



필리핀한인상공회의소뉴스

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Rate cut impact on manufacturing to lag as policy settings still 'tight'

September 23, 2024 | Beatriz Marie D. Cruz | BusinessWorld

THE IMPACT of lower rates may not be reflected in the results of manufacturers this year, with Bangko Sentral ng Pilipinas policy remaining “tight,” according to analysts.

“Given that the Philippines’ monetary policy remains tight and borrowing costs are still high after its policy rate cut in August and considering lags between changes in monetary policy before they affect economic activities, we expect the central bank policy rate cut and



REUTERS

expected rate cuts to have positive effects on the manufacturing sector in 2025 rather than this year,” Harumi Taguchi, principal economist at S&P Global Market Intelligence, said in an e-mail.

In August, the Philippines’ Manufacturing Purchasing Managers’ Index (PMI), which surveys around 400 manufacturers, was 51.2, unchanged from the July reading.

A PMI reading above 50 means stronger purchasing of raw materials, a leading indicator of future manufacturing activity. PMI of below 50 heralds a contraction.

Pantheon Macroeconomics Chief Emerging Asia Economist Miguel Chanco said it may take a few years before rate cuts have any real bearing on factory output.

“For one, monetary policy moves tend to filter through with a long lag. And second, the policy setting in the Philippines is still quite tight, even though rate cuts have entered the picture,” Mr. Chanco said in an e-mail.

Between May 2022 to Oct. 2023, the Monetary Board (MB) hiked borrowing costs by 425 basis points (bps) to tame inflation.

In its Aug. 15 meeting, the MB eased interest rates by 25 bps to 6.25%. The previous setting of 6.5% had been an over 17-year high.

“The real rate of interest — i.e., adjusted for inflation — is still very elevated at the BSP’s current setting, and will remain so if the Board pursues only gradual 25 bp adjustments,” Mr. Chanco said.

BSP Governor Eli M. Remolona, Jr. has cited the possibility of another 25-bp cut in the fourth quarter. Only two MB meetings are left for this year — Oct. 17 and Dec. 19.

A less restrictive policy environment is expected to fuel demand and spending, which would benefit industries like manufacturing.

Manufacturing activity in the medium term will be driven by the global demand for electronics. However, external demand may remain muted, Ms. Taguchi said.

According to S&P Global, the Philippines’ export sales in August fell for the first time since the year began, signaling weak foreign demand.

The Philippine Statistics Authority reported that exports of electronic products grew 2.5% to \$23.88 billion at the end of July. This accounted for 56% of total exports for the period.

In July, electronic exports fell 11.9% to \$3.25 billion and accounted for 52.1% of total exports for the month.

Ms. Taguchi also cited the Global Manufacturing PMI, which came in at 49.5 in August from 49.7 in July.

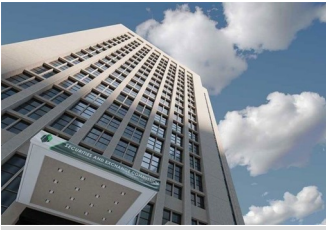
“These indicators suggest a notable upturn in external demand in the coming months is unlikely,” she said.

Southeast and East Asia supply more than 80% of the world’s semiconductors, the Asian Development Bank said earlier this year.

Source: <https://www.bworldonline.com/economy/2024/09/23/623154/rate-cut-impact-on-manufacturing-to-lag-as-policy-settings-still-tight/>

SEC: Another amnesty set for delinquent firms

September 23, 2024 | Richmond Mercurio | The Philippine Star



This undated file photo shows a building of the Securities and Exchange Commission.

Businessworld / SEC.GOV.PH

MANILA, Philippines — The Securities and Exchange Commission (SEC) is providing corporations another chance to avoid higher penalties following its successful amnesty program last year.

Non-compliant, suspended and revoked corporations are currently given the opportunity by the SEC to clear their penalties for failure to file their annual reports at lower rates until Nov. 30.

The SEC said corporations that incurred fines and penalties for the late or non-filing of their annual financial statements (AFS), general information sheets (GIS) as well as for noncompliance with the requirement of designating and submitting official and alternative mobile phone numbers and email addresses for their transactions, can get back their good standing for only P20,000 under the Enhanced Compliance Incentive Plan (ECIP).

Suspended or revoked corporations could likewise apply for the lifting of the order suspending or revoking their corporate registration by paying a petition fee of P3,060 and settling only 50 percent of their total assessed fines and penalties.

“The amnesty program in 2023 showed that companies and associations recognize the importance of maintaining their good standing for them to continue enjoying the benefits of a duly registered corporation,” SEC chairperson Emilio Aquino said.

