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SPECIAL POINTS OF INTEREST

UPCOMING EVENT

Philippines continues to show growth potential

September 16, 2024 | BUSINESS SNIPPETS - Marianne Go | The Philippine Star

The ASEAN+3 Macroeconomic Research Office (AMRO), during its recent annual consultation visit to the Philippines from Aug. 27 to Sept. 6, noted that the Philippine economy continued to grow steadily at six percent in the first half of this year, driven by strong domestic demand and export recovery.

It observed that the labor market remained strong which helped boost domestic consumption. Inflation, it said, continued its declining trend from 2023, reflecting a moderation in international commodity prices, the government's inflation-containing measures, as well as tight monetary policy.

It agreed that the current policy mix is appropriate, but can be adjusted further to support economic growth while rebuilding policy buffers.

The preliminary assessment was made by an AMRO team led by principal economist Runchana Pongsaparn. AMRO director Kouqing Li and chief economist Hoe Ee Khor participated in the policy meetings. They also met with Philippine Finance Undersecretary Joven Balbosa and Bangko Sentral ng Pilipinas deputy governor Francisco Dakila, Jr. The discussions focused on the risks and challenges facing the Philippines, and policy options to sustain the growth momentum, anchor inflation expectations, restore the fiscal buffer and address long-term structural issues.

According to team leader Dr. Pongsaparn, "The Philippine economy is expected to grow by 6.1 percent in 2024 and 6.3 percent in 2025, driven by higher government spending, as well as an upturn in external demand and strengthening domestic demand. Private consumption is anticipated to grow faster for the rest of the year, supported by strong labor market conditions, lower inflation and robust overseas remittances. With the start of the monetary policy easing cycle, we expect private investment sentiments to improve."

Headline Consumer Price Index inflation is projected to decline to 3.3 percent in 2024 from six percent in 2023, and ease further to 3.1 percent in 2025. While upside risks such as wage increases and local food supply shocks remain, the slowdown of headline inflation is expected to continue in the second half of 2024 due to lower international prices of fuel and food and tariff cuts on imported rice.

On the external front, AMRO said that the current account deficits have narrowed, and net direct investment inflows increased, while external debt remained low. The Philippine banking system has stayed resilient, with ample liquidity, robust profitability and high capital buffers. The fiscal position has continued to improve in 2024, supported by a significant increase in revenue despite higher fiscal expenditure.

Risk and vulnerabilities

In the near term, however, the AMRO team warned that the growth prospects of the Philippines could be subject to several risks. Higher inflation, especially from food prices, could dampen consumption. At the same time, the economy could be challenged by a potentially sharp slowdown in major trading partners, such as the US, Europe and China.

Heightened geopolitical risks could increase the likelihood of global supply disruptions and further global economic fragmentation. The country's long-term potential growth could be constrained by insufficient infrastructure investment, vulnerabilities to climate change and the prolonged scarring effects caused by the COVID-19 pandemic.

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Philippines continues to show growth potential

[Cont. from page 1]

Policy recommendations

According to the AMRO team, the current fiscal-monetary policy mix is appropriate. As inflation continued to ease but remained elevated, the Philippine Monetary Board maintained the policy rate at 6.5 percent in the first half of 2024 and delivered the first rate cut only in August with indication that inflation will continue to ease within the target band.

The AMRO team believes there is room to adopt a less restrictive monetary policy stance if current macroeconomic trends continue. However, if supply-side risks emerge, the whole-of-government approach should be taken to address inflationary pressures.

The fiscal stance in 2024 and in 2025, the AMRO team said, are expected to be neutral with a continued improvement in the fiscal deficit. The government is likely to continue its medium-term fiscal consolidation plan at a slower pace to better support economic growth. However, it will be prudent to accelerate the pace of fiscal consolidation if conditions allow.

