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SPECIAL POINTS OF INTEREST

Asia Pacific seen to grow fastest worldwide

January 07, 2024 | Louella Desiderio | The Philippine Star

Rajiv Biswas

STAR / File

MANILA, Philippines — Asia Pacific (APAC) is seen posting the fastest economic growth in the world this year, with the expansion supported by resilient demand in countries including the Philippines.

In a report, S&P Global Market Intelligence APAC chief economist Rajiv Biswas said the region's economy is seen sustaining its rapid expansion last year.

"The APAC economic outlook for 2024 is for continued rapid economic expansion, helped by resilient domestic demand in a number of large Asian emerging markets, including Mainland China, India, Indonesia, Malaysia and Philippines," Biswas said.

He said the region's gross domestic product (GDP) growth likely accelerated to 4.5 percent last year from 3.3 percent in 2022.

Apart from resilient demand in some markets, Biswas said APAC's economic growth would be supported by strong foreign direct investment (FDI) inflows expected into India and some Southeast Asian countries, as multinationals continue to diversify their manufacturing supply chains.

A recovery in electronic exports is also expected to support APAC's economic expansion.

"An important medium-term strength for many APAC industrial economies is their global competitiveness in the electronics manufacturing supply chain. Electronics production is an important part of the manufacturing export sector for many Asian economies, including South Korea, mainland China, Japan, Malaysia, Singapore, Philippines, Taiwan, Thailand and Vietnam," Biswas said.

As international tourism continues to recover strongly, he added the sector would also be an important growth driver for APAC exports.

The S&P unit expects trade agreements, including the Regional Comprehensive Economic Partnership (RCEP) agreement, to boost exports growth.

"Overall, the medium-term economic outlook for the APAC region remains positive. APAC is already the largest region of the global economy measured in terms of size of nominal GDP, with emerging Asia expected to continue to grow rapidly over the decade ahead," Biswas said.

For the Philippines, he said GDP likely grew by 5.6 percent in 2023 with strong private consumption, infrastructure spending and improving remittance inflows cited as drivers.

This is slower than the six to seven percent growth goal penned by economic managers.

The Philippine economy expanded by 5.5 percent from January to September last year and needs to grow by at least 7.2 percent from October to December to meet the lower end of the target range.

The country's GDP growth picked up to 5.9 percent in the third quarter last year after slumping to 4.3 percent in the second quarter from 6.4 percent in the first quarter.

For 2024, the government through the Development Budget Coordination Committee (DBCC) tightened its GDP growth range to 6.5 to 7.5 percent from 6.5 to eight percent.

"The outlook for [the Philippines for] 2024 is for continued rapid economic growth, helped by expected gradual easing of monetary policy during the course of 2024," Biswas said.

Source: https://www.philstar.com/business/2024/01/07/2323941/asia-pacific-seen-grow-fastest-worldwide

DoE plan must elevate energy security to top priority item, think tank says

January 07, 2024 | John Victor D. Ordoñez | BusinessWorld


FREEPIK

THE Department of Energy (DoE) should designate energy security as its main focus when it submits the Philippine Energy Plan (PEP) to Congress, according to a think tank.

"From power generation to transmission to distribution and supply, they all should harmonize into one goal — energy security," Bienvenido S. Oplas, Jr., president of the free market think tank Minimal Government Thinkers, said in a Viber message.

Senator Sherwin T. Gatchalian last week sought an explanation from the DoE on the delays to its energy roadmap, which had been due on Sept. 15.

The PEP will outline the Philippines' energy goals between 2023 and 2050.

Under the Electric Power Industry Reform Act, the DoE must submit to Congress an updated energy roadmap annually.

Mr. Oplas said the DoE must ensure enough power is available to consumers to dispel worries of blackouts, especially after recent power outages in Panay.

"The DoE must consider power price fluctuations, surges and dips," he said. "Which means the DoE should remain agnostic about where the energy comes from."

DoE Director Michael O. Sinocruz earlier told *BusinessWorld* that the department is finishing its National Strategic Transmission Plan and wrapping up the consultation process before it submits the energy roadmap by the end of January.

He said the plan will include a smart and green grid plan that would tackle efficient transmission of power to accommodate more renewable energy sources.