“Accordingly, the SEC wants to give non-compliant, suspended and revoked corporations, which are actually willing to comply with their reportorial requirements moving forward, the chance to settle their fines and penalties at lower rates, so that they may continue operating and contribute to a more robust and dynamic business sector,” he said.

Last year, the SEC gave non-compliant, suspended and revoked corporations a chance to settle their fines and penalties for the late and non-filing of their reports through an amnesty program.

According to the commission, over 81,700 corporations were able to complete their applications and get back their good standing throughout the program’s nine-month run.

Through the ECIP this year, the SEC is allowing non-compliant, delinquent and suspended or revoked corporations that missed the amnesty program another chance to clear their track record of noncompliance.

The SEC said corporations which will not avail of ECIP face higher penalties for noncompliance with their reportorial requirements.

The commission said that the updated scale of fines and penalties are at least 900 percent higher than the previous rates that had been in place for more than 22 years.

A corporation is considered non-compliant by the SEC if it has not submitted its GIS and AFS intermittently or consecutively in previous years and/or has not complied with the requirement of designating and submitting official and alternative mobile phone numbers and email addresses for transactions.

Delinquent corporations, meanwhile, are those that have not filed their AFS or GIS for three times, consecutively or intermittently, within a period of five years.

Source: <https://www.philstar.com/business/2024/09/23/2387188/sec-another-amnesty-set-delinquent-firms>

BCDA, S. Korean agency in Clark development tie-up

September 23, 2024 | Justine Irish D. Tabile | BusinessWorld

THE Bases Conversion and Development Authority (BCDA) has entered a partnership agreement with South Korea’s National Agency for Administrative City Construction (NAACC) to develop New Clark City in Capas, Tarlac.

Under the partnership, BCDA and NAACC will collaborate in urban planning, smart city development, green energy, and smart administrative systems for the 9,450-hectare project. *[Cont. page 3]*

BCDA, S. Korean agency in Clark development tie-up

[Cont. from page 2]

“We at BCDA are very fortunate to have NAACC as our partner to facilitate knowledge exchange and link us with experts who can help us transform New Clark City as the Philippines’ alternative National Government hub,” BCDA President and Chief Executive Officer Joshua M. Bingcang said in a statement sent over the weekend.

“Through this memorandum of understanding, we wish to replicate the successes and apply the lessons learned by Korea in relocating administrative agencies and national research and development (R&D) institutes to its administrative capital, Sejong City,” he added.

South Korea, through NAACC, set up satellite government administrative centers outside the capital to help ease congestion and overpopulation in metropolitan areas, which the BCDA hopes to emulate in New Clark City.

“We hope that Korea’s experience in building the Administrative City will be helpful in transforming your former military base into a dynamic and vibrant new city,” NAACC Administrator Hyeong Ryeol Kim said.

Sejong is home to 40 central administrative agencies and 15 national research and development institutes.

The BCDA plans to host government agencies, housing projects, and sports facilities in its National Government Administrative Center (NGAC) in New Clark City.

In particular, the BCDA has engaged the Philippine Space Agency, the Bangko Sentral ng Pilipinas, the National Academy of Sports, and the Department of Science and Technology to put offices and key infrastructure in NGAC.

The signing of the agreement between BCDA and NAACC was conducted on the sidelines of the Global Infrastructure Cooperation Conference in Korea, in which the BCDA pitched investment opportunities in renewable energy, clean transportation, and smart city development.

Source: <https://www.bworldonline.com/economy/2024/09/23/623099/bcda-s-korean-agency-in-clark-development-tie-up/>



Naia Terminal 1 in Manila

Inflation seen to drop to 2.5% in September, says Recto

September 24, 2024 | Zacarian Sarao | Philippine Daily Inquirer



Image Daniella Marie Agacer from INQUITER.net file photos

MANILA, Philippines — The country’s forecast headline inflation for September may further decrease to 2.5 percent, continuing its downward trend, Finance Secretary Ralph Recto said in a Palace briefing on Tuesday.

“For September our expectation is roughly 2.5. It’s a range between 2.5 to 2.9, the midpoint is roughly 2.5,” Recto said, speaking partly in Filipino.

Recto attributed this potential further decrease to the reduction in rice tariff rates, which he said would bring down rice prices.

However, Recto admitted that certain challenges may pose a problem in achieving a lower inflation rate, particularly a war in the Middle East and global oil prices.

“But since in September, you only have what? — a week to go. So I think we’re on track with regard to the inflation target for September. But our biggest challenge really is external headwinds — the war in the Middle East, which we don’t want that to go out of hand, and possibly oil price increases which we have no control over,” he said.

The rise of electricity rates also contributes pressure to inflation, but Recto said the decision of President Ferdinand Marcos Jr. to spread out the hike in power rates to around 36 months would alleviate its effects.