In the medium term, the AMRO team added, restoring fiscal space remains critical to build greater resilience to external shocks amid elevated uncertainty. With regard to the financial system, the team recommends that Philippine authorities should consider a more active use of macro prudential toolkits, strengthen the institutional framework to safeguard financial stability and deepen the bond and repo markets.

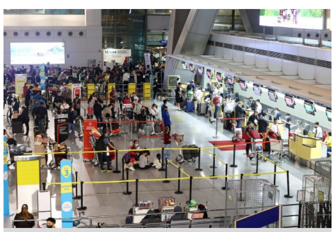
On structural issues, the government should implement measures on labor upskilling and reskilling to raise labor productivity. More efforts should be made to attract foreign direct investments and to encourage technology transfer.

Furthermore, a comprehensive strategy for enhancing the country's competitiveness, including raising infrastructure investment, continuing digitalization and developing a sustainable economy, is crucial to bolster the Philippines' economic growth potential, the team concluded.

Soruce: https://www.philstar.com/business/2024/09/16/2385471/philippines-continues-show-growth-potential

Incheon Airport seen helping elevate NAIA to international standard

September 15, 2024 | John Victor D. Ordoñez | BusinessWorld



Passengers are seen at the departure lobby of the Ninoy Aquino International Airport (NAIA) Terminal 3 in Pasay City. — PHILIPPINE STAR/MIGUEL DE GUZMAN

INCHEON International Airport Corp.'s (IIAC) technical know-how is expected to help partner San Miguel Corp. (SMC) bring Ninoy Aquino International Airport (NAIA) to a global standard of quality, South Korean Ambassador to the Philippines Lee Sang-hwa said.

"We hope that they can leverage their expertise and worldwide reputation in modernizing NAIA… they are closely consulting with their counterparts including SMC and we hope Incheon's expertise and views will be well reflected in the decision-making process," he told *BusinessWorld*.

"I believe that (IIAC) have almost daily conversations with SMC… I hope things will improve faster than normal."

The SMC-led New NAIA Infrastructure Corp., which includes the operator of South Korean's main international airport, took over NAIA operations on Sept. 14, with plans to improve the airport's roads, expand its terminal and capacity, and upgrade the passenger experience.

The NNIC also includes RMM Asian Logistics, Inc., a logistics company involved in infrastructure projects and RLW Aviation Development, Inc., a Philippine company.

Mr. Lee said IIAC has experts posted to Manila for discussions with their SMC counterparts on plans to improve NAIA.

"Incheon's main role is to raise NAIA to global airport standards in order for Manila to compete with the region's international hubs such as Singapore and Hong Kong," Terry L. Ridon, a public investment analyst and convenor of the think tank InfraWatch PH, said via Messenger chat.

SMC President and Chief Executive Officer Ramon S. Ang told a forum last week that the conglomerate expects to show results and improvements to the airport within six months.

NAIA ranked 199th out of 239 airports in 69 countries in the 2024 global airport ranking report released by flight compensation company AirHelp. *[Cont. page 3]*

Incheon Airport seen helping elevate NAIA to international standard

[Cont. from page 2]

Incheon International Airport was ranked 68th in the same global ranking.

SMC has said it would be spending about P3 billion and P5 billion on a new off-ramp from NAIA Expressway to Terminal 3, while also considering curb pricing schemes for the airport.

The Philippine Institute for Development Studies, in a study last year, said the airport suffered from both passenger and runway congestion.

Rene S. Santiago, former president of the Transportation Science Society of the Philippines, said that while Incheon has a world-class record and is capable of bringing about improvements to NAIA, SMC will ultimately call the shots.

"The situation here is vastly different from Korea's… SMC is the dominant partner who will set the pace," he said via Viber.

The Department of Tourism (DoT) is aiming for 7.7 million international tourist arrivals this year.

As of Aug. 7, the Philippines has received 3.62 million inbound visitors, with 92% of them being foreigners, the DoT said last month.

