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SPECIAL POINTS OF INTEREST

SPECIAL NOTICE

Marcos admin expects Philippines to grow by 6.5 % in 2023

January 17, 2023 | Doris Dumlao-Abadilla | Philippine Daily Inquirer

INQUIRER.NET

DAVOS, Switzerland – The Philippine economy is likely to sustain a 6.5-percent growth rate this year, one of the fastest pace of expansion seen in the region, Finance Secretary Benjamin Diokno said on Monday.

In a speech during a luncheon hosted by Philippine economic managers for President Marcos and the seven business tycoons attending the World Economic Forum meetings in Switzerland, Diokno estimated that gross domestic product (GDP) growth in 2022 likely exceeded the government's growth target of 6.5 to 7.5 percent.

While growth may just be at the low end of last year's range in 2023, Diokno noted that 6.5 percent would still be one of the highest, if not the highest growth projection in the Asia-Pacific region.

A bustling manufacturing sector, record-low unemployment rate, alongside a stable and resilient banking system, could alleviate buffers against external headwinds, all indicating a resilient economy, the finance chief said.

Liberalizing more economic sectors, improving ease of doing business and allowing modern transformative industries to take root and grow are further seen to sustain the economy.

Diokno also said the Marcos administration had created a more competitive and enabling environment through public-private partnership (PPP) to further expand the "Build, better, more" infrastructure agenda of the administration.

This is seen to further boost investments on top of the government's goal to spend at least 5-6 percent of GDP on infrastructure, Diokno noted, stressing all these would form the backbone for the rapid and sustained growth for the Philippines.

But because of the current challenges, Diokno said the Philippines is taking the first steps toward launching the Maharlika Investment Fund, the country's first ever sovereign wealth fund that will support the goals set by the administration in the Philippine Development Plan 2023-2028.

"The fund, which will be established in keeping with the highest standards of accountability and sound fiscal management, aims to diversify the country's financial portfolio," the DOF chief said, adding, he looked forward to discussing the fund during the WEF meetings.

"May the next few days bring forth more intensive collaboration and cooperation towards genuine economic transformation," the DOF secretary said.

The seven tycoons who are in Davos to support Marcos' inaugural participation at the 2023 WEF are: Sabin Aboitiz (Aboitiz); Kevin Andrew Tan (Alliance Global); Jaime Zobel de Ayala (Ayala Group); Lance Gokongwei (JG Summit Holdings); Ramon Ang (San Miguel Corp.); Teresita Sy-Coson (SM Investments); and Enrique Razon (International Container Terminal).

President Marcos and his official delegation, composed of government officials and business leaders, arrived in Switzerland on Sunday afternoon (Sunday evening Philippine time).

Source: https://business.inquirer.net/382609/marcos-admin-expects-philippines-to-grow-by-6-5-in-2023

Congress still studying revenue-generating potential of luxury goods

January 16, 2023 | Beatriz Marie Cruz | BusinessWorld

PHILIPPINE STAR/ WALTER BOLLOZOS

THE House committee on ways and means intends to pass a luxury-tax bill and is evaluating which luxury goods have the greatest potential for generating revenue, its chairman said.

"The committee will definitely pass a measure expanding (the list of taxable luxuries), but we will discuss which items can generate the most revenue for the least effort," Albay Rep. Jose Ma. Clemente S. Salceda said on Monday.

In a statement, Mr. Salceda said under consideration are wristwatches, bags and other leather items above P50,000, private jets, cars costing more than P5 million and residential property selling for more than P100 million. He is also looking to tax beverages selling for more than P20,000 per bottle; and paintings that change hands for P100,000 or more.

Describing such purchases as "conspicuous consumption," Mr. Salceda said the targeted goods are out of reach of the majority of the population.

Mr. Salceda said his intention was to tax in a manner that does not spark capital flight.

"I want the rich to keep their money in the Philippines and spend it on our development."

He said the objective is to tax the rich more fairly while "lowering tax rates for everybody else."

The Makabayan Bloc at the House of Representatives filed House Bill 258, which seeks to impose a 1-3% tax on wealthy individuals. The bill has been with the committee on ways and means since July.

Source: https://www.bworldonline.com/economy/2023/01/16/498775/congress-still-studying-revenue-generating-potential-of-luxury-goods/

Fitch Solutions sees PH growth slowdown

January 17, 2023 | Eireene Jairee Gomez | The Manila Times

THE Philippines' growth momentum will likely slow over the coming quarters, Fitch Solutions said on Monday, mainly due to factors such as high inflation, continued interest rate hikes and weakening external demand.

