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Moody's: At 5% growth for 2024, PH still an underachiever

June 24, 2024| Mariedel Irish U. Catilogo | Philippine Daily Inquirer

While the Philippines is expected to grow by more than 5 percent this year, it is still considered one of the worst performers by Moody's Analytics.

This photo taken on January 29, 2019 shows a general view of the skyline of the financial district of Makati in Manila. (Photo by Ted ALJIBE / AFP)

"Output in the Association of Southeast Asian Nations group of economies is more than 6 percent behind the prepandemic trend, with the Philippines and Thailand faring the worst," the credit ratings agency said in a report.

For the first quarter, the Philippine economy expanded by 5.7 percent, outdoing most of its neighbors in Southeast Asia amid slowing household consumption and public spending.

The country's first-quarter growth sits with Vietnam's 5.6 percent and above China's 5.3 percent, Indonesia's 5.1 percent, Singapore's 2.7 percent, Thailand's 1.5 percent and Malaysia's 3.9 percent.

Michael Ricafort, chief economist at Rizal Commercial Banking Corp. attributed the Philippine's weak performance to accelerating inflation and high interest rates, which increased borrowing costs and hampered businesses from returning to prepandemic level of activities.

Alongside its neighbors in Southeast Asia, the Philippines, Moody's said, remained "outperforming but underachieving," as growth in the region in the coming months could be dragged down by sticky inflation and a high interest rate environment.

"Gross domestic product in much of the region is running far below potential, especially in Southeast Asia, where output tumbled during the COVID-19 pandemic. Without stronger growth, the region has little chance to repair this damage," Moody's Analytics said.

In its June forecast, Asia-Pacific is set to grow by 3.9 percent in 2024 and 2025, well above the global economic growth forecast of 2.6 and 2.7 percent, respectively.

On the local front, the Monetary Board has kept the benchmark rate steady at a 17-year high of 6.5 percent, following cumulative hikes of 450 basis points to bring down inflation.

Source: https://business.inquirer.net/464928/moodys-at-5-growth-for-2024-ph-still-an-underachiever

PPA to hike cargo fees by 16%, says Philexport

June 24, 2024| Justine Irish D. Tabile | BusinessWorld

THE PHILIPPINE PORTS Authority (PPA) will be increasing cargo handling fees by 16% at the Manila ports by August, the Philippine Exporters Confederation, Inc. (Philexport) said in a bulletin.

According to Philexport, the increase was confirmed by PPA Manager for Commercial Services Mark Jon S. Palomar's letter in response to Philexport's petition "to defer cargo handling tariff hikes until the export industry has recovered."

Citing Mr. Palomar's letter, Philexport said that the hike in fees was approved by the PPA board of directors during its regular meeting on May 28. *[Cont. page 2]*

PPA to hike cargo fees by 16%, says Philexport

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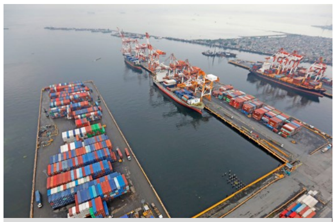

PHILIPPINE STAR/WALTER BOLLOZOS

This involves a 16% increase in cargo handling tariffs at the Manila South Harbor and the Manila International Container Terminal (MICT).

Manila South Harbor is operated by Asian Terminals, Inc., while the MICT is operated by International Container Terminal Services, Inc.

"[The increase] is based on the consumer price index adjustment factor from 2020 to 2023 considering the relevant provision of the Terminal Operators Contract with the Authority," Philexport said, citing Mr. Palomar's letter.

The Philippines' annual average inflation rate stood at 6% in 2023, higher than the 2022 annual average inflation rate of 5.8%.

The increase, which will be implemented no earlier than Aug. 5, will be executed in two tranches.

The first tranche will involve a 10% increase in cargo handling fees. The second tranche, which will involve a 6% increase, will be implemented six months after the first tranche takes effect.

According to the export group, it has been opposing, together with the Export Development Council, any cargo handling rate increases at Philippine ports.

"The PPA has a share in cargo handling revenues generated by cargo-handling contractors and port-related service operators," Philexport said.

"Thus, the approval of any cargo handling tariff hike constitutes a 'conflict of interest' as the PPA, being the regulator, also benefits from its own regulation, giving the agency the incentive to increase the rate to improve its financial health," it added.

Sought for comment, Philippine Chamber of Commerce and Industry Chairman George T. Barcelon said that the business group does not think the PPA should implement any hike in fees at this time.