Senators have started floor debate on a bill seeking to provide non-resident tourists VAT refunds for purchases worth at least P3,000, to encourage more visitor spending.

"SMC's main role is navigating the country's complex regulatory environment and providing leadership, strategy and financing to the nation's international gateway," Mr. Ridon said.

Source: https://www.bworldonline.com/economy/2024/09/15/621584/incheon-airport-seen-helping-elevate-naia-to-international-standard/

PH moves up to 53rd in cybersecurity ranking

September 16, 2024 | Myla Iglesias | Malaya Business Insight

The Philippines has made significant progress in cybersecurity as it now ranks 53rd, from 61st in 2020, on the United Nations Global Cybersecurity Index (GCI) 2024 report.

The GCI measures the commitment of countries to cybersecurity in the context across five pillars include legal, technical organizational, capacity development and cooperation.

The report, released by the International Telecommunication Union (ITU) on September 12, revealed the Philippines' cybersecurity score rose to 93.49 points from 77 points in 2020.

This puts the Philippines just 1.51 points away from joining Tier 1, which includes the world's best in cybersecurity laws, technology, organizations, training and international cooperation.

The latest GCI report the current level of cybersecurity commitment among 193 ITU member-states.

The Philippines' jump from Tier 3 (Evolving) to Tier 2 (Advancing) highlights the country's marked improvements in key areas like providing technical skills, collaborating with other countries, organizing its cybersecurity efforts and building its capacity to fight cyber threats. The GCI introduced the five-tier level system this year.

Tier 2 represents countries that have obtained an overall score of at least 85/100 by demonstrating a strong cybersecurity commitment to coordinated and government-driven actions that encompass evaluating, establishing or implementing certain generally accepted cybersecurity measures in up to four pillars or a substantial number of indicators.

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PH moves up to 53rd in cybersecurity ranking

[Cont. from page 3]

"This is a huge achievement for the Philippines. It shows that our hard work to protect Filipinos online is bearing fruit, but we are not stopping here. We are on the brink of being a global leader in cybersecurity and we will continue working to safeguard our digital world," Ivan John Uy, Department of Information and Communications Technology (DICT) secretary, said in a statement over the weekend.

DICT attributed the significant progress to the government's focus on strengthening cybersecurity through the National Cybersecurity Plan (NCSP) 2023-2028.

In April 2024, President Ferdinand Marcos Jr. signed Executive Order No. 58 mandating all government agencies to adopt the NCSP 2023-2028, ensuring that the country is better protected against cyberattacks and online threats.

With this momentum, the Philippines is on track to become a global cybersecurity leader, ensuring a safe and secure online environment for every Filipino.

ITU's GCI 2024 assessed national efforts across five pillars, representing country-level cybersecurity commitments: legal, technical, organizational, capacity development and cooperation.

In a statement last week, ITU explained that it also uses a new five-tier analysis, a shift that allows greater focus on each country's advances with cybersecurity commitments and resulting impacts.

The report places 46 countries in Tier 1, the highest of the five tiers, reserved for "role modelling" countries that demonstrate a strong commitment in all five cybersecurity pillars.

Most countries are either "establishing" (Tier 3) or "evolving" (Tier 4) in terms of cybersecurity. The 105 countries in these tiers have largely expanded digital services and connectivity but still need to integrate cybersecurity measures, the ITU said.

A "cybercapacity gap" – characterized by limitations in skills, staffing, equipment and funding – was evident in many countries and across all regional groups, it added.

"ITU's cybersecurity projects and programs are supporting those national efforts to more effectively manage cyberthreats, and I hope that the progress demonstrated by this latest index encourages countries to do more in developing secure and trustworthy digital systems and networks," said Cosmas Luckyson Zavazava, director of ITU's Telecommunication Development Bureau.

