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SPECIAL POINTS OF INTEREST

No need to cut growth targets, but gov't should raise revenue — analysts

June 17, 2024| Beatriz Marie D. Cruz | BusinessWorld


PHILIPPINE STAR/EDD GUMBAN

THE Development Budget Coordination Committee (DBCC) does not need to scale back its growth targets for this year, but must consider how to raise revenue, and perhaps shed its reluctance to introduce new taxes, analysts said.

"We don't think there is any need to revise the DBCC growth target," Aris D. Dacanay, economist for ASEAN (Association of Southeast Asian Nations) at HSBC Global Research, said in an e-mail.

"Our 2024 growth forecast is just a bit lower at 5.8%, and with reforms such as the rice tariff rate cut potentially boosting consumption in the Philippines, the possibility for the economy to reach the lower end of the target isn't zero."

Economic managers have yet to announce whether they will revise fiscal targets for this year. In April, the DBCC cut its gross domestic product (GDP) growth target to 6-7% from 6.5-7.5%, backed by concerns over geopolitical instability and trade disruptions.

Mr. Dacanay also noted that the government's public-to-GDP ratio is expected to fall as the government continues to pay down debt incurred during the coronavirus pandemic.

"What is important to monitor is the direction public debt-to-GDP is going. And despite high fiscal deficits until 2028, public debt-to-GDP is still expected to fall since a big portion of the deficit will be used to pay for the debt incurred during the pandemic (which reduces overall debt)."

The National Government's debt as a share of GDP fell to 60.2% in the first quarter from 61.1% a year earlier, the Treasury bureau reported. However, this is still above the 60% threshold that multilateral institutions deem manageable for developing economies.

The government's debt-to-GDP ratio target for this year is 60.3%, with an ultimate goal of 55.9% by 2028, when the current government steps down.

While Mr. Dacanay said there is no urgency to impose new taxes to broaden fiscal space, "any additional revenue from well-designed tax measures will always be good for the economy."

"For instance, implementing the digital tax will help level the playing field for enterprises who are not doing business in the digital space."

The Department of Finance (DoF) has said it is not planning to impose new taxes, and will instead push for nontax revenue in its fiscal consolidation plan.

The DoF reported that nontax revenue hit P206.4 billion as of April.

Rizal Commercial Banking Corp. Chief Economist Michael L. Ricafort said that the government must focus on "intensified" tax collection and encourage greater tax compliance by the public to generate sufficient revenue to fund development priorities.

"However… there may be a need to increase tax rates and introduce new taxes, though signaled as a final resort/option, especially if inflation eases/stabilizes further in the coming months," he said via Messenger chat.

Filomeno S. Sta. Ana III, coordinator at Action for Economic Reforms, said the government should introduce new tax measures while maintaining adequate spending. *[Cont. page 2]*

No need to cut growth targets, but gov't should raise revenue — analysts

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"A sound fiscal consolidation plan will necessarily include generation of higher revenue," he said in a Viber message.

"Cutting spending is one approach but we can only cut the wasteful spending; otherwise, an austerity program will hurt the whole economy and society."

Proper tax administration is also deemed insufficient to generate the necessary revenue.

"Hence, government has to identify new taxes which are efficient and politically feasible… the point is, government should not reject tax policy as a main strategy for fiscal consolidation," Mr. Sta. Ana said.

Tax measures that policymakers should consider include increasing rates for sin products like alcoholic drinks and vapes, as well as inflation-adjusted rates for sweetened beverages.

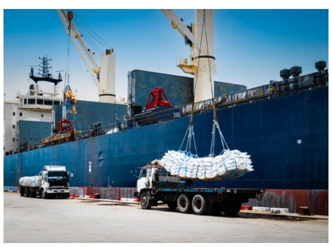
Mr. Sta. Ana also cited the need to reform the pension system for military and uniform personnel and rationalize value-added tax by limiting exemptions to essential goods.

The government must also ramp up spending on state programs in infrastructure, healthcare, disaster risk reduction, and the green energy transition to reach its fiscal targets, he added.

Source: https://www.bworldonline.com/economy/2024/06/17/602354/no-need-to-cut-growth-targets-but-govt-should-raise-revenue-analysts/

Philexport reminds bizmen of rules ahead of ATA Carnet

June 17, 2024| Andrea E. San Juan | BusinessMirror



RULES on import and export of goods have been laid down ahead of the launch in the Philippines of the ATA Carnet system or "passport for goods," which will allow movement of goods, conditionally free from duties and taxes, according to the Philippine Exporters Confederation Inc. (Philexport).