“So, I think everything is manageable,” he said.

Slight rise expected in 4th quarter

Meanwhile, come October or the fourth quarter of the year, Recto said the headline inflation may increase to around 3.1 to 3.9 percent. [Cont. page 4]

Inflation seen to drop to 2.5% in September, says Recto*[Cont. from page 3]*

“Normally, that’s seasonal. Every fourth quarter it slightly increases. But like I said, we expect it to be within the target range of the BSP [Bangko Sentral ng Pilipinas] – of anywhere between 2 to 4 percent,” Recto said.

“So, for the full year, we’re looking at the total inflation rate to be about 3.4 percent more or less.”

For 2025, Recto then said the inflation was expected to decrease to 2.9 to 3.1 percent.

Source: <https://business.inquirer.net/481957/inflation-seen-to-drop-to-2-5-in-september-says-recto>

FTA with SoKor seen to revive shoe industry

September 25, 2024 | Andrea E. San Juan | BusinessMirror

THE free trade deal between South Korea and the Philippines bodes well for the local manufacturing of apparel, leather goods and footwear, according to the Philippine Economic Zone Authority (Peza).

BusinessMirror
A broader look at today's business

The free trade agreement (FTA) between the two nations that was concurred in by the Senate on Monday and will enter into force by November, is expected to open doors for local apparel goods sector including Philippine-made shoes as revealed at recent Senate hearings.

“We agree with Sen. Imee Marcos that these labor intensive industries requiring low skills set must be revived,” Peza Director General Tereso O. Panga told the BusinessMirror in a Viber message on Tuesday.

“This is in keeping with the Department of Trade and Industry’s [DTI] inclusive growth strategy in providing jobs for more Filipinos and facilitating the integration of [micro,small and medium enterprises] MSMEs into the ecozone value chain,” added Panga.

The Peza chief is pinning his hopes on the free trade deal with South Korea, which will make local footwear makers more competitive as Philippine-made shoes can enter the South Korean market at zero tariffs immediately upon effectivity of the trade deal.

“This will contribute as well to the upgrading of our shoe manufacturing industry as it participates in the export trade particularly to Korea with the impending ratification of RP-Korea FTA,” he added.

It can be gleaned from the data obtained by this paper from Peza that there are currently zero registered business enterprises (RBEs) under the manufacturing of footwear within the economic zones in the country.

“Nagsara na footwear manufacturing namin,” Panga told this paper.

However, the PEZA data showed that there are 56 RBEs under the manufacturing of apparels with P3.74 billion of approved investments as of July 31,2024, with 26,327 direct employment.

As for the manufacturing of leather goods, the investment promotion agency revealed that there are 11 RBEs with P566.63 million worth of investments, directly employing 14,695 as of July 31,2024.

With the Senate’s ratification of the free trade deal between South Korea and the Philippines, Panga also told this paper, “We are in talks already with [Philippine Trade and Investment Center] PTIC-Korea to plan for our investment mission by first quarter of 2025.”

Meanwhile, in reviving the footwear industry and ramping up the apparels and leather goods industries, he said, “We can leverage on the SIPP and CREATE/CREATE More [laws] to attract more Korean companies from the said industries to set up their manufacturing facilities in the ecozones.”

He said Peza will take advantage of the zero-duty exports to Korea for eligible Philippine-made products and “promising” Korean Foreign Direct Investment (FDI) inflows into the Philippines with the effectivity of the bilateral FTA between the two countries.

Source: <https://businessmirror.com.ph/2024/09/25/fta-with-sokor-seen-to-revive-shoe-industry/>

ON SHIPMENTS: BOC eyes higher fees, shorter claim period

September 25, 2024 | Angela Lorraine Celis, Jed Aldous Macapagal, Jocelyn Montemayor | Malaya Business Insight



Container vans are shown in a port in Manila. The Bureau of Customs eyes measures that will prevent the accumulation of shipments at the ports. (File Photo)

The Bureau of Customs (BOC) will look into the possibility of pushing for amendments of existing regulations to avoid accumulation of cleared shipments in ports.

In a Viber message yesterday, Vincent Philip Maronilla, BOC assistant commissioner and spokesperson, said the agency is looking at the possible imposition of higher fees for cleared containers yet to be claimed within the given time frame and shortening the 30-day grace period on unclaimed shipments.

“Those are things we will be looking into to avoid any form of abuse of existing regulations,” Maronilla told Malaya Business Insight.

“Consultation with our stakeholders will also be made,” he added.

Based on Section 1129(d) of the Customs Modernization and Tariff Act, importers must claim their shipments within 30 days from payment of duties and taxes, or the shipments will be declared abandoned.

The BOC will proceed with abