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SPECIAL POINTS OF INTEREST

PHL urged to implement 'smart' policies to achieve double-digit growth

June 26, 2024| Justine Irish D. Tabile | BusinessWorld

A wooden boat is seen behind the wind turbines in Pagudpud, Ilocos Norte in this file photo. — PHILIPPINE STAR/KJ ROSALES

THE PHILIPPINES should implement "smart" policies that address challenges in power, infrastructure and defense sectors in order to fuel double-digit economic growth, Denmark's ambassador to the Philippines said on Tuesday.

In his keynote speech at the 45th National Conference of Employers on Tuesday, Ambassador Franz-Michael Skjold Mellbin said that he believes that the Philippine economy's baseline growth should be about 6-7% "as long as the government does not do anything stupid."

The government is targeting 6-7% gross domestic product (GDP) growth this year and 6.5-7.5% GDP expansion in 2025.

Mr. Mellbin said some of the past governments have done things that "were less than admirable for [the Philippine] economy and its people."

"If the government actually does smart stuff, if you get good policies, I believe that the Philippines could go double-digit, once or twice, during the next decade," he said.

The ambassador said the Philippines is in a good position to take advantage of the opportunities brought by growth in the Asian region.

"The scene is set for sustained economic growth in the Philippines, and let's make sure that happens," he added.

However, the Philippines currently faces some key challenges that may hinder sustained growth in the coming years, Mr. Mellbin said.

"As you know, there are real challenges with power in this country. You have brownouts; millions of Filipinos don't even have access to power," he said. "So, there's no doubt that the Philippines needs more. It needs affordable and stable energy, as it will help the economy grow."

The Danish envoy said that the Philippines should address power supply issues, if it wants to sustain its growth momentum.

The Philippines should also improve infrastructure, he noted.

"You need better infrastructure, and it's urgent, and fortunately the government knows," he said. "It is good that you have good people in leadership that are trying to make solid plans for expanding the infrastructure."

The Marcos administration is currently implementing an infrastructure program called Build Better More, which is a continuation of the Duterte administration's Build, Build, Build infrastructure program.

The government has currently identified 185 infrastructure flagship projects with an indicative total project cost of P9.55 trillion.

Mr. Mellbin said the Philippines also has to address defense issues amid "much more pertinent external threats."

"Pressure from our Chinese friends is quite massive, and we do have very strong allies and friends, including Denmark, when it comes to this," he added. *[Cont. page 2]*

PHL urged to implement 'smart' policies to achieve double-digit growth

[Cont. from page 2]

There are heightened tensions between the Philippines and China in the West Philippine Sea, especially after a clash that injured a Filipino soldier.

Mr. Mellbin said that he recognizes that these three issues — power, infrastructure and defense — have no real fast fixes, adding the Philippines could explore consensus policies. He said that in Denmark, there is broad-based political consensus on what the country will do in these three areas in the next decade.

He said that there is a need to convince the Philippine government to implement long-standing political consensus on these three areas.

"What you just need to make sure is that from this presidency to the next, they get these three areas right and make sure that they carry over," he added.

Source: https://www.bworldonline.com/top-stories/2024/06/26/604185/phl-urged-to-implement-smart-policies-to-achieve-double-digit-growth/

Ledac adds 5 key bills to 19th Congress priority list

June 26, 2024| Jovee Marie N. de la Cruz | BusinessMirror

Speaker Ferdinand Martin G. Romualdez

THE Legislative-Executive Development Advisory Council (Ledac) on Tuesday agreed to add five more priority measures to its list, bringing the total to 28. These bills are all anticipated to become law over the final 73 days of the 19th Congress.

Speaker Ferdinand Martin G. Romualdez announced the status of the five new Ledac measures in the House of Representatives: amendments to the Foreign Investors' Long-Term Lease Act (no bill filed); amendments to the Agrarian Reform Law (under committee deliberations); the Archipelagic Sea Lanes Act (approved on third reading); reforms to the Philippine Capital Markets (approved on third reading); and amendments to the Rice Tariffication Law (RTL) (approved on third reading).