"We expect growth in the Philippines to slow to 5.9 percent in 2023 from an estimated 7.4 percent in 2022," said Low Shi Cheng, Fitch Solutions country risk analyst, during the "Asia Pacific Macroeconomic Update: Key Themes for 2023" webinar.

"A build-up in inventories in the third quarter suggests that demand may be waning while business sentiment has continued to weaken," Cheng said.

He stressed that high inflation, continued interest rate hikes and weakening external demand were also likely to pose growth headwinds, "with the impact only being softened by strong public investment."

Inflation soared to 8.1 percent in December 2022 from 8.0 percent in November and 3.1 percent in December 2021. This brought the 2022 average to 5.8 percent, the highest in 14 years.

High inflation also prompted the Bangko Sentral ng Pilipinas to raise interest rates by a total of 350 basis points last year, bringing the policy rate to a 14-year high of 5.5 percent.

The Philippines' current account deficit, meanwhile, is expected to narrow to 4.7 percent of gross domestic product this year from an estimated 5.2 percent in 2022.

"While we still expect the current account shortfall to narrow, it will still remain considerably larger than its historical five-year average of -0.5 percent," Cheng said.

"Lower commodity prices and resilient remittances inflows will lead to a smaller current account deficit but weakening global demand and high import of capital goods will prevent a sharper narrowing," he added.

Fitch Solutions also expects foreign direct investments to weaken in 2023 "as global financing conditions tighten, which will indirectly act as a drag on Philippine import bills."

However, the multilateral believes that the country remains on track for fiscal consolidation this year "due to strong revenue growth on the back of extensive tax reforms and robust economic growth, which will offset expansionary fiscal spending."

Source: https://www.manilatimes.net/2023/01/17/business/top-business/fitch-solutions-sees-ph-growth-slowdown/1874539

Marcos says Asia-Pacific won't embrace Cold War mindset

January 17, 2023 | Ruth Abbey Gita-Carlos | Philippine News Agency

NO TO COLD WAR MINDSET. President Ferdinand R. Marcos Jr. on Monday (Jan. 16, 2023) cites that there is unanimity among Asia-Pacific nations not to embrace the "Cold War" mentality. Marcos made the remark during a luncheon hosted for him and Filipino chief executive officers by the Philippine economic team in Davos, Switzerland. *(Screenshot from Radio Television Malacañang)*

MANILA – Asia-Pacific nations are keen on charting their own path to success without embracing the "Cold War" mentality, President Ferdinand R. Marcos Jr. said on Monday.

Marcos issued the statement, as he noted that Asia-Pacific countries are facing "strong" pressure to take sides because of the intense geopolitical rivalry in the region.

Despite this, the Association of Southeast Asian Nations (ASEAN) and the Asia-Pacific Economic Cooperation (APEC) member economies are committed to the idea of abandoning the Cold War mindset, Marcos said.

"The forces of us going back to that Cold War type of scenario where you have to choose one side or the other are strong," he said during a luncheon hosted for him and Filipino chief executive officers by the Philippine economic team in Davos, Switzerland.

"I think we are determined as a group in ASEAN and in the Indo-Pacific, those around the Indo-Pacific, despite all of this conflict we are determined to stay away from that," Marcos added.

The Cold War refers to the period of conflict between the United States and the Soviet Union, as well as their respective allies, which began almost immediately after World War II.

The Asia-Pacific region, Marcos said, is focused on pursuing its own destiny without being controlled by any country.

"And simply because we are anchored in the idea that the future of the Indo-Pacific, the future of Asia-Pacific for example cannot be determined by anyone but the countries of the Asia-Pacific and that removes us immediately from that idea that you must choose, we choose our friends, we choose our neighbors, that's the choice that we will make," Marcos said.

Marcos said while there are some disruptions, world economies are still geared toward globalization.

For now, the world has to deal with "several big bumps on the road," Marcos said, adding that there are tendencies for nations to move "towards nationalism, towards closing borders, towards protectionism."

"I think the tendency after things have settled, after countries such as the Philippines, have put in place the elements of policy, the elements of legislation that are necessary to be able to adjust to what is the new coming economy, once that is in place, I think that the globalization will start. We will start to return to the tendency of globalization. I think it is inevitable," he said.

'Very strong' trade relations

Marcos acknowledged that the present crises such as the coronavirus disease 2019 (Covid-19) pandemic and the Russia-Ukraine conflict have an adverse impact in the future of the world.