With the launch of the ATA Carnet System in the country on July 15,2024, Philexport said it is important for those planning to apply for an ATA Carnet to know the guidelines on the implementation of the system in the Philippines.

"In general, importations into the Philippines are subject to duties and taxes. However, some goods may be allowed temporary admission with relief from the payment of duties and taxes under certain conditions," Philexport said in a statement on Friday.

The umbrella organization of Philippine exporters said the rules and regulations on the importation or exportation of conditionally duty- and- tax-free goods using ATA Carnets are enclosed in the Customs Administrative Order (CAO) No. 02-2022 of the Bureau of Customs (BOC).

The ATA Carnet system allows the passage or free movement of goods temporarily admitted into a customs territory and conditionally free from duties and taxes, said Philexport.

The goods are covered by temporary admission papers called the ATA Carnet or "passport for goods."

The Philippines acceded to the Istanbul Convention on April 28, 2021 and became a contracting party in January 2022, the Convention taking effect in the Philippines on April 17, 2022.

The Philippine Chamber of Commerce and Industry (PCCI) will be the authorized national issuing and guaranteeing association (NIGA) for the country when the system is rolled out next month.

For the importation of goods into the Philippines, the NIGA is authorized to issue temporary admission papers from the country of supply or exportation. Hence, the ATA Carnet application must be filed with the issuing association of the country where the subject goods will come from, said Philexport.

For the exportation of goods from the Philippines, the PCCI will issue the ATA Carnet. The chamber can also "co-guarantee" the importation of goods for temporary admission to the Philippines, the Philexport also noted. *[Cont. page 3]*

Philexport reminds bizmen of rules ahead of ATA Carnet

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“The PCCI shall have the authority to issue the ATA Carnet, which will be valid for one year. Once the ATA Carnet has been issued, no more extra items can be added to the list of goods enumerated,” said Philexport.

Section 11 of CAO 02-2022 enumerates the goods eligible for temporary admission in the Philippines.

These include: goods for display or use at exhibitions or fairs, meetings or similar events; professional equipment for the media/ press or cinematographic equipment; Containers, pallets, packings, samples and other goods for commercial operation; Goods in connection with a manufacturing operation such as matrices, blocks, plates, measuring and checking instruments, and special tools and instruments.

Also eligible for temporary admission in the Philippines are Goods for educational, scientific, cultural, sports, medical, and humanitarian purposes, among others; Travelers personal effects and goods imported for sports purposes; Goods for humanitarian purposes such as medical, surgical and laboratory equipment and relief consignments; Animals in relation to dressage, training, breeding, veterinary treatment, testing, rescue operations, and entertainment, among others.

As for the conditions that must be complied with for the enumerated goods to be granted temporary admission in the country, Philexport listed these requirements: the goods must be imported for a specific purpose; the goods must be intended for re-exportation within the minimum period specified under the Istanbul Convention; and the goods shall not undergo any change except normal depreciation due to their use.

On the other hand, goods covered by the Istanbul Convention but are not accepted in the Philippines are: ATA Carnet for postal traffic; Packings and articles that by their nature are unsuitable for any purpose other than advertising for specific articles or publicity for a specific purpose.

While scientific and pedagogic material is accepted, submission of Customs document is required, said Philexport.

Meanwhile, other prohibited goods in the Philippines are: tourist publicity materials; Goods imported as frontier traffic; Means of transport and Animals for transhumance or grazing or for performance of work or transport.

Philexport unveiled the advantages of having the ATA Carnet system in the country.

“Salesmen, exhibitors, and other business travellers can make advance customs arrangements at a predetermined cost, visit several countries, use the ATA Carnet for several trips during its one-year validity, and return to their home country with their goods without problems or delays,” the umbrella organization of Philippine exporters said.

The business group said the Philippines also benefits from being part of the ATA Carnet chain, as importers will be allowed to bring in goods covered under the Istanbul Convention conditionally duty- and tax-free.

For its part, the BOC saves time and resources to process the temporary admission of scientific, professional and other goods and equipment.

Image credits: Kosal Hor | Dreamstime.com

Source: https://businessmirror.com.ph/2024/06/17/philexport-reminds-bizmen-of-rules-ahead-of-ata-carnet/

Philippines expected to keep solid external position

June 18, 2024| Ian Nicolas P. Cigaral | Philippine Daily Inquirer

MANILA — The Philippines is expected to keep a healthy external position despite the twin shocks of the pandemic and global geopolitical risks, thanks to the country’s reliable dollar engines, according to Moody’s Analytics.

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Such was also the case for most in East Asia, which still ran current account surpluses over the past four years despite the disruptions, the Moody’s unit said in a report.

”Economies in East Asia have long run sizeable current account surpluses, which have turned them into major international creditors,” Moody’s said, adding: ”Thanks to large goods exports and profit receipts, most East Asian economies should keep running current account surpluses for years to come.” *[Cont. page 4]*

Philippines expected to keep solid external position
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An economy's current account captures all transactions involving credit and debt between a country and the rest of the world. It counts both trades in merchandise and services like BPO earnings, cash remittances, and tourism receipts.

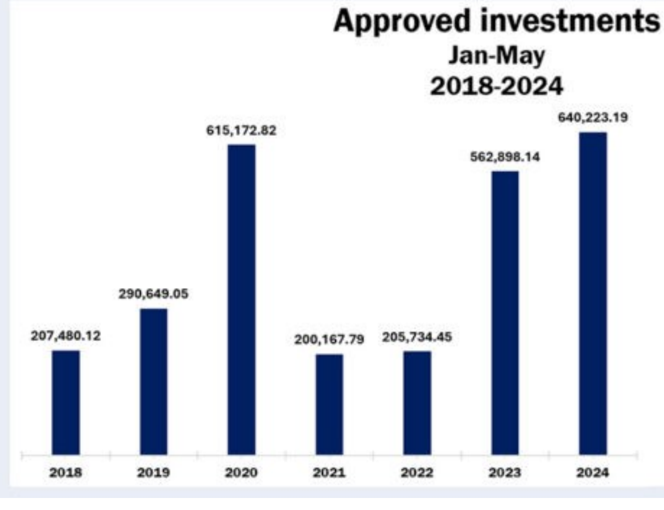
A country running consistent surpluses becomes an international net creditor, while a country running deficits becomes a net borrower. Foreign investors keep close tabs on current accounts as large deficits can become a source of vulnerability.

The country posted a current account deficit of $1.7 billion in the first quarter, smaller by 60.6 percent compared with the gap recorded a year ago, the Bangko Sentral ng Pilipinas (BSP) reported. This development, the BSP said, reflected a narrowing merchandise trade deficit.

Moody's said remittances from Filipinos overseas buoyed the Philippines, helping the country maintain its strong external position even during hard times.

Source: https://business.inquirer.net/464270/philippines-expected-to-keep-solid-external-position

BOI investments hit record P640B
June 18, 2024| Irma Isip | Malaya Business Insight



2024	
Jan	116,400.96
Feb	27,072.97
Mar	126,122.02
Apr	343,212.60
May	27,414.65
Total	640,223.19

The Board of Investments (BOI) approved P640.22 billion in the first five months of the year, an increase of 14 percent from P562.9 billion in the same period last year.

This is also the highest first five-month approval in the BOI's 57-year history.

Domestic investments accounted for 82 percent of total at P525.85 billion while foreign investments totaled P114.37 billion.

These investments are expected to create 13,871 jobs for Filipinos.

Switzerland was the leading source of foreign investments contributing P 62.89 billion, followed by the Netherlands (P39.33 billion), Singapore (P6.07 billion), China (1.53 billion), Taiwan (P1.28 billion), and the United States (P953 million).

Calabarzon (Region IV-A) received the most investments at P538.52 billion or 84 percent of total, followed by the Ilocos Region at P28.49 billion. Rounding up the top five are Central Luzon, P24.42 billion; Bicol Region, P13.28 billion and; Western Visayas P8.54 billion.

Ninety-five percent of total approved investments at P607.47 billion are in renewable energy and power sector, an increase of 20.73 percent increase from the previous year's P503.18 billion.

The rest of the investments are in agriculture, forestry, and fishing, P 9.56 billion; real estate, P8.17 billion; transportation and storage sector, P4.61 billion; manufacturing, P4.36 billion and; financial and insurance, P227.95 million.

Source: https://malaya.com.ph/news_business/boi-investments-hit-record-p640b/

Oxford poll: Little chance of global recession in '24, '25

June 18, 2024| Cai U. Ordinario | BusinessMirror

DESPITE expectations that global growth will be slower than in the past decade, businesses see little chance of a global recession occurring this year or next year, according to Oxford Economics.

In its latest economic brief, the UK-based think tank said global growth is expected to grow 2.25 percent throughout the remainder of 2024 and early 2025.

However, Oxford Economics said, only 1 in 10 businesses believe there is a chance of a global recession, in the magnitude of the 2009 Global Financial Crisis, this year or next year.