"Most of the bills [25] are already in their final stages and have been approved by the House of Representatives. We are committed to approving the remaining measures named during our Ledac meeting with President Bongbong Marcos, Senate President Chiz Escudero, and other officials. These legislative measures are crucial to the country's development agenda," Romualdez said.

"The President has emphasized the importance of passing these measures to advance the policies of the Marcos administration for the country's continued economic recovery, progress, and stability," Romualdez added.

On Tuesday, President Ferdinand R. Marcos Jr. presided over the 5th Ledac meeting at Kalayaan Hall in Malacañang Palace to discuss the approval of bills for inclusion in the Common Legislative Agenda (CLA). Attendees included Romualdez, Escudero, National Economic and Development Authority Secretary Arsenio M. Balisacan, Chief Presidential Legal Counsel Juan Ponce Enrile, Special Assistant to the President Antonio Lagdameo Jr., Special Assistant to the President for Investment and Economic Affairs Frederick Go, Budget Secretary Amenah Pangandaman, and other government officials.

The Ledac, chaired by Marcos and composed of representatives from the Senate, the House of Representatives, and the Cabinet, is a high-level advisory body that sets the legislative priorities of the government.

In its meeting, Ledac approved 18 bills as top priority, eight of which are already in advanced stages in the legislative process, and ten bills as second priority for passage.

The Ledac has identified 10 bills as top priority: Reforms to Philippine Capital Markets; Archipelagic Sea Lanes Act; Amendments to the Right-of-Way Act; Excise Tax on Single-Use Plastics; Rationalization of the Mining Fiscal Regime; Amendments to the Electric Power Industry Reform Act (Epira); the Department of Water Resources; CREATE MORE Act; Amendments to the Foreign Investors' Long-Term Lease Act and Amendments to the Rice Tariffication Law.

In the advanced stages of development are the Anti-Agricultural Economic Sabotage Act, Amendments to the Government Procurement Reform Act, Anti-Financial Accounts Scamming Act, Self-Reliant Defense Posture Revitalization Act, Philippine Maritime Zones Act, Academic Recovery and Accessible Learning (ARAL) Program Act, VAT on Digital Services, and the New Government Auditing Code.

In the second priority category, legislation being pursued includes the Blue Economy Act, Enterprise-Based Education and Training Framework Act, Amendments to the Universal Health Care Act, Open Access in Data Transmission Act, Waste-to-Energy Bill, Mandatory Reserve Officers' Training Corps (ROTC), Unified System of Separation, Retirement and Pension of Military and Uniformed Personnel, E-Government Act / E-Governance Act, Amendments to the Agrarian Reform Law, and the Philippine Immigration Act. *[Cont. page 3]*

Ledac adds 5 key bills to 19th Congress priority list

[Cont. from page 2]

"The timely passage of these bills is critical in strengthening the country's economic governance and ensuring that we are on track in implementing infrastructure flagship projects and maintaining fiscal sustainability," Neda Secretary Arsenio M. Balisacan said in a statement.

Balisacan called for greater cooperation between the executive and legislative branches to develop consensus versions of the priority measures.

"We thank the leadership of both houses of Congress for their commitment to fast-track the passage of these important measures. These bills represent our concerted effort to shape the nation's economic governance, foster growth, and ensure a prosperous future for all Filipinos," Balisacan added.

Chiz optimistic

Senate President Francis "Chiz" G. Escudero emerged from his first Ledac meeting expressing confidence in the collaborative efforts among the Senate, the House of Representatives and the Executive Branch.

"Magandang karanasan [It was a good experience]," Escudero said, reflecting on his first LEDAC meeting presided over by President Ferdinand R. Marcos Jr. in Malacañang on Tuesday.

He emphasized the shared commitment to prioritize essential and meaningful legislation in the remaining 73 session days of the 19th Congress.

Escudero said the Senate will prioritize the passage of six of the remaining 10 priority measures identified by the Ledac, along with three key Senate priority bills, when session resumes next month.

Set for plenary deliberation and approval on final reading in the Senate are the proposed Blue Economy Act, Enterprise-Based Education and Training Framework Act, amendments to the Universal Health Care Act, establishment of the Department of Water Resources, Open Access in Data Transmission Act, and Corporate Recovery and Tax Incentives for Enterprises to Maximize Opportunities for Reinvigorating the Economy or CREATE MORE.

He also pushed for the inclusion of three Senate priority measures in Ledac's Common Legislative Agenda (CLA). These are the proposed amendments to the Right-of-Way Act (Republic Act 10752), the Investors' Lease Act (RA 7652), and the Comprehensive Agrarian Reform Law (RA 6657).

"The amendments to these laws will provide the necessary legal framework to expedite infrastructure projects and attract more foreign investments, thereby creating more jobs and boosting our economy," Escudero explained.

"Lifting restrictions on agrarian reform lands will also help increase agricultural productivity and improve the lives of our farmers," he added.

Escudero said further clarification is needed for four Ledac measures:
the Waste-to-Energy (Senate Bill No. 2267), the Mandatory Reserve Officers' Training Corps (SB No. 2034), Unified System of Separation, Retirement, and Pension of Military and Uniformed Personnel (SB No. 2501), and the E-Government Act / E-Governance Act.

According to Escudero, the Senate's legislative agenda is geared toward inclusive and sustainable development.

"By focusing on these measures, we aim to foster economic resilience, improve public service delivery, and enhance the quality of life for all Filipinos," Escudero said.

Working with the Senate

Meanwhile, Romualdez noted the House has approved 25 of the 28 priority bills. Still pending priorities in the House are the amendments to the Epira, which is currently under study by the technical working group; amendments to the Foreign Investors' Long-Term Lease Act (no bill has been filed); and amendments to the Agrarian Reform Law, which is also under committee deliberations.

"The House of the People has done its homework. Our accomplishments reflect our proactive stance in catering to the needs of the people by passing this much-needed legislation that is attuned to the Philippine Development Plan and the 8-point socioeconomic agenda under the Medium-Term Fiscal Framework of the President," Romualdez said.

"We will await the version of the Senate for possible adoption by the House as an amendment to the House bill or for a bicameral conference committee meeting," he said.

As of June 25, 2024, the Marcos administration has 64 priority measures, including Ledac bills, Sona priorities, and a common legislative agenda, 13 of which have been enacted into law. ***With Butch Fernandez and Samuel P. Medenilla***

Image credits: Photo courtesy of Speaker's office

Source: https://businessmirror.com.ph/2024/06/26/ledac-adds-5-key-bills-to-19th-congress-priority-list/

DoTr defends planned hike in NAIA charges

June 26, 2024| Ashley Erika O. Jose | BusinessWorld

Passengers disembark from their vehicles in front of the Ninoy Aquino International Airport (NAIA) Terminal 1 in Pasay City, Oct. 6, 2023. — REUTERS

THE PLANNED HIKE in passenger service fees at the soon-to-be privatized Ninoy Aquino International Airport (NAIA) would help improve its operational efficiency, the Transportation department said, but analysts said the move is ill-timed and unjustified.

"Certain revenues at the airport will be shared with the government, the Passenger Service Charge (PSC) is excluded from the revenue share. The PSC is one of the largest components of overall airport revenue streams," Transportation Undersecretary for Aviation and Airports Roberto C.O. Lim said in a Viber message.

The Department of Transportation (DoTr) said the Manila International Airport Authority's (MIAA) plan to hike fees and charges at the NAIA is based on inflation and the required capital expenditure for the airport's rehabilitation and capacity expansion.

"The airport needs very significant capital investment to bring it up to an acceptable service standard for passengers, to improve safety and to increase the number of landing and takeoff slots available for airlines," Mr. Lim said, adding that fees and charges at the airport have not increased for the past 24 years.