The government is aiming to increase the share of renewable energy (RE) in the power generation mix to 35% by 2030 and to 50% by 2040. RE currently accounts for 22% of the energy mix.

The DoE has said the PEP will also detail the government's plan to tap nuclear energy.

The Energy Regulatory Commission on Jan. 4 said the Panay power outage has been referred to an interim grid management committee for investigation.

President Ferdinand R. Marcos, Jr. on Saturday said the National Grid Corp. of the Philippines (NGCP) must take responsibility of the power outage in the Western Visayas on Jan. 2.

The NGCP on Jan. 2 reported that multiple power plants tripped, including units of Panay Energy Development Corp. and Palm Concepcion Power Corp.

Camarines Sur Rep. Luis Raymund F. Villafuerte, Jr. said on Sunday that legislators must reconsider the legislative franchise of the NGCP.

"The only way we can hope for things to change for the better is for the 19th Congress to recast the NGCP's franchise to, among others, possibly strip it of his task as traffic manager of the nationwide transmission system, or to revoke the concession altogether," he said in a statement.

Source: https://www.bworldonline.com/economy/2024/01/07/567304/doe-plan-must-elevate-energy-security-to-top-priority-item-think-tank-says/

BOI eyes P1.5T investments

January 08, 2024 | Irma Isip | Malaya Business Insight

The Board of Investments (BOI), after missing its target in 2023, has set a conservative aim of P1.3 trillion to P1.5 trillion investment registrations in 2024, banking on renewable energy and equipment manufacturing, mineral processing as well as infusions from preferential trade and traditional partners like the United States, Japan, Korea and the European Union.

This early, the BOI has a pipeline of P930 billion investments for possible registration. *[Cont. page 3]*

BOI eyes P1.5T investments

[Cont. from page 2]

Ceferino Rodolfo, BOI managing head, said in a press conference over the weekend this year's target represents a 10-percent increase from the actual registration in 2023 of P1.26 trillion, the highest in the agency's 56-year history and a 73 percent increase from P729 billion in 2022.

But the BOI missed the P1.5 trillion target the agency set for the year but still hurdled the P995.59 billion submitted under the National Expenditure Plan.

Rodolfo said two projects with a combined value of P272 billion were filed and evaluated in 2023 but were not approved pending compliance with certain requirements.

These are a solar energy power project worth P200 billion and a combined cycle gas turbine power plant valued at P72 billion.

PH net FDIs
(% YOY)

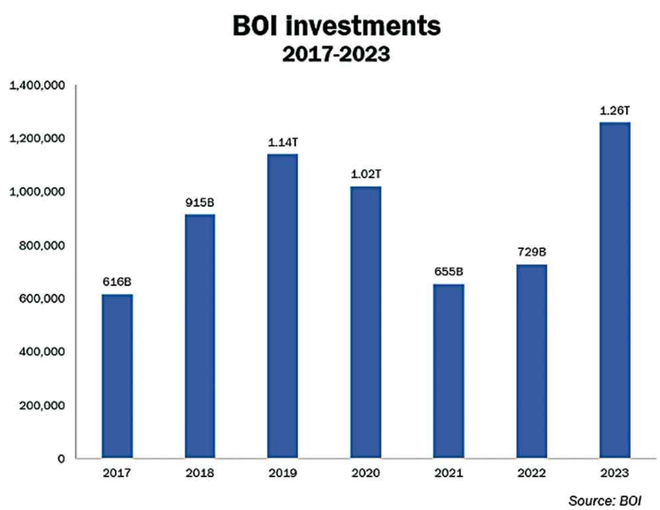
		Value billion pesos	Growth rate %
2022	Q1	2,648.26	11.70
	Q2	2,265.13	15.41
	Q3	2,078.12	-28.79
	Q4	2,374.48	-49.81
2023	Q1	2,062.90	-22.10
	Q2	1,856.45	-18.04
	Q3	1,958.71	-5.75

Source: BOI

Ernie delos Reyes, director for the One-Stop Action Center for Strategic Investments of the BOI, in the same briefing said in the pipeline are P370- billion projects certified for green lane processing and P360 billion for evaluation. The P200-billion solar energy power project is an incoming application.