"The PPA at this point in time should not be increasing their service charge because this would be challenging to the importers and exporters who are already facing the increase in shipping costs," Mr. Barcelon said in a phone interview.

"I don't think it would be prudent for them to increase… Maybe this is not the right time because businessmen are already having challenges," he added.

Mr. Barcelon said importers and exporters are already facing higher shipping costs due to geopolitical tensions in the Middle East.

"If you will notice, this week, there will be an increase in oil prices. All of this, somehow, would be passed on to consumers… and this might affect our inflation," he added.

Pump prices for petroleum products are expected to climb this week, driven by "continued geopolitical tensions and supply risks," according to the Department of Energy.

Inflation rose 3.9% in May, the fastest rise since November.

British Chamber of Commerce Philippines Executive Director Chris Nelson said on Sunday that the increase is "government-mandated" and reflects the inflation uptrend over the last three years.

"It's based on the last three years of inflation, so if inflation drops, then obviously going forward, the increase should be less," Mr. Nelson said in a phone interview.

But more than the increase in cargo handling fees, Mr. Nelson said the bigger challenge that companies face today is the "exceptionally high" shipping rates.

"So, look, it's a mandated increase by the government. It covers inflation, (which) we understand. But if you look at the cost in the system, what's more of a challenge for exporters and importers is actually the shipping rates, which are, again, very high," he added.

The pending increase also comes after the 32% increase in storage charges for foreign containerized cargoes.

"Trade groups, including Philexport, had also opposed the increase of 32%, noting it was too high and would hurt the economy and the stakeholders already facing inflation and a weak global economy," the group said.
The PPA implemented an increase in storage fees as well as a surcharge for the storage of reefer containers on Jan. 6, despite calls from the business sector to defer or reconsider the increase last year.

Meanwhile, other chambers that opposed the proposal include the American Chamber of Commerce of the Philippines, Inc., the German-Philippine Chamber of Commerce and Industry, and the European Chamber of Commerce of the Philippines.

Asked to comment, the PPA has yet to respond to *BusinessWorld*'s inquiry as of press time.

Source: https://www.bworldonline.com/top-stories/2024/06/24/603621/ppa-to-hike-cargo-fees-by-16-says-philexport/

BIR extends use of official receipts until fully consumed

June 22, 2024| Louise Maureen Simeon | The Philippine Star

Bureau of Internal Revenue

The STAR / Krizjohn Rosales, File photo

MANILA, Philippines — The Bureau of Internal Revenue (BIR) is allowing businesses to use their remaining official receipts until fully consumed as part of the Ease of Paying Taxes (EOPT) Act.

In a statement, BIR Commissioner Romeo Lumagui said the agency is authorizing the use of remaining official receipts until they are fully consumed instead of only until end-December.

Under the EOPT Law, taxpayers will have to shift to valid invoice instead of manual official receipts.

Invoice is a written account evidencing the sale of goods and services issued to customers in the ordinary course of trade or business.

Also referred to as principal invoice, it includes sales, commercial, cash, charge or credit, service and miscellaneous invoice.

"All remaining official receipts can be used, until fully consumed. Inventory reports and notices can be submitted through email," Lumagui said.

"We are committed to making the transition to EOPT as convenient to taxpayers as possible," he said.

After the passage of EOPT in January, the BIR has been moving to harmonize different regulations, systems and processes under its mandate.

The EOPT Law aims to encourage the public to enter into and comply with the tax system by streamlining processes and minimizing the burden on taxpayers, thereby increasing the country's revenue collection.

Source: https://www.philstar.com/business/2024/06/22/2364566/bir-extends-use-official-receipts-until-fully-consumed

DTI SEES SUSTAINED GROWTH : Merchandise exports expands 26.4% in April

June 24, 2024| Irma Isip | Malaya Business Insight

A view of Manila's port. (Reuters Photo)

The Department of Trade and Industry (DTI) has rolled out several initiatives that would ensure the resiliency of Philippine exports, after goods shipments expanded 26.4 percent in April from the same month in 2023.

This lifted cumulative merchandise exports for the first four months of the year by 9.6 percent to $24.2 billion compared to $22.1 billion in the same period last year.

Electronics exports, a key driver of this growth, saw an impressive 33.3 percent expansion in April, reaching the highest level in the past decade. Top-performing categories within this sector included semiconductors, electronic data processing, telecommunications, consumer electronics and automotive electronics.