"The latest data also confirm that businesses have become less concerned about downside risks to the global economy," Oxford Economics said.

"They continue to see only a minimal chance of an economic slump on the scale experienced in 2009 during the global financial crisis," it added.

The think tank said the expected growth rate of the global economy, at 2.2 percent in the first quarter of next year, remains 0.5 percentage points lower than the pace of growth in the past 10 years.

"Overall, businesses expect global growth to remain relatively stable in the year ahead," the think tank said. "The probability of growth surprising significantly to the downside is seen as contained in the near term."

Oxford Economics said the estimates are based on its Global Business Sentiment Index. It said businesses expect stable growth in 2025 and "worries over tail risks have receded further since April."

The World Bank earlier said global growth is projected to hold steady at 2.6 percent in 2024 before edging up to an average of 2.7 percent in 2025-26.

This, the World Bank said, is still well below the 3.1-percent average in the decade before Covid-19.

Given this, the Washington-based lender said over the course of 2024-26 countries that collectively account for more than 80 percent of the world's population and global GDP would still be growing more slowly than they did in the decade before Covid-19.

The World Bank said developing economies are projected to grow 4 percent on average over 2024-25, slightly slower than in 2023.

Growth in low-income economies is expected to accelerate to 5 percent in 2024 from 3.8 percent in 2023.

However, the forecasts for 2024 growth reflect downgrades in three out of every four low-income economies since January. In advanced economies, growth is set to remain steady at 1.5 percent in 2024 before rising to 1.7 percent in 2025.

Image credits: Doersbd21 via Dreamstime.com

Source: https://businessmirror.com.ph/2024/06/17/oxford-poll-little-chance-of-global-recession-in-24-25/

PPA set to start crafting ports development plans

June 18, 2024| Philippine Daily Inquirer

MANILA — The Philippine Ports Authority (PPA) is considering crafting master plans to develop 10 seaport terminals across the archipelago by August as the government seeks to improve cargo movement and tourism activities.

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The PPA, in a message to the Inquirer, said that a sole bidder expressed intent to acquire the P32.29-million consultancy services contract for the conduct of feasibility studies and formulation of master plans covering several seaports.

These terminals are to be located in Pasuquin, Ilocos Norte; Puerto Galera, Oriental Mindoro; Taytay, Palawan; Buenavista, Guimaras; San Carlos, Negros Occidental; Dumaguete, Negros Oriental; Lazi, Siquijor; Catbalogan, Samar; Zamboanga, Zamboanga del Sur; and Cagdianao, Dinagat Islands. *[Cont. page 6]*

PPA set to start crafting ports development plans

[Cont. from page 5]

The government agency said the bidder has yet to submit additional requirements such as technical and financial proposals.

Should the proponent qualify, the contract will likely be awarded next month.

The chosen partner for the project will be given one year from the receipt of the notice to proceed to complete the study.

“The general objective of this package of feasibility studies and master plans is to meet the increasing port services required for various regions’ agri-industrial development and tourism enhancement and to determine the long-term directions in the development of the selected ports,” the PPA said.

Elmer Santiago, Transportation Undersecretary overseeing the maritime sector, earlier said they were planning to construct 200 new seaports across the country by 2028 to improve connectivity for remote islands. Each terminal is estimated to cost P20 million to P80 million.

New seaports planned
The Department of Transportation (DOTr) is also keen on building and expanding 14 roll-on/roll-off ports across the archipelago.

These include San Vicente Roro Port, Maconacon Port, and Palanan Port in northern Luzon; Dilasag Port, Baler Port, Infanta Port, and Catanauan Port in eastern Luzon; Cadiz Port, Ajuy Port, and San Fernando Port in Central Visayas; and Lupon Roro Port and Sta. Ana Roro Port in Mindanao.

Last month, the DOTr announced its plan to start looking next year for a private-sector partner to develop a ferry system that traverses Manila Bay, Pasig River, Marikina River, and Laguna de Bay. The goal is to provide alternative routes that link the east and west corridors of Metro Manila.

PPA reported that passenger traffic on sea terminals surged by 24 percent to 73.61 million last year from 59.19 million in 2022. However, this was still below the 2019 level of 83.72 million passengers.

Meanwhile, cargo throughput last year grew by about 5 percent to 271.97 million metric tons (MT) from 259.14 million MT in 2022. The latest print exceeded the pre-pandemic volume of 265.88 million MT in 2019.

Source: https://business.inquirer.net/464273/ppa-set-to-start-crafting-ports-development-plans

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