Trade Secretary Alfredo Pascual, BOI chairman, noted that a bigger proportion of the approvals are foreign investments rather than local investments, which historically dominated approvals.

Pascual said around 60 percent of P767 billion are foreign investments.



"In this context, we are really hopeful that at the end of the President's term, we would be the second biggest destination of foreign direct investments (FDI) in Southeast Asia," Rodolfo said.

Pascual has expressed support to the proposal to amend certain economic provisions of the Constitution but said it is difficult to do proceed with the plan.

"We've been talking about this for years," Pascual said, when sought for comment on how critical the charter change in achieving the target of being the second largest FDI recipient in the region.

Pascual said as the Constitution remains the fundamental law of the land, the government highlights reforms undertaken in easing some ownership restrictions when they talk to foreign investors.

"The environment changes. For a short period of time, we can allow foreign investors to come in at 100 percent but once the industry gets saturated, you have to close the gate. By law, you can do that but when you put that in the Constitution, you can no longer change it. It removes the flexibility," Pascual said.

Source: https://malaya.com.ph/news_business/boi-eyes-p1-5t-investments/

Industry groups seeks balance in 'holiday economy'

January 08, 2024 | Andrea E. San Juan | BusinessMirror

GOVERNMENT should ensure that its promotion of long weekends will not compromise the competitiveness of industries, according to the Philippine Chamber of Commerce and Industry (PCCI). *[Cont. page 4]*

BusinessMirror

Industry groups seeks balance in ’holiday economy’

[Cont. from page 3]

“We recognize that for a consumption-driven economy like the Philippines, long weekends provide benefits such as more opportunities for families for their recreation and social interaction,” PCCI President Eunina Mangio was quoted in a statement the group issued last Sunday.

Mangio said long weekends also encourage domestic travel and “potentially increases” tourism expenditure. “This also adds value to other sectors including retail, food and service sectors.”

Moreover, the head of the business group said that more time with family and friends can “boost well-being and, indirectly, enhance their productivity.”

However, Mangio said holiday economics should balance making longer weekends without increasing the number of holidays.

The PCCI chief said there are already 18 scheduled regular holidays in the Philippines for 2024 and increasing this number will “undoubtedly” increase labor costs for industries especially for manufacturing and business process outsourcing.

“This will lead to additional burden for these sectors and compromise their competitiveness,” Mangio said.

President Ferdinand R. Marcos Jr. had been advocating for long weekends to help boost the country’s tourism and encourage people to spend time with their families.

Marcos has issued several orders declaring days in December 2023 as either a regular holiday or a special non-working holiday. The president also made January 1, 2024, (New Year’s Day) the first regular holiday of the year through Proclamation 368. The proclamation also increased the number of special non-working holidays to eight. These include the following: August 21 (Ninoy Aquino Day); (November 1) All Saints’ Day; December 8 (Feast of the Immaculate Conception of Mary); and, December 31 (Last Day of the Year).

Also included on the list are: February 10 (Chinese New Year); March 30 (Black Saturday); November 2 (All Souls’ Day); and, December 24 (Christmas Eve).

Meanwhile, Proclamation 368 also contained the list of regular holidays for 2024.

These are: January 1 (New Year’s Day); March 28 (Maundy Thursday); March 29 (Good Friday); April 9 (Araw ng Kagitingan); May 1 (Labor Day); June 12 (Independence Day); August 26 (National Heroes Day); November 30 (Bonifacio Day); December 25 (Christmas Day); and, December 30 (Rizal Day).

Marcos said he will come out with separate proclamations declaring national holidays for the observance of Eid’l Fitr and Eid’l Ad-ha based on the date recommended by the National Commission on Muslim Filipinos. (Full story here: https://businessmirror.com.ph/2023/10/13/edsa-revolt-deleted-from-2024-list-of-special-holidays/)

Source: https://businessmirror.com.ph/2024/01/08/industry-group-seeks-balance-in-holiday-economy/

Inflation still seen topping 2-4 % goal

January 08, 2024 | Niña Myka Pauline Arceo | The Manila Times

The Manila Times

INFLATION could still exceed target this year despite the rate having returned to the 2.0- to 4.0-percent goal last month, Metropolitan Bank & Trust Co. (Metrobank) said.