"We have been intensifying our efforts to make exporter services more accessible by digitalizing our services and by conducting more engagements in the regions. Export matching and information services of the Department will soon be accessible through digital platforms," said Bianca Sykimte, DTI-Export Marketing Bureau director.

Sykimte said the DTI recently partnered with QSweep Tech Services Corp. to promote Philippine exporters in the digital space through PHX Source, an online platform designed to provide greater visibility and access to international markets for Philippine exporters.

This platform will enable exporters to showcase their products and services, connect with potential buyers and partners, and gain valuable insights through real-time analytics.

Sykimte said the DTI is also collaborating with key export enablers to provide comprehensive support services to exporters. These include initiatives like the Usapang Exports sessions, designed to educate exporters on various export-related services and topics.

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DTI SEES SUSTAINED GROWTH : Merchandise exports expands 26.4% in April
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Sykimte noted ongoing initiatives to improve backward linkages by creating and linking supplier networks within the country. This strategy aims to reduce import dependence and facilitate greater participation in global value chains, either as direct or indirect exporters.

The Philippines is actively engaged in the Comprehensive Economic Partnership Agreement negotiations with the United Arab Emirates. This agreement will operationalize the Philippines' trade strategy to enter new markets as contained in the Philippine Development Plan 2023-2028 and the Philippine Export Development Plan 2023-2028.

Sykimte said the DTI's strategic initiatives across multiple industries are supported by the Tatak Pinoy Program and the Malikhaing Pinoy Program.

Oher commodity groups also recorded notable growth in April 2024, including other manufactured goods; other mineral products; coconut oil; ignition wiring sets and other wiring sets used in vehicles, aircraft and ships; machinery and transport equipment; chemicals; gold; and fresh bananas.

Source: https://malaya.com.ph/news_business/dti-sees-sustained-growth-merchandise-exports-expand-26-4-in-april/

Philippines prime safe haven for investors — Recto
June 23, 2024| Chino S. Leyco | Manila Bulletin

MANILA BULLETIN

The Department of Finance (DOF) said that the Philippines possesses all the elements of a tiger economy, making the country the most strategic safe haven for investors.

Finance Secretary Ralph G. Recto said the Philippines is booming, asserting itself as an economic superstar in Southeast Asia with a growth rate of 6.2 percent, one of the fastest in the region.

Recto added, "In less than a decade, the Philippines will join the club of trillion-dollar economies. And we will continue to outpace the growth of Asia's economic powerhouses in the coming years."

Looking ahead to 2075, Recto expects that the Philippines will surpass France to become the world's 14th-largest economy, bringing it one step closer to Japan.

"With our arsenal of growth-enhancing strategies, the Marcos, Jr. administration has the right policy tools and determination to take us there," the finance chief said.

Recto also said that the government is effectively managing inflation risks arising from geopolitical tensions.

He said the Bangko Sentral ng Pilipinas and the government are closely aligned to ensure they address risks through proactive monetary policies and well-targeted non-monetary interventions.

The government expects inflation to average 3.4 percent this year, comfortably within the target range of two percent to four percent and significantly lower than the global average of 5.9 percent.

"As inflation eases, we anticipate a further acceleration in our already robust domestic demand, with household consumption accounting for about 75 percent of our economy," Recto said.

"This is our sturdy shield against external factors contributing to slow global growth," he added.

Recto added that the Philippines' progression towards reaching upper-middle-income status next year and becoming the world's 13th largest consumer market by 2030.

This should create ample opportunities for businesses to thrive in the local market, he said.

"The country's strong labor force fuels the dynamism of our economy," he said, citing the country's unemployment rate, which has steadily declined to a historically low level and is even better than pre-pandemic.

"We boast a strong and growing middle class, with the largest portion of the Filipino workforce engaged in formal, stable work," Recto said. "With a median age of only 25 years old, the Philippines enjoys a demographic sweet spot."

Source: https://mb.com.ph/2024/6/23/philippines-prime-safe-haven-for-investors-recto

Tourist numbers seen surging 32.6% to 6.6M

June 25, 2024| Niña Myka Pauline Arceo | The Manila Times

TOURIST arrivals could surge to near pre-pandemic levels this year amid a continued recovery for the country's hospitality industry, a Fitch group unit said.

"We have a positive outlook for Philippines' tourist arrivals in 2024 and over the remainder of our medium-term forecast period to 2028," BMI Country Risk & Industry Research said in a June 21 report.

