



## 필리핀한인상공회의소뉴스

# KOREAN CHAMBER OF COMMERCE PHILIPPINES NEWSLETTER



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### **BSP expects economic growth to miss target**

August 22, 2023 | Bloomberg | BusinessWorld

The Philippine central bank expects this year's gross domestic product growth to miss the government's goal as economic activity moderates while it's bringing inflation back to target.

"Economic headwinds along with the impact of the cumulative monetary policy adjustments could result in GDP growth settling below the DBCC's target of 6%-7%

for 2023 and 6.5%-8.0% for 2024 and 2025," the central bank said in its monetary policy report for August.

The Development Budget Coordination Committee (DBCC) is the target-setting body composed of finance, budget, economic planning and central bank officials.

"The economy is projected to operate close to potential, on average, in 2023," the central bank also said in the report. "But the strength of economic activity is likely to moderate over the policy horizon as pent-up demand wanes and prior monetary policy tightening manifests its full impact on the economy."

A relevant timeframe for central banks, policy horizon refers to the time required to bring inflation within target. The monetary authority has raised its key rate by 4.25 percentage points since May last year, moves officials say will have a lagged effect of six months to a year, and kept the rate unchanged for a third straight meeting last week. It targets inflation at 2%-4%.



DMITRY BERDNYK-UNSPLASH

"The lower growth forecasts reflected the slower-than-expected Q2 2023 GDP growth outturn," the central bank said. The slower domestic growth prospects for 2023 to 2024 are also partly due to higher crude oil prices, although the upward adjustment in the world gross domestic product growth outlook for 2023 is a mitigating factor, it added.

Excluding the pandemic years, the economy posted its weakest expansion since 2011 at 4.3% in the second quarter, which Bangko Sentral ng Pilipinas Governor Eli Remolona, Jr. has said was mainly due to elevated inflation and government underspending.

*Source: <https://www.bworldonline.com/bloomberg/2023/08/22/540916/bsp-expects-economic-growth-to-miss-target/>*

### **DICT chief urges firms: Spend on cybersecurity**

August 23, 2023 | Niña Myka Pauline Arceo | The Manila Times

**The Manila Times**® BUSINESS groups should invest in developing a proficient cybersecurity workforce to address cybersecurity challenges, a Cabinet official said on Tuesday.

"To resolve these issues [on cybersecurity], good security governance of every enterprise or organizational level is the key," Information and Communications Technology (DICT) Secretary Ivan John Uy said during the Management Association of the Philippines ICT Summit.

Uy emphasized the need for business owners and executives to prioritize bolstering the cybersecurity safeguards for their respective information systems.

He also pointed out that although the task forces consider cybersecurity risks with the same level of concern, the Organization for Economic Cooperation and Development approximated the global expense of cybersecurity breaches to be \$3 trillion.

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### DICT chief urges firms: Spend on cybersecurity

[Cont. from page 1]

"At the national level, we are enhancing cybersecurity governance to the promulgation of the National Cybersecurity Plan for 2023-2028, and this has been discussed intensively among the different government agencies and stakeholders," said the DICT chief.

Uy said that the DICT seeks to advance local cybersecurity by leveraging the talent and skilled workforce with education, training and other capacity-building initiatives.

"We partner with different industry leaders to provide scholarships to government employees that want to start a career in the cybersecurity sector, providing them with the skill set to identify and mitigate calls on cybersecurity risks and threats," he said.

The DICT's National Computer Emergency Response Team recently reported 50,000 cyberthreats and 5,000 resolved incidents.

Moreover, Uy said that they have noticed patterns where cybercrime traffickers would be working together, exchanging technologies and information, and maximizing economies of scale to form an illegal industry of scamming ransomware.

"This is why the DICT will operationalize the capacity organizational level, as well as government Computer Emergency Response Teams, providing them with cyberthreat advisors, real-time updates and cybersecurity best practices," he said.

"I encourage our business leaders and CEOs (chief executive officers), as part of securing your company's critical information and infrastructure, to develop a talent pool for cybersecurity, adapt good cybersecurity governance at every level and collaborate with the government, which is here to help you for a more unified response against these cyberthreats," Uy added.

Source: <https://www.manilatimes.net/2023/08/23/business/top-business/dict-chief-urges-firms-spend-on-cybersecurity/1906575>

### Marcos orders expansion of grid

August 23, 2023 | Jocelyn Montemayor | Malaya Business Insight

President Ferdinand Marcos Jr. yesterday ordered the sustained expansion of the national grid including establishment of more inter-island connections and establishment of more renewable energy sources especially in remote islands as part of efforts to achieve 100 percent electrification in the country.