Source: https://malaya.com.ph/news_business/ph-moves-up-to-53rd-in-cybersecurity-ranking/

'Economic indicators show PHL on right path'

September 16, 2024 | Jovee Marie N. de la Cruz | BusinessMirror

Marikina Rep. Stella Luz A. Quimbo

AN economist at the House of Representatives on Monday affirmed that economic indicators demonstrate the Philippines is on the "right path."

In her sponsorship speech during the opening of plenary debates on the proposed P6.352 trillion national government budget for 2025, Marikina Rep. Stella Luz Quimbo, House appropriations committee senior vice chairperson, said that the national budget is not just a collection of numbers—it is a comprehensive plan to address the challenges faced by Filipino families every day.

Quimbo, a professor of economics before she was elected to the House, highlighted the alignment of the budget with the Medium-Term Fiscal Framework adopted by the Congress in 2022, which focuses on sustained and inclusive growth while prioritizing fiscal consolidation.

Quimbo pointed to the positive economic growth the country has achieved, noting a 6.3 percent gross domestic product (GDP) growth in the first half of 2024, driven by sound fiscal management.

She further cited the 3.3 percent inflation rate in August, significantly lower than last year's figures, and the declining unemployment rate, which dropped to 4.7 percent, with more Filipinos securing higher-quality jobs. *[Cont. page 5]*

'Economic indicators show PHL on right path'

[Cont. from page 4]

"The numbers show that we are on the right path. Through our collective efforts, we have brought inflation down to 3.3 percent as of August 2024. However, the work is far from over. Year-to-date, the inflation rate stands at 3.6 percent, which is 32 percent lower than the 5.3 percent year-to-date inflation rate from last year," she said.

"On employment, the numbers tell a hopeful story. The unemployment rate has dropped to 4.7 percent in July from 4.9 percent last year. In 2024, wage and salaried workers increased by 907,000. Just in July, we saw an additional 221,000 compared to the same month last year. This is a clear sign that more Filipinos are finding higher quality jobs, and that our efforts to create meaningful employment are making a real difference," she added.

The government has set key economic assumptions for the formulation of the 2025 national budget, emphasizing targets that will promote fiscal sustainability and economic stability.

One of the primary drivers behind the 2025 budget formulation is the projected gross domestic product (GDP) growth rate, which is targeted to range between 6.5 percent and 7.5 percent.

The government also expects inflation to remain manageable, projecting a rate between 2 percent and 4 percent in 2025.

Quimbo also noted that the country has surpassed Vietnam as the fastest-growing economy in Southeast Asia, as recognized by international financial institutions such as the Asian Development Bank (ADB), the International Monetary Fund (IMF), and the World Bank.

She said that inflation has started to ease, the country's fiscal management has shown significant improvement, and the decrease in the deficit-to-GDP ratio, as well as the increase in government collections, are proof of the sound economic policies of the Marcos administration.

The economist-lawmaker said the revised deficit trajectory will decline in a more realistic and sustainable manner, from 5.6 percent of GDP in 2024 to 3.7 percent by 2028 or by the end of the administration.

She said this adjustment will provide adequate fiscal space for the government to invest in infrastructure development and other programs and projects that promote growth.

Moreover, Quimbo said the 2025 GAB is designed to continue the country's growth trajectory while ensuring that the benefits reach the most vulnerable sectors of society.

"We are here not to point fingers, but to ensure that the budget we are discussing will serve as a guide toward a brighter future," Quimbo said. "A budget that will give every Filipino the confidence that the government is genuinely working for their welfare."

The 2025 General Appropriations Bill, which Quimbo presented, outlines a budget of P6.352 trillion. This budget reflects a commitment to tackling various national issues and supporting growth. Key allocations include P977.6 billion for education, aimed at equipping the youth with necessary skills; P297.6 billion for healthcare to ensure access to quality medical services; and P211.3 billion for agriculture to guarantee food security. Additionally, P253.378 billion is designated for social welfare programs to support families facing significant hardships.

Quimbo described the budget as a "book of solutions" designed to uplift the lives of Filipinos by addressing these critical issues.