Tourist numbers could grow by 32.6 percent this year to 6.6 million, BMI said, up from 5.0 million in 2023 and some 81 percent of the 8.2 million arrivals in 2019.

Arrivals plunged to 1.4 million in 2020 due to the Covid-19 outbreak.

In the first quarter of this year, visitor numbers were already 21.3 percent higher at 1.6 million compared to the same period in 2023.

South Korea was the largest source market with 458,619 arrivals or 26 percent of the total. This was followed by the United States and mainland China with 264,690 (16.9 percent) and 109,568 (7.0 percent) arrivals, respectively.
Japan was fourth with 105,347, and Australia ranked fifth with 70,601.

"We expect arrivals growth to be driven by key source markets in Asia-Pacific, North America and Europe," BMI said.

It estimated that tourist arrivals would continue to increase over the medium term, fully recovering by 2025 with 8.3 million visitors in total.

By 2028, arrivals are expected to hit 9.4 million, reflecting an average annual growth rate of 14.0 percent year-on-year over the 2024–2028 period.

BMI, however, warned of short-term risks "stemming from high living costs in many markets globally and tighter credit conditions which will weigh on consumer spending, particularly on nonessential categories such as travel."

Source: https://www.manilatimes.net/2024/06/25/business/top-business/tourist-numbers-seen-surging-326-to-66m/1953063

Higher airport fees opposed

June 23, 2024| Elijah Felice Rosales | The Philippine Star

MANILA, Philippines — A consumer group wants the government to call off its plan of raising passenger service charges (PSC) at the Ninoy Aquino International Airport (NAIA).

Passengers heading to their respective provinces for the Holy Week break flock to Ninoy Aquino International Airport (NAIA) Terminal 3 on March 27, 2024.

STAR / Jesse Bustos

CitizenWatch Philippines, led by former lawmaker Jose Christopher Belmonte, wants the government to terminate its plan of increasing the fees charged against travelers using NAIA.

“CitizenWatch Philippines rejects in the strongest possible terms the proposed increase in airport fees at the soon-to-be privatized Ninoy Aquino International Airport,” the group said.

In proposals seen by The STAR, the Manila International Airport Authority (MIAA), regulator of NAIA, is proposing to raise the charges for NAIA services. In particular, MIAA wants to raise the PSC for domestic travelers by almost double to P390 from P200.

Further, MIAA hopes to increase the PSC for international guests to P950 from P550.

The operations and maintenance of NAIA are set to be passed on to the New NAIA Infrastructure Corp. (NNIC), led by Ramon Ang’s San Miguel Corp., in September.

CitizenWatch Philippines said proposals to adjust the PSC may discourage Filipinos and foreigners from traveling to the Philippines.

“The increase will also be an additional, unnecessary cost that would discourage businesses and tourists from coming and staying here. It will run counter to the administration’s drive to attract investments and visitors,” CitizenWatch Philippines said.

Likewise, CitizenWatch Philippines said Filipinos are already burdened with price pressures, as inflation has gone on an upward trend this year, reaching 3.9 percent in May.

The group believes that NNIC must first upgrade the airport and its facilities before changing the rates on NAIA services.

Source: https://www.philstar.com/business/2024/06/23/2364795/higher-airport-fees-opposed

[ANNOUNCEMENT] KCCP New Payment Channel powered by Pisopay.com

The Korean Chamber of Commerce Philippines (KCCP), Inc. launched a new payment channel powered by Pisopay.com on June 21, 2024. All KCCP members will be able to easily settle their annual dues and other fees through online payment available in KCCP Website—https://www.kccp.ph/about/membership/. For more information and assistance, please feel free to call KCCP Secretariat at +632-8885-7342 or by email at info@kccp.ph.

[PHOTO] Roundtable on Airport Infrastructure Round 2 hosted by Arangkada

Arangkada hosted a second roundtable on Airport Infrastructure last June 18 at the Robert Sears Hall, Amacham Office. The first roundtable was held on August 2023 in which KCCP had sent representatives to attend. This time, KCCP was represented by its Director, Mr. Kook Il Jeon of HJ Shipping & Construction Co. Ltd.

The second RTD takes insights from the first RTD and updates that had happened since then. Arangkada invited DOTr office of the Undersecretary for Aviation and Airports and CAAP to speak on government initiatives.

The roundtable discussions are being conducted as part of the process of updating the 2017 Airports Policy brief.

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