"Our above-target baseline forecast for 2024 remains largely driven by the risk of upward pressure on rice prices," Metrobank Research said in retaining a 4.3-percent outlook.

It noted that exporting nations, notably Thailand and Vietnam, had indicated that last year's dry spells and flash floods were expected to result in a decline in yields throughout the year.

While inflation cooled to 3.9 percent in December, down from 4.1 percent the previous month, rice inflation — which accounted for 1.7 percentage points of the overall rate — climbed 19.6 percent in December from 15.8 percent.

Metrobank noted that December's rice inflation was the highest reported since March 2009's 22 percent and had mirrored an increase in Asian rice export benchmark prices. *[Cont. page 5]*

Inflation still seen topping 2-4 % goal

[Cont. from page 4]

Thai rice prices climbed to $659 per metric ton (MT) by the end of December, up from $640 per MT in November, while Vietnamese rice prices rose to $632.90 per MT compared to $629.41 per MT in November.

Both benchmarks reached year-to-date highs, Metrobank said.

The bank's inflation outlook contrasts with expectations by other analysts that average inflation could finally settle within target this year.

Last week, China Banking Corp. chief economist Domini Velasquez said inflation could average 3.5 percent in 2024 but noted that risks remained, especially with regard to food and transport prices.

"Prices remain at risk from dry weather conditions and trade restrictions in rice-exporting countries," she noted.

HSBC Global Research economist Aris Dacanay also expects 2024 inflation to settle within target at 3.5 percent but warned that rice was the biggest risk to the outlook.

Both said the Bangko Sentral ng Pilipinas (BSP) was likely to keep policy setting unchanged until inflation firmly settles within the 2.0- to 4.0-percent target range.

The BSP's current risk-based inflation forecast for 2024 sees inflation still exceeding target this year at 4.2 percent. The outlook, however, is down from 4.4 percent in November, and the bank has acknowledged that external forecasts point to within-target results this year.

Following the release of December inflation data last week, the central bank said the decline was "consistent with the BSP's forecast path, which suggests that inflation will continue to moderate in the coming months as a result of easing supply-side price pressures and negative base effects."

It also noted potential pressures stemming from fare, power and fuel price hikes and the impact of the El Niño weather pattern on food prices and said that policy settings would remain tight to better anchor expectations.

The BSP's policymaking Monetary Board kept key interest rates unchanged during its last meeting in December. It will next meet on February 15, during which it will have the benefit of inflation data for January.

The BSP's benchmark rate currently stands at 6.5 percent — the highest since 2007 — following rate hikes totaling 450 basis points since May 2022. This was in response to surging inflation caused by Russia's invasion of Ukraine.

While Metrobank's projections are for headline inflation staying above target, it also said that diminishing price pressures with respect to other non-volatile commodity prices could provide grounds for the BSP to consider reducing rates as early as June.

"We think that policy rates may not need to be as restrictive as current levels throughout the year, especially if core inflation continues to move lower," Metrobank said.

Source: https://www.manilatimes.net/2024/01/08/business/top-business/inflation-still-seen-topping-2-4-goal/1927194

PBBM signs Ease of Paying Taxes Act into law

January 08, 2024 | Anna Leah Gonzales | Philippine News Agency

MANILA – President Ferdinand R. Marcos Jr. signed into law Republic Act (RA) 11976 or the Ease of Paying Taxes Act which aims to modernize and increase the efficiency and effectiveness of tax administration and strengthen taxpayer rights.

In a statement on Sunday, the Presidential Communications Office (PCO) said the Ease of Paying Taxes Act is one of the priority legislations mentioned during the State of the Nation Address in 2022 and 2023.

"The law allows the government to capture as many taxpayers as possible into the tax net by streamlining the system and minimizing the burden on taxpayers, increasing the country's revenue collection in the long run," the PCO said.

The new law, signed on Friday, introduces administrative tax reforms and amendments to several sections of the National Internal Revenue Code of 1997. *[Cont. page 6]*

PAYING TAXES. The newly signed Ease of Paying Taxes Act aims to improve the government's revenue collection through digitalization initiatives. The law was signed by President Ferdinand R. Marcos Jr. on Friday (Jan. 5, 2024). *(PNA file photo)*

PBBM signs Ease of Paying Taxes Act into law

[Cont. from page 5]

It also updates the Philippine taxation system, adopts best practices and replaces antiquated procedures.