"This budget that we are proposing is a piece of the roadmap for growth, sustainable, and inclusive development. It contains the various programs of government created to address problems that have emerged over time," she said.

Source: https://businessmirror.com.ph/2024/09/16/economic-indicators-show-phl-on-right-path/

BOI investments hit record high of P1.35T

September 17, 2024 | Irma Isip | Malaya Business Inisght

Investment approvals at the Board of Investments (BOI) reached a record high of P1.35 trillion, surpassing the P1.26 trillion registered in the whole 2023.

This represents an 82 percent increase from the P741.98 billion approved in January to September 15 last year. *[Cont. page 6]*

BOI investments hit record high of P1.35T
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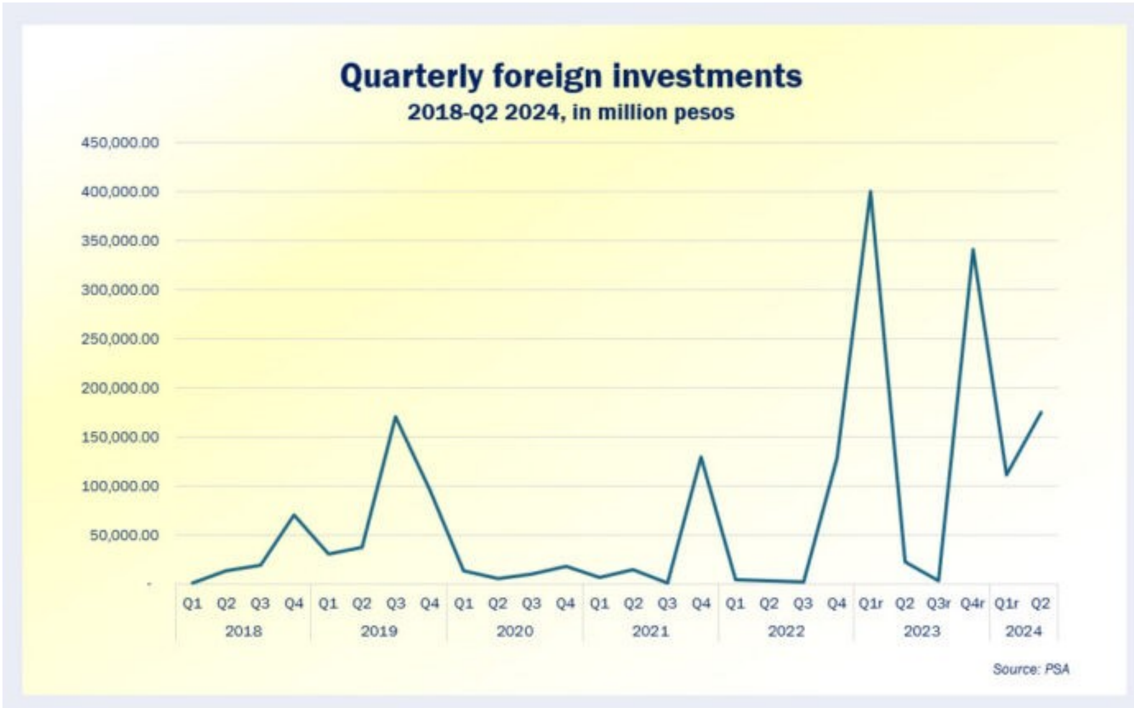

The announcement came as BOI marks its 57th anniversary this month.

"This accomplishment highlights both our agency's unwavering commitment to nurturing a thriving investment landscape and in harnessing our country's potential to be the prime investments destination for smart and sustainable manufacturing and services.

We are excited to build on this momentum to work towards industrial transformation and economic growth that benefits all Filipinos," said Ceferino Rodolfo, trade undersecretary and BOI managing head.

The investments as of September will be poured into 255 projects.