Malacanan said the President yesterday convened two Cabinet sectoral meetings which include one with the Department of Energy (DOE) and the other with the Department of Budget and Management (DBM).

The meeting with DOE was meant to address concerns on missionary electrification while the meeting with DBM involved government spending and the proposed amendment of the Government Procurement Act.

"The President ordered the continuation of the expansion of our national grid by approving the inter-island connection of Palawan and Mindoro islands. In addition, there are 125 standalone islands served by small power utilities groups. For these, the President ordered the exploration of renewable energy sources, not just limited to solar energy, but other green technologies as well," press briefer Daphne Oseña-Paez said.

The President also ordered that all new renewable energy sources should be "more holistic" wherein apart from supplying power to households, it should also support the growth of industries in the countryside.

Marcos, during his second State of the Nation Address said his administration is determined to improve the energy supply in the country including promoting alternative sources such as solar, wind and even nuclear.

The government also aims to increase the renewable and other low-emission energy supply in the country to up to 50 percent of the power generation mix by 2040.

Source: [https://malaya.com.ph/news\\_business/marcos-orders-expansion-of-grid/](https://malaya.com.ph/news_business/marcos-orders-expansion-of-grid/)



Inter-island connection. Marcos said the national grid should be expanded to reach more remote islands.

### PPP measure expected to clear third reading in Senate this week

August 22, 2023 | Luisa Maria Jacinta C. Jocson | BusinessWorld



PPP.GOV.PH

THE Public-Private Partnership (PPP) Center said it expects the proposed PPP Act to win third-reading approval this week.

“Right now, we are still in the period of amendments, and we hope to reach third reading within the week. We are closely coordinating with the Senate team,” PPP Center of the Philippines Executive Director Cynthia C. Hernandez said.

The proposed PPP Act is currently awaiting second reading in the Senate. Its counterpart bill at the House of Representatives was approved on third reading in December.

In May, President Ferdinand R. Marcos, Jr. certified the PPP legislation as urgent, facilitating the expedited approval of the measure by doing away with the waiting period between readings.

“We are integrating amendments as requested by the Senate. We are hoping that before the end of the current session, the PPP Act will finally happen,” Ms. Hernandez said.

Ms. Hernandez said that the bill addresses ambiguities in the existing law.

“The PPP Act intends to fold in joint ventures (JVs) under a unified PPP legal framework. It’s easier and it helps in the perception of market risk or country risk to have one legal framework to cover business ventures. It would be somewhat of a headache explaining to investors why JVs are under a separate law or certain entities have a different law governing their PPP projects. That’s one of the things we want to improve,” she said.

“Another would be to provide a predictable tariff regulation regime that protects the public interest,” she added.

The measure also aims to address bottlenecks and challenges in the PPP process.

Ms. Hernandez said that the bill updates the approval threshold for national PPP projects, delegates approval of local PPP projects to local government unit councils or boards of universities and colleges and shores up the institutional authority of the PPP Center.

The proposed PPP Act also seeks to improve the framework for unsolicited proposals, among others.

“To this end, the state shall provide an enabling environment for the private sector to mobilize its resources for the purpose of financing, designing, construction, operations, and maintenance of infrastructure and development projects. As provided by law, the government shall foster robust private sector participation by providing financial incentives and by reducing costs of doing business,” according to the Senate bill.

As of Aug. 11, 180 PPP projects have been awarded worth P2.638 trillion, including 122 national and 58 local projects.

In the pipeline are 106 PPP projects worth P2.491 trillion, not including projects undergoing study and yet to achieve financial closing.

Of the government’s 194 Infrastructure Flagship Projects, 47 will be implemented via PPP. They consist of 43 transportation, three health, and one water supply projects.

*Source: <https://www.bworldonline.com/economy/2023/08/22/541095/ppp-measure-expected-to-clear-third-reading-in-senate-this-week/>*

### BIR rules negate Create law’s intent

August 18, 2023 | Andrea E. San Juan | BusinessMirror

INVESTOR firms within Clark and Subic Freeports, big business groups including the IT and Business Process Association of the Philippines (IBPAP) and the American Chamber of Commerce (AmCham), have passed a resolution urging the government to review the implementing rules and regulations (IRR) of Corporate Recovery and Tax Incentives for Enterprises (Create) law and sought the “immediate” suspension of recent Bureau of Internal Revenue (BIR) issuances in order to preserve the original intent of the Create law.