To overcome global challenges, Marcos said "very strong" trade ties among world economies are "key to wealth for any country."

"No country grew wealthy without a very strong trade relationship, not only with one or two other countries but with the rest of the world," he said.

The Philippines, Marcos said, aims to strengthen its economy, given that the Covid-19 pandemic brought the country back to the basics.

"I'll use the Philippines as an example... What happened during the pandemic is that we were brought back with a hard thud to basics and so we have to strengthen our own local economy to be able to withstand shocks such as the pandemic, such as Ukraine in the future," Marcos said.

"And a central part of that has always been my continuing reminder to people that we, the government, cannot do this alone. And the partnerships that we will need, a strong partnership with the private sector and your being here and in the past, have been so supportive is a primary element and most important element for that to succeed," he added.

Source: https://www.pna.gov.ph/articles/1192858

Infrastructure upgrades urgently needed to address rising air travel demand, study finds

January 17, 2023 | Arjay L. Balinbin | BusinessWorld

PHILSTAR

RISING air travel demand will require more investment in the supporting infrastructure, according to a study issued by the Philippine Institute for Development Studies (PIDS), a government think tank.

"While the government recognizes the need to improve the air transport infrastructure by building new airports and improving existing facilities and technical capabilities, huge investments are needed to catch up with the burgeoning demand for air travel," the authors of the study said in a statement on Monday.

PIDS researchers Kris A. Francisco and Valerie L. Lim noted that the current challenges confronting Philippine airports are capacity, technical capability, quality, and institutional environment.

"The Ninoy Aquino International Airport (NAIA), being the country's premiere airport is faced with problems related to congestion because the current capacity is unable to adjust to the increasing demand of air travelers and aircraft," the study noted.

"Aside from passenger congestion, NAIA also suffers from runway congestion due to the layout and configuration of the runway and taxiway."

The study found that many regional airports are not rated for night flights, restricting flight operations to the daylight hours.

PIDS also concluded that airport quality is not up to par with regional airports.

As for the policy environment, PIDS cited the need for coherent policy and alignment among the government agencies responsible for airport development.

"Like other sub-sectors of the transport sector in the Philippines, the institutional environment for the air transport sector is in need of an overhaul," the researchers concluded.

Among the measure that could address these issues is the updated Philippine Development Plan, which hopes to improve the operational efficiency of airports and address constraints capacity to bring expansion in line with growing demand. The plan also hopes to position airports as a means of spurring tourism development and develop new growth centers.

The Department of Transportation is currently undertaking procurement on various airport projects, including renovation and new construction.

The department is also fast-tracking the privatization of NAIA, according to Transport Secretary Jaime J. Bautista.

NAIA upgrades in particular are a matter of urgency because it is the only airport serving Metro Manila to breach its rated capacity, he said in a statement last week.

He said that NAIA can only handle 40 to 44 aircraft movements per hour.

If the privatization goes ahead, he said that NAIA will likely increase its aircraft capacity to 50 or even 55 aircraft movements per hour.

Source: https://www.bworldonline.com/economy/2023/01/16/498777/infrastructure-upgrades-urgently-needed-to-address-rising-air-travel-demand-study-finds/

SEIPI sees slower growth this year

January 16, 2023 | Revin Mikhael D. Ochave *and* Beatriz Marie D. Cruz | BusinessWorld

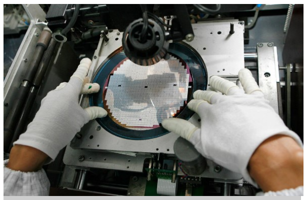
PHILIPPINE electronics exports are expected to grow at a slightly slower pace this year amid weaker global demand, the Semiconductor and Electronics Industries in the Philippines Foundation, Inc. (SEIPI) said.

SEIPI President Danilo C. Lachica said the industry group is targeting 9% growth for Philippine electronics exports this year, slightly lower than the 10% growth goal in 2022.

"We are hoping we reach $50 billion (worth exports) by the end of the year, combined of semiconductor and electronics. It is equivalent to around 9% growth," he told reporters at the sidelines of the US Trade and Development Agency forum in Makati City last week. *[Cont. page 5]*

SEIPI sees slower growth this year

[Cont. from page 4]


REUTERS

In a separate Viber message to *BusinessWorld*, Mr. Lachica said the lower growth target takes into account the expected slowdown in global demand this year.