The BOI said the energy sector, mainly projects in renewable energy, continued to dominate the investment approvals at P1.29 trillion. Other top sectors included real estate activities (mass housing) at P20.28 billion; manufacturing at P12.13 billion; agriculture, forestry, and fishing at P10.05 billion; and administrative and support service activities at P5.46 billion.

Filipino companies were top contributors to investments approval at P1.01 trillion, a 221 percent increase from the same period in the previous year

By region, Calabarzon remained the top recipient of local investments with P602.63 billion; followed by Central Luzon, P258.68 billion; Western Visayas, P238.88 billion; Bicol, P142.87 billion and; Ilocos, P62.68 billion.

Foreign investments amounted to P341.78 billion led by companies from Switzerland, contributing P286.77 billion followed by the Netherlands with P39.58 billion; Singapore, P6.18 billion; the United States, P1.68 billion and; Taiwan, P1.3 billion.

"These investments are critical to strengthening the Philippines' economic foundation. The focus on renewable energy and manufacturing is helping drive sustainable growth, creating thousands of jobs, and improving the quality of life for Filipinos. The keen investment interest from both local and foreign investors will propel long-term economic progress and position the country as a global leader in strategic investments," emphasized Undersecretary Rodolfo.

Source: https://malaya.com.ph/news_business/boi-investments-hit-record-high-of-p1-35t/

PEZA expects CREATE MORE to unlock more investments

September 16, 2024 | Justine Irish D. Tabile | BusinessWorld

THE Philippine Economic Zone Authority (PEZA) said that its investment approval targets — set at P200 billion this year — will be achievable when amendments to the Corporate Recovery and Tax Incentives for Enterprise (CREATE) Act take effect.

PEZA Director General Tereso O. Panga told *BusinessWorld* that he expects the passage of the CREATE to Maximize Opportunities for Reinvigorating the Economy (CREATE MORE) bill to spur more investment.

"With the impending passage of the CREATE MORE bill, we remain hopeful that more investors will register their projects with PEZA and other investment promotion agencies (IPAs)," Mr. Panga said via Viber.

"This is in preparation for the expected upturn, particularly in the global electronics industry, including demand for electronics products and electric vehicles," he added.

Last week, the Senate ratified a bicameral conference report on the CREATE MORE bill, which seeks to lower taxes on domestic and foreign companies to 20% from 25%.

Apart from lowered taxes, the bill also seeks to return to investment promotion agencies the power to approve or deny tax incentives up to a certain threshold, farming out some of the powers currently held by the Fiscal Incentives Review Board.

According to a preliminary report from the Philippine Statistics Authority, electronics exports grew 2.5% in the seven months to July to $23.88 billion, representing 56% of all exports during the period.

PEZA reported approvals of P6.9 billion worth of investment applications at a board meeting on Aug. 27.

The latest approvals brought PEZA's total greenlighted investments in the first eight months to P61.62 billion, or 30% of its target for the year.

Mr. Panga said PEZA will be maintaining its P200-billion investment approval target for the year.

"The ASEAN outlook in 2024 remains robust, and so is the Philippine economy with our declining inflation rate and consistent gross domestic product growth forecast, which makes the country one of the best-performing economies in the region," he said.

"As such, we in PEZA are keeping our P200-billion investment approval target for the year within reach," he added.

Source: https://www.bworldonline.com/economy/2024/09/16/621920/peza-expects-create-more-to-unlock-more-investments/

[UPCOMING EVENT]

A Joint Event of Rotary Intl D3810-BNI– KCCP | Business Matching and Networking Event

October 18, 2024 | SMX Convention Center, Pasay City

KCCP in partnership with PPC Rotary International D3810 and BNI Philippines, one of the largest business referral organizations in the world, will hold a Business Matching/Networking Event on October 18, 2024 6:00PM at 2F SMX Convention Center, Pasay City. The registration starts at 5:00PM.