The Joint Resolution, signed on May 19, 2023, but only sent to the media on Thursday, comprised of nine signatories.  
[Cont. page 4]

**BIR rules negate Create law’s intent’**

[Cont. from page 3]

The signatories were: Clark Investors and Locators Association (CILA) President Francisco L. Villanueva Jr. and CILA Chairman Cristopher Magdangal; AmCham Executive Director Ebb Hinchliffe; Metro Clark Chamber of Commerce and Industry (MACCII) President Elizabeth Carlos-Timbol; Subic Bay Freeport Chamber of Commerce (SBFCC) President Benjamin E. Antonio III; Metro Clark ICT Council (MCICTC) Chairperson Grace Fabros-Tyler; IBPAP President Jack R. Madrid; and, Pampanga Chamber of Commerce and Industry (PAMCHAM) President Teresa David Carlos.



Bureau of Internal Revenue Bldg in BIR Road, Quezon City (Photo by Patrick Roque via Wikimedia Commons CC BY-SA 4.0)

In a statement sent to reporters last Thursday, CILA said these investor-firms and major business groups have “unanimously passed a resolution urging the government to suspend the implementation of new rules that have started to take away tax incentives and other fiscal perks.”

“We appeal in the strongest terms for the government to cure the situation by ordering the review and amendment of the IRR and the immediate suspension of [Revenue Regulation] RR-21-2021, [Revenue Memorandum Circular] RMC 24-2022 in order to preserve the original intent of the Create Act,” the Joint Resolution states.

CILA said the Create law (Republic Act 11534), signed on February 3, 2021 is meant to lower the corporate income tax rate, rationalize and streamline fiscal incentives.

Moreover, it said, the law has a so-called sunset provision that allows registered enterprises to continue enjoying the 5 percent tax on Gross Income Earned (GIE) up to 2031. Payment of GIE is an incentive in lieu of all national and local taxes, CILA said.

CILA, a group of investors and businesses, said the IRR and BIR issuances “effectively stopped” the enjoyment of the tax incentive and other fiscal perks as some investor firms are now levied with Value-Added Tax and other forms of taxes.

“The IRR and BIR revenue regulations RR-21-2021, RMC 24-2022 went beyond and against the provision of the Create Act insofar as the transitory provision in Section 311 of Chapter VI is concerned,” the resolution stated.

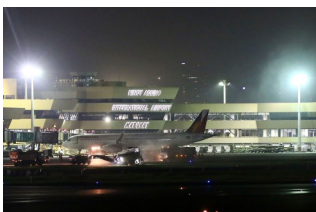
Moreover, the resolution claimed that the IRR and assailed BIR issuances have “caused massive “confusion as well as substantive impairment to the cost structure, business models and the viability of existing and potential investors.”

Officials of the said business groups have lamented that business climate here and other economic zones has deteriorated and may lead the Philippines’ further lag in the share of Foreign Direct Investments in the Asean region, CILA noted in its statement.

*Source: Image credits: Patrick Roque via Wikimedia Commons CC BY-SA 4.0*

**Public bidding for NAIA rehabilitation now open**

August 24, 2023 | Revin Mikhael D. Ochave | BusinessWorld



The government on Wednesday opened the bidding for the Ninoy Aquino International Airport public-private partnership project. — PHILIPPINE STAR/MIGUEL DE GUZMAN

THE PHILIPPINE government on Wednesday invited local and foreign investors to bid for the P170.6-billion public-private partnership (PPP) project to upgrade and operate the aging Ninoy Aquino International Airport (NAIA).

The Department of Transportation (DoTr) and the Manila International Airport Authority issued on Wednesday the invitation to bid for the contract to rehabilitate, operate, optimize and maintain the NAIA.

The contract will initially cover 15 years but can be extended by another 10 years.

This project will be under a rehabilitate-operate-expand-transfer arrangement, as provided for under the Build-Operate-and-Transfer Law.

“With a total project cost of P170.6 billion, the NAIA PPP project will cover all facilities of the airport, including its runways, four terminals, and associated facilities,” the PPP Center said in a separate statement.

The NAIA PPP project, which was approved by the National Economic and Development Authority (NEDA) Board in July, aims to increase the current annual passenger capacity of the airport from 35 million to at least 62 million.

Under the indicative schedule, bids for the NAIA PPP project should be submitted on Dec. 27.

A draft concession agreement will be out on Sept. 8, while the final version will be released on Dec. 4. [Cont. page 5]

## Public bidding for NAIA rehabilitation now open

[Cont. from page 4]

A pre-bid conference is scheduled on Sept. 22, while one-on-one meetings with prospective bidders will be held in October and November.

Bidders can participate in the bidding once they have paid a non-refundable participation fee of P2.75 million or \$50,000.

The bidding is open to local and foreign parties who comply with legal, technical and financial capability qualification requirements.