The DoTr added that the planned rate increase was also included in the approved parameters, terms and conditions under the tender documents for the NAIA rehabilitation project.

The New NAIA Infrastructure Corp. (formerly SMC SAP & Co. Consortium) in March signed the P170.6-billion contract to operate, maintain and upgrade the country's main gateway for 25 years. It is set to take over the operations of the NAIA by September.

The government expects to earn P900 billion from the project, or P36 billion a year. This is 20 times bigger than the P1.17 billion remitted by the MIAA annually in the 13 years through 2023, according to the Transportation department.

The passenger service charge is P200 for domestic travelers, while foreign travelers pay P550.

The DoTr declined to reveal exactly how much the passenger service fees will increase, although it is expected to be implemented once the new concessionaire takes over.

However, CitizenWatch Philippines in a statement said the passenger service charge would increase to P390 for domestic travelers and to P950 for international travelers.

"We urge the government and the winning airport consortium to stop this looming hike. It is a brazen, unconscionable imposition on long-suffering passengers who have had to endure inadequate facilities and substandard service in our airports," CitizenWatch Philippines Co-Convenor Jose Christopher Y. Belmonte said.

Rene S. Santiago, former president of the Transportation Science Society of the Philippines said proposed hike in fees is unjustified. "Bad justification. SMC will put in the investments required, not the government. The rate increase is justified after the service upgrade, not before," he said in a Viber message.

The DoTr said it had been in communications with airline associations that agreed the proposed fees and charges are justified and are long-overdue to "rehabilitate NAIA and elevate it from its current dismal condition."

It also said the government is working to make assets and land available as the new NAIA concessionaire has committed to deliver significant capital investments for the airport.

The New NAIA Infrastructure is planning to build a new passenger terminal building with a total capacity of 35 million passengers per year as part of its commitment to decongest the airport.

"It is a given that airport enhancements require funding. It is not a given though that the only way to raise funding is through an immediate increase in passenger service fees," Enrico P. Villanueva, a senior economics lecturer at the University of the Philippines Los Baños, said in a Viber message.

Passenger air travel fees, like any service fees, are price sensitive and any increase might discourage people from traveling, Mr. Villanueva said.

Mr. Villanueva said that the new airport concessionaire could also look at loans or bond issuances to finance massive capital requirements.

"These instruments allow the spread of cost over a long period of time. Debt service will have to come from existing revenue or new ancillary airport services," he said. "In cases where demand is price sensitive, price increase may actually result in lower total revenue as demand declines more than price."

Source: https://www.bworldonline.com/top-stories/2024/06/26/604188/dotr-defends-planned-hike-in-naia-charges/

Employers' group insists on regional wage-setting

June 26, 2024| Janine Alexis Miguel | The Manila Times


ECOP Chairman Sergio Ortiz-Luis Jr.

WAGE increases in the country should continue to be determined at the regional level instead of legislated by Congress, the Employers Confederation of the Philippines (ECOP) said.

The region-specific approach set under 1989's Republic Act 6727 is more suited to address varying economic conditions across the country, ECOP Chairman Sergio Ortiz-Luis Jr. told reporters on Tuesday.

Speaking on the sidelines of the ongoing National Conference of Employers, the ECOP chief claimed that President Ferdinand Marcos Jr. had made it clear that he favored wage adjustments via the Regional Tripartite Wage and Productivity Boards (RTWPBs).

Marcos in May ordered wage boards to review minimum wages within 60 days from the anniversary of their latest wage orders.

Labor Secretary Bienvenido Laguesma said last week that the Metro Manila RTWPB could issue a decision by July.

Instead of the P150 across-the-board minimum wage hike being pushed in Congress, Ortiz-Luis said a reasonable increase for Metro Manila workers would be P15 per day.

He said that while the Philippines may have had the lowest minimum wage in the region 15 years ago, "we have overtaken everybody because every year, we are raising [wages] through the tripartite votes."