This event is a great opportunity to broaden your network and connect with potential business partners, investors and collaborators as this event will be attended by 400+ local and foreign businessmen and we highly encourage KCCP members to join. In addition, sponsorship opportunities are also available as attached below.

For KCCP Members, the registration fee is Php 2,000.00. If you have any questions in regards to this event and for confirmation, kindly contact KCCP at +632-8885-7342, or mobile numbers 0917-8015920 (Ms. Chi) / 0915-8887296 (Ms. Sang) or through email at info@kccp.ph.


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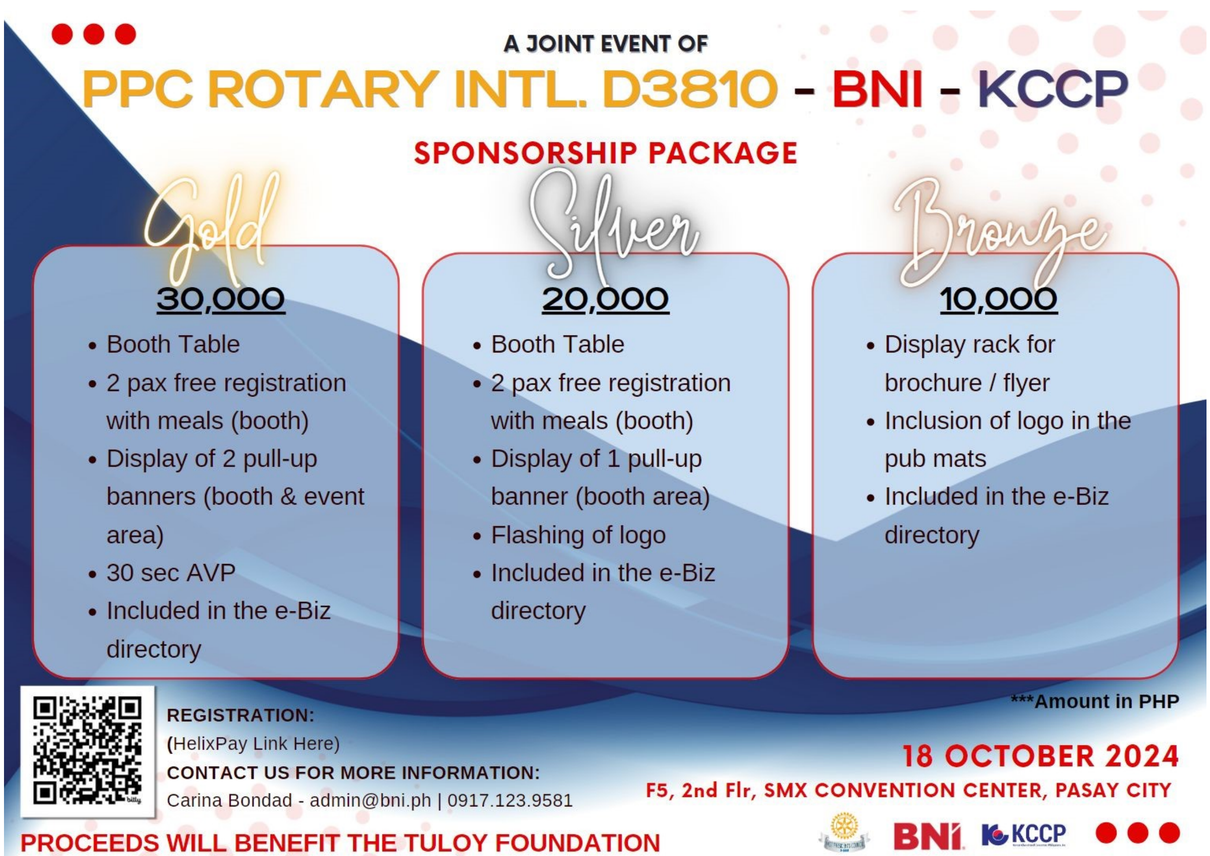
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