To qualify, a bidder must have been the owner or concessionaire of an airport for which capital costs reached at least P10 billion.

It must also have expertise and experience in operating and maintaining an international airport for at least three consecutive calendar years. The international airport should have handled at least 25 million passengers per annum, of which at least 10 million should have been international passengers.

The bidder must also have a net worth of at least P20 billion (or foreign currency equivalent) as of its latest audited financial statement. For consortiums, the net worth of members who have an equity share of at least 25% each in the consortium may be added to meet the required net worth.

Bidders should also be registered with the Securities and Exchange Commission, while foreign parties should be registered with the appropriate government agency in the foreign country where it was registered.

Bidders are also required to secure a letter testimonial from a domestic universal/commercial bank or an international bank in the Philippines attesting that the bidder or consortium members are “in good financial standing and are qualified to obtain credit accommodations from such banks to finance the project.”

The government had opted to bid out the NAIA PPP project under a solicited proposal scheme, effectively rejecting the unsolicited bid of the Manila International Airport Consortium (MIAC).

The MIAC’s proposal involved P267 billion worth of investment, which included a P57-billion upfront payment and around P211 billion in development costs over a 25-year concession period.

*Source: <https://www.bworldonline.com/top-stories/2023/08/24/541289/public-bidding-for-naia-rehabilitation-now-open/>*

## PEZA vows to keep perks

August 24, 2023 | Malaya Business Insight

The Philippine Economic Zone Authority (PEZA) intends to preserve the incentives already granted to locators and backs the extension of the sunset provision on their preferential tax treatment.

**Malaya  
Business Insight**

Tereso Panga, director-general of PEZA, told reporters the agency believes any incentives granted to companies that registered with investment promotion agencies (IPAs) prior to the enactment of the Corporate Recovery and Tax Incentives for Enterprises (CREATE) should be honored and respected.

Panga said there is a pending bill extending the sunset provision by three years for registered companies.

“We’re running the numbers, we are looking at the time when the locators will be graduating to the regular corporate income tax (CIT) rate. And at a time when we’re up against other economies offering a much lower CIT rate, we need to make some adjustments so that we can be more competitive especially in attracting investments, in keeping the ones that are already here,” Panga said.

The sunset clause of up to seven years allows companies registered with IPAs pay a preferential 5 percent tax on gross and then graduate to CIT rate thereafter.

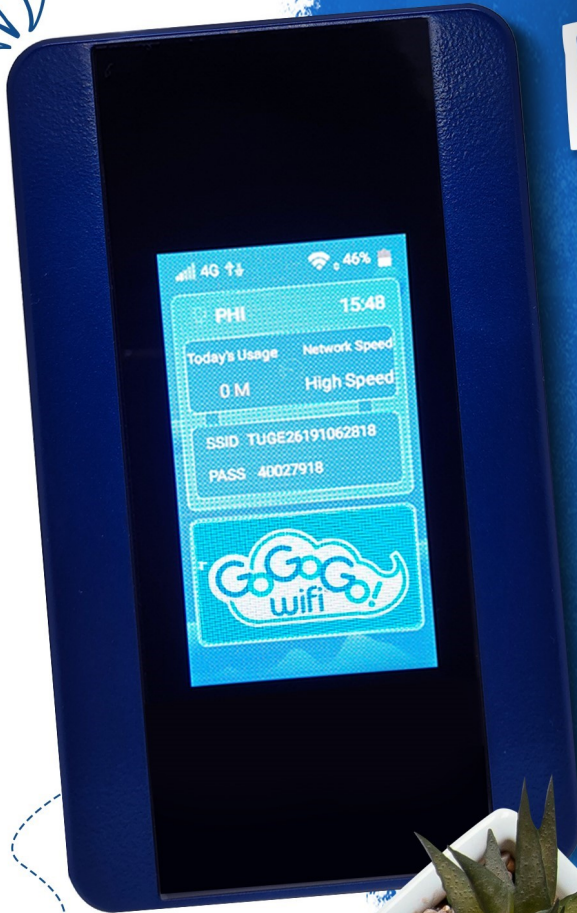
Several issuances have practically stripped of

According to Panga, the separate customs territory (SCT) status vested in the ecozones is most crucial to PEZA’s attraction and facilitation of investments. Locators get to enjoy additional incentives on top of their income tax holiday and special tax rates such as tax and duty-free importation, zero value added tax (VAT) rating on local purchases, and VAT exemption on inter-zone sales/constructive exportations.

*Source: [https://malaya.com.ph/news\\_business/peza-vows-to-keep-perks/](https://malaya.com.ph/news_business/peza-vows-to-keep-perks/)*



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