Among RA 11976's salient features are classification of taxpayers into micro, small, medium, and large; electronic or manual filing of returns and payment taxes either to the Bureau of Internal Revenue (BIR), through any authorized agent bank or authorized tax software provider; option to pay internal revenue taxes removal to the City or Municipal Treasurer; elimination of the distinction between documentation and basis of sales of goods and services; and classification of value-added tax (VAT) refund claims into low, medium and high-risk.

The law ensures the availability of registration facilities to non-Philippine resident taxpayers; promoting and assisting taxpayers in tax processes; streamlining; reducing documentary requirements; and digitalizing BIR services through the development of the Ease of Paying Taxes and Digitalization Roadmap.

The law likewise imposes 180 days to act on claims for refund of erroneous or illegal tax collection and increases the amount for the mandatory issuance of receipts for each sale and transfer of goods and services from PHP100 to PHP500.

According to PCO, the law mandates the BIR to adopt an integrated digitalization strategy by providing end-to-end solutions for the benefit of taxpayers.

These include adopting integrated and automated system for facilitating basic tax services, setting up electronic and online system for data and information exchange between offices and departments, streamlining of procedures by adopting automation and digitalization of BIR services, and building up BIR's technology capabilities.

RA 11976's implementing rules and regulations shall be promulgated 90 days from the effectivity of the Act after the consultation of the Finance Secretary with the BIR and the private sector.

The law will take effect 15 days after its publication in the Official Gazette or in a newspaper of general circulation.

Source: https://www.pna.gov.ph/articles/1216498

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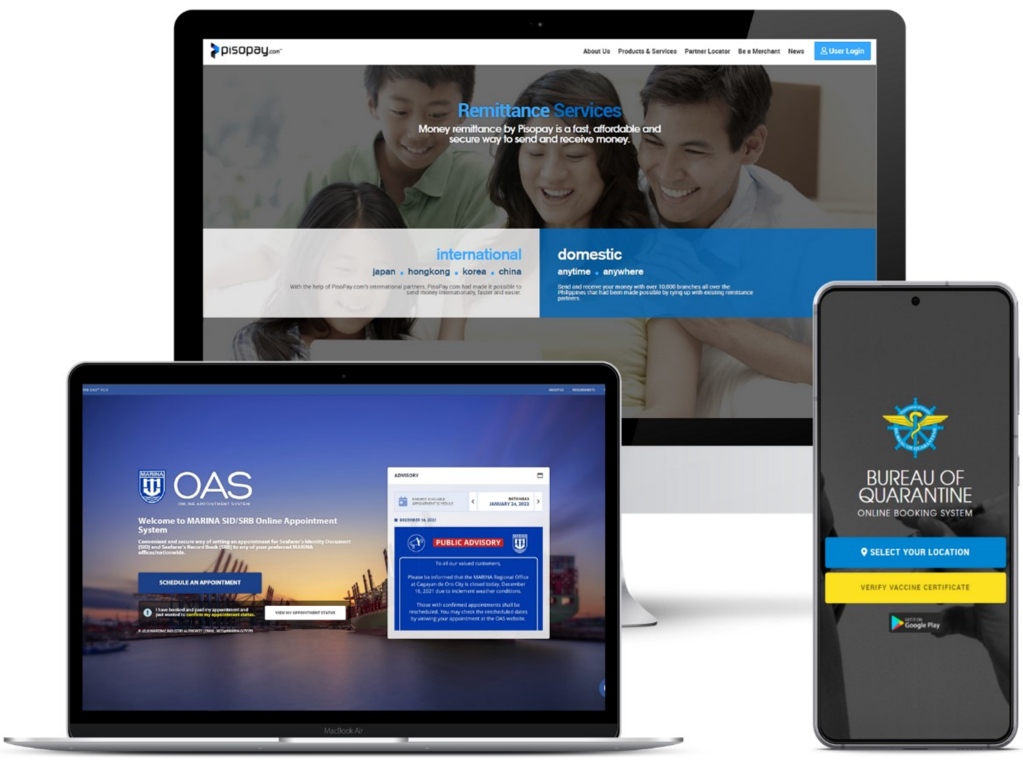

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