"[The increases] may be small but consistent. We have overtaken all of our neighbors. Except last year, when Indonesia was slightly ahead of us,' he added.

Source: https://www.manilatimes.net/2024/06/26/business/top-business/employers-group-insists-on-regional-wage-setting/1953227

Improve governance, Marcos admin urged

June 27, 2024| Mariedel Irish U. Catilogo | Philippine Daily Inquirer

INQUIRER.NET

MANILA, Philippines — The Marcos administration has been urged to address governance and corruption concerns that may be hampering economic growth and preventing more foreign investments from flowing into the Philippines.

GlobalSource Partners said in a report that the challenge to the Marcos government was "undoubtedly singular, and this is to address the various impediments to economic growth—governance and institutional strength, human capital development both basic and retooling, infrastructure and power."

The think tank said the Marcos administration should particularly focus on how it will further improve its governance capabilities and public sector effectiveness as measured by the global good governance index, Chandler Good Government Index.

Corruption perception index

In its latest edition, the Philippines fell four spots to 67th place out of 100 countries, making it the country's worst performance since 2021.

The report also noted the country's position in the Corruption Perception Index 2023, in which it placed 115th out of 180 countries. In the report, the watchdog said Southeast Asian countries have struggled to deliver on anticorruption efforts, with the Philippines and Thailand remaining "on the lower end of the spectrum."

These may be turning off foreign investors as the Philippines has been lagging behind its peers in Southeast Asia in attracting foreign capital despite advantages, including a young and growing population and abundant natural and human resources.

"We cannot overemphasize the roles of foreign investment, whether direct or portfolio, in sustaining the pace of economic growth in developing and emerging countries such as the Philippines," GlobalSource Partners said.

Data from the Bangko Sentral ng Pilipinas showed that the net inflow of foreign investments grew by just 23 percent year-on-year to $686 million in March, making it the slowest expansion in five months.

Source: https://business.inquirer.net/465716/improve-governance-marcos-urged

CEOs worry about business survival

June 27, 2024| Louella Desiderio | The Philippine Star

Based on PwC's 27th Annual Global CEO Survey, which covered 4,702 CEOs from 105 countries, almost all or 97 percent of CEOs in the Philippines have taken steps to change the way they create, deliver and capture value in the past five years.

STAR / File

Cite need to reinvent over next 10 years

MANILA, Philippines — More than half or 54 percent of chief executive officers (CEOs) in the Philippines are worried about the viability of their business beyond the next decade without implementing changes to their business model, according to a new survey conducted by global consulting firm PwC.

Based on PwC's 27th Annual Global CEO Survey, which covered 4,702 CEOs from 105 countries, almost all or 97 percent of CEOs in the Philippines have taken steps to change the way they create, deliver and capture value in the past five years.

Over the same period, 86 percent said they have taken at least one action that had a large or very large impact on their company's business model.

Despite actions being taken, 71 percent said the lack of workforce skills poses a challenge to reinventing the company's business model.

Lack of technological capabilities in their company (69 percent) and competing operational priorities (75 percent) were also cited as challenges.

While the viability of their business is a concern, 57 percent of CEOs in the Philippines believe global economic growth will improve over the next 12 months, higher than the Asia-Pacific average of 40 percent.

CEOs consider the United States and China as critical for their business growth this year.

"The Philippines has undertaken efforts to improve its investment climate and attract foreign direct investment. This sustained growth and the positive investment climate could have promoted optimism among CEOs regarding both local and global economies," PwC Philippines deals and corporate finance managing partner Mary Jade Roxas-Divinagracia said.

The survey also found that at least 60 percent of Philippine-based CEOs expect to see the impacts of generative artificial intelligence (GenAI) within three years on the workforce.

Over half or 57 percent also expect GenAI to have a positive effect on revenue and profitability, higher than the Asia-Pacific average of 49 percent.