He previously said SEIPI is eyeing a more "conservative" export growth target this year amid economic uncertainties and more modest demand compared to 2022.

The Philippine Statistics Authority (PSA) is scheduled to release the full-year 2022 international merchandise trade statistics data on Jan. 26.

Preliminary PSA data showed electronics exports increased by 9.2% to $42.41 billion in the January to November period, from $38.82 billon in the same period in 2021.

Data from SEIPI showed total electronics exports rose 12.9% to $45.92 billion in 2021, from $40.67 billion in 2020 due to higher demand for new technologies.

The sector accounted for 61.5% of the country's total exports in 2021.

Meanwhile, Mr. Lachica urged the Fiscal Incentives Review Board (FIRB) to allow exporters and manufacturers to implement work-from-home arrangements (WFH).

"They have this wrong idea that because (we are in) manufacturing, no one is doing WFH, and that everybody is involved in the production line. This is not true. We are asking the FIRB to reconsider that," Mr. Lachica said.

Last year, the FIRB allowed registered information technology and business process management firms to transfer their registration to the Board of Investments from the Philippine Economic Zone Authority to be able to continue 100% WFH arrangements without losing their incentives.

Mr. Lachica said he was disappointed the FIRB did not extend such policy for exporters.

IMPROVING COMPETITIVENESS

Meanwhile, Congress is looking at legislative measures that will help boost the competitiveness of the semiconductor manufacturing sector, House ways and means committee chairman and Albay Rep. Jose Ma. Clemente S. Salceda said.

"We are trying to solve the issue of input value-added tax (VAT) for indirect exporters, since this will be among the biggest compliance and friction costs. We are also exploring ringfencing for excised industries and for re-exporters, so that we can be looser with input VAT enforcement with semicons," Mr. Salceda said during the Indo-Pacific Business Forum on Jan. 12, according to a statement.

The House committee on ways and means has also directed the Trade department to create a comprehensive list of Strategic Investment Priority Plan-eligible industries under the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Law, he added.

"We are also recommending the guidelines for the super-incentives package under CREATE," Mr. Salceda said.

Mr. Salceda said that the Philippines will likely benefit from the United States' Creating Helpful Incentives to Produce Semiconductors Act, as well as "fostering closer ties" with Taiwan.

"The Philippines has the following going for it. Geostrategic location, because among Indo-Pacific countries, we are the closest to Taiwan, which makes 90% of advanced chips," he said.

"Our workforce is highly trainable, Western-predisposed workforce with high educational attainment — good for product testing, assembly, packaging, and research and development in chips."

Mr. Salceda also noted the Philippines has "one of the most attractive tax incentives regimes in the region."

The manufacturing sector, which consists of electronics, electrical products, and semiconductors, enjoyed P364.3-billion tax incentives in 2021, according to a report by the Congressional Policy and Budget Research Department.

Source: https://www.bworldonline.com/top-stories/2023/01/16/498468/seipi-sees-slower-growth-this-year/

SPECIAL NOTICE

Bureau of Immigration's (BI) 2023 Annual Report from the BI Main Office to Robinsons Place Manila and SM Mall of Asia January

The Bureau of Immigration extend its notice to all resident nationals in the country on the conduct of this year's Annual Report as mandated under Republic Act No. 562, or the "Alien Registration Act of 1950, as amended.'

Beginning 03 January until 01 March 2023, all registered aliens are required to report in person to the BI at either of the venues listed below:

- ***Robinsons Place Manila***, *2nd Level, Center Atrium, Padre Faura Street, Ermita, Manila (from 0900H to 1800H, Mondays to Fridays, except holidays);*
- ***SM Mall of Asia***, *2nd Floor, Government Service Express, SM Mall of Asia, Seaside Boulevard, Pasay City (from 0900 to 1800H, Mondays to Fridays, except holidays); or*
- *Nearest participation BI Subport Office (please visit the BI website at https://immigration.gov.ph/contact-us/other-immigration-offices for the offices and hours of operation).*

No appointment shall be required; however, BI encourage everyone to register in advance via the BI website at https://e-services.immigration.gov.ph/ for convenience and expediency.

For further information, you may visit the BI's official website and social media pages or call the BI trunkline at +63 2 8465-2400 / + 63 2 8524-3769.

Contact Us

Korean Chamber of Commerce Philipines, Inc. (KCCP)
Unit 1104 Antel Corporate Center, 121 Valero St., Salcedo Village, Makati City
(02) 8885 7342 | (02) 8404 3099
info@kccp.ph | www.kccp.ph

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