries by reducing the cost they incur for their inputs, enabling them to be more competitive especially in the global market.

Taxes on inputs to manufacture antiseptics, detergents and medical deserts are also reduced to “help lower production cost and improve consumer welfare.”

Also approved was reduction of tariff on certain chemicals and coal briquettes to improve energy security and reduce input costs.

“Tariff reduction on coal will help ensure its availability at reasonable prices, thus supporting more stable electricity prices and supply in the country. Given our present energy constraints, this reduction will be timely as we steadily work toward implementing planned investment, transmission facilities and renewable energy infrastructure in the coming years,” Balisacan said.

**Infra progress**

Meanwhile, the NEDA board also discussed the progress of the 185 infrastructure flagship projects (IFPs) under the Build Better More Program for the first quarter of the year.

Balisacan said since the President’s State of the Nation Address in 2023, three IFPs were completed, eight are still under construction, while go signals were given to six other projects.

*Source: [https://malaya.com.ph/news\\_business/tariff-cuts-to-combat-inflation/](https://malaya.com.ph/news_business/tariff-cuts-to-combat-inflation/)*

### ‘Ambitious’ PEDP goals to be adjusted on weak global growth

June 05, 2024 | Justine Irish D. Tabile | BusinessWorld

THE TARGETS set in the Philippine Export Development Plan (PEDP) may have to be tempered to reflect slower global economic growth, according to the Department of Trade and Industry.

Bianca Pearl R. Sykimte, director of the Export Marketing Bureau and executive director of the Export Development Council, said that the PEDP export targets will be subject to “recalibration.”

“We will, but timing-wise, we are not yet able to explore the recalibration of targets. But we had discussions already, and we are only waiting for the timing,” Ms. Sykimte told reporters on the sidelines of the Auto Parts and Vehicles Expo on Wednesday.

“We might temper them because when we were drafting the PEDP, at the time we were recovering from the pandemic, there was an upward trend,” she said, adding that the need for them to be toned down became apparent with inflation, the geopolitical crisis, and slower global economic growth.

She said however that export targets set out in the Philippine Development Plan (PDP) remain achievable.

“We issued the PDP first, which is why its targets were more tempered. In fact, in terms of PDP targets, we are actually hitting them,” she said.

“The PEDP is really intended to be more ambitious,” she added. “But the scenario that we were expecting at the time we were drafting the PEDP was more favorable.”

Last year, total exports of \$103.6 billion missed the \$126.8 billion goal laid down in the PEDP but surpassed the \$100.9 billion set under the PDP.

The PEDP expects merchandise and services exports for 2024 to hit \$143.4 billion, a much more aggressive estimate than the \$107-billion export target under the PDP.

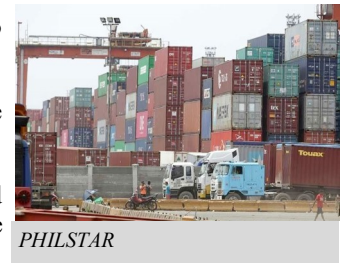
The Philippine Statistics Authority reported that exports of goods in the first quarter amounted to \$17.98 billion, up 4.8% from a year earlier.

Ms. Sykimte said that although the semiconductor industry, which accounts for the majority of exports, is expected to recover this year, the performance of agricultural exports will hinge on international prices.

“Luckily for semiconductors, we’re expecting an uptick this year. But of course, we also have a big agricultural resource base that is dependent on international prices,” she said.

“For copper, international prices are decreasing, and for coconut, we’re looking at what will be the trend for the year because these are the driving export figures for resource-based export products,” she added.

*Source: <https://www.bworldonline.com/economy/2024/06/05/599955/ambitious-pedp-goals-to-be-adjusted-on-weak-global-growth/>*



### No relief for emerging currencies seen

June 06, 2024 | By Vivek Mishra and Vuyani Ndaba |

Malaya  
**Business Insight**

BENGALURU/JOHANNESBURG- Emerging market currencies will struggle to rebound this year, pressured by a US Federal Reserve that is in no rush to cut interest rates and some pivotal national election results, according to a Reuters poll of currency

analysts.

Limited by a strong dollar this year, nearly all emerging markets currencies were forecast to weaken, or at best trade in a range in the next three to six months, according to the May 31 – June 4 survey of over 50 foreign exchange strategists.

Emerging markets assets have gained slightly after weak US data suggested the Fed might start cutting interest rates as soon as September, which could ease the pressure from the dollar. This global theme remains pivotal to emerging markets amid a host of key elections. [Cont. page 7]

## No relief for emerging currencies seen

[Cont. from page 6]

US policymakers, however, remain tight-lipped about the exact timing of policy easing and a bull run for emerging markets currencies it might trigger is not on the horizon.

“Most EM currencies have stabilized in the past month, but we think many will remain under pressure until US yields drop,” said Ruben Gargallo Abarques, assistant economist at Capital Economics.

“We continue to think the dollar will be on the front foot for some months until inflationary pressures ease and the Fed pivots towards rate cuts.”

Recent days brought elections in India, South Africa, and Mexico and emerging markets are expected to stay volatile in the near-term as investors parse out what these results mean for future economic reforms.

The Indian rupee Korean won and the South African rand are seen trading in a tight range in the next three to six months, while the Russian rouble and Turkey’s lira were forecast to soften over 5 percent .

Mexico witnessed Claudia Sheinbaum’s historic ascent as the nation’s first female president, while South Africa’s African National Congress suffered its toughest electoral setback in 30 years.

The Mexican peso closed on Tuesday at its weakest to the dollar since November after the country’s ruling party looked poised for a super-majority in Congress that markets fear might bring constitutional change and diminish checks and balances. – **Reuters**

[Source: https://malaya.com.ph/news\\_business/no-relief-for-emerging-currencies-seen/](https://malaya.com.ph/news_business/no-relief-for-emerging-currencies-seen/)

## Marcos orders DA, BOC to implement 24/7 shipment processing

June 06, 2024 | Jean Mangaluz | INQUIRER.net

MANILA, Philippines — President Ferdinand Marcos Jr. ordered a non-stop deployment of teams from the Bureau of Customs (BOC) and the Department of Agriculture (DA) to ensure round-the-clock shipment processing nationwide.

INQUIRER.NET

In a statement on Thursday, the Palace said the President announced the order during a meeting with the Private Sector Advisory Council (PSAC) – Infrastructure Sector Group on Wednesday.

Present in the meeting representing PSAC were business leaders Enrique Razon, Manuel Pangilinan, Eric Ramon Recto, Joanne de Asis, Ramoncito Fernandez, Rogelio Singson, Christian Gonzalez, and Daniel Aboitiz.

“In this business, there’s no after-hours. It can – it’s ready 24/7. So, let’s not put an extra team, let’s just keep it running. Whatever you have there in the day, let the same number of people (be there) all 24 hours,” Marcos said during the meeting. “So, three eight-hour shifts,” Marcos added.

According to the Palace, Marcos issued the order when the PSAC recommended that the DA and the BOC should have a shifting schedule to allow round-the-clock shipping operations.

The decision would allow continuous inspection, clearance, and payment processes, reducing costs and time, said the Palace, citing the PSAC.

[Source: https://business.inquirer.net/462645/marcos-orders-da-boc-to-implement-24-7-shipment-processing](https://business.inquirer.net/462645/marcos-orders-da-boc-to-implement-24-7-shipment-processing)

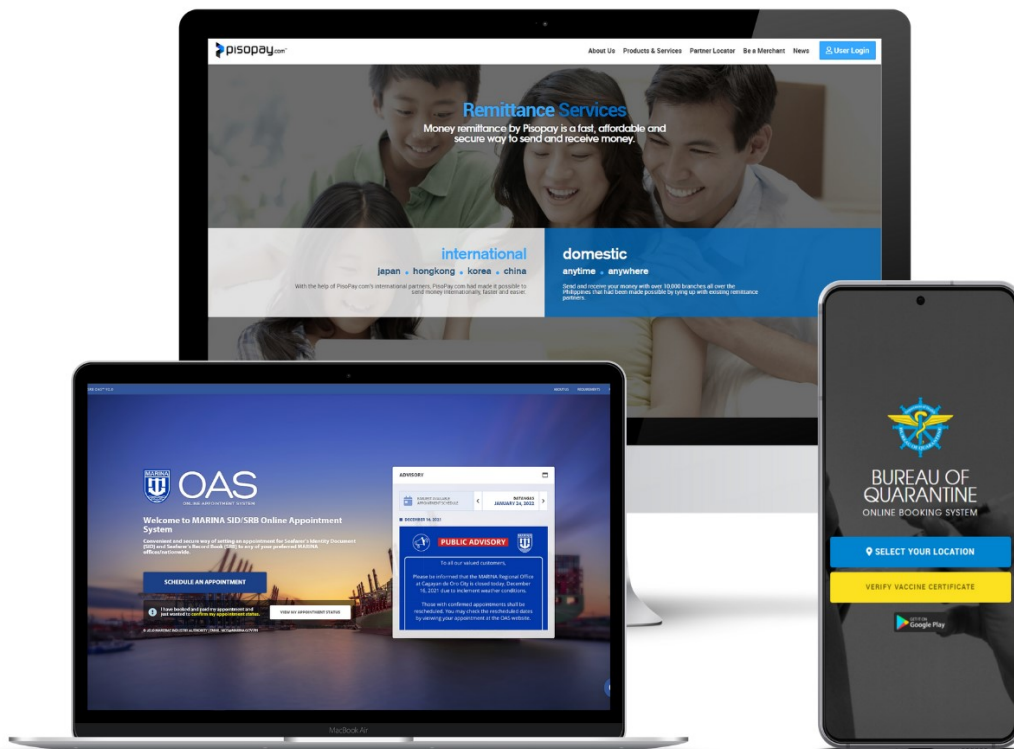
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