"Their enthusiasm over the opportunities for growth and innovation that GenAI brings demonstrates their understanding of the need for fundamental reinvention of their businesses," PwC Philippines chairman and senior partner Roderick Danao said.

But while CEOs in the country expect benefits from GenAI, 80 percent said this would require workforce upskilling.

There are also concerns about the rise in cybersecurity risk (69 percent) and misinformation (57 percent).

As for the progress in commitments to climate action, 75 percent of CEOs in the country said they have started or completed steps to improve energy efficiency, while 74 percent report having made similar strides in new, climate-friendly products, services or technologies.

The survey also found that 68 percent have made progress or completed initiatives to protect their physical assets and/or workforce from climate risk impact, but 26 to 31 percent have no plans to pursue other types of action related to just transition and nature.

Philippine-based CEOs said regulatory complexity (54 percent) and lack of climate-friendly technologies for their sectors (54 percent) are some of the biggest challenges.

"The impetus to reinvent is intensifying. Many of our country's business leaders are now working on accelerating the transformation of their business models, investing in technology and their workforce and managing the risks and opportunities related to climate change. In this era of continuous reinvention, CEOs have vast opportunities to reshape their organizations and themselves, to thrive on disruption and transform aspirations into realities," Danao said.

Source: https://www.philstar.com/business/2024/06/27/2365817/ceos-worry-about-business-survival

Biz groups ask Villar: Split PPA's functions

June 26, 2024| Andrea E. San Juan | BusinessMirror

ELEVEN Philippine business groups (PBGs) have called on Senator Mark Villar, chairperson of the Senate Committee on Government Corporations and Public Enterprises, to file and hear a counterpart Senate bill to House Bills 1400 and 8055, which separate the commercial and regulatory functions of the Philippine Ports Authority.

In a letter dated June 25,2024, the groups said the proposed bill can be understood by the "simple logic" that an examiner cannot also be the examinee. They lamented that since the Philippine Ports Authority (PPA) was created in 1974, the combination of its regulatory and development functions has been a "source of conflict of interest" for the agency's functions.

"While it has long been established as the policy of the State to avoid such conflicts of interest, PPA's case, seemingly, did not catch the attention and scrutiny of previous congresses," the letter of the business groups noted.

In September 2018, the JFC and Philippine business groups published a policy brief on Seaports and Shipping, where one recommendation was to pass a law to convert the PPA into the Philippine Ports Corp. (Philports) to handle development, management, and operation of public ports.

The business groups said the regulatory functions of PPA would be transferred to the Maritime Industry Authority (MARINA).

"For many years, news reports and studies have discussed inefficient management of Philippine ports, sometimes resulting in overcrowding of passengers at ports and on vessels, delayed trips, and worse, vessel-related accidents and fatal mishaps at sea," the letter said.

They noted that complaints of patrons and users of ports about low service levels, inefficient port operations, and increasing port charges have been reported.

The groups highlighted the role of sea transport which they said has become "increasingly" important in the nation's strategy to maintain high levels of economic growth.

In an archipelago with more than 7,000 islands, the business groups said sea travel is a "very viable and essential mode of transportation to connect our islands."

They added: "Because it is too expensive to move most cargoes by plane, such freight depends on ships for transport."

With this, it noted that "adequate, efficient, safe, and affordable sea transport can exponentially increase the country's competitiveness and output in both local and foreign trading networks."

The business groups who signed the letter are: American Chamber of Commerce of the Philippines Inc., Association of International Shipping Lines Inc., Canadian Chamber of Commerce of the Philippines Inc., Confederation of Wearable Exporters of the Philippines, European Chamber of Commerce of the Philippines, Foundation for Economic Freedom, Japanese Chamber of Commerce and Industry of the Philippines Inc., Korean Chamber of Commerce of the Philippines Inc., Philippine Chamber of Commerce and Industry, Philippine Inter-Island Shipping Association Inc. and Philippine Exporters Confederation Inc.

Source: https://businessmirror.com.ph/2024/06/26/biz-groups-ask-villar-split-ppas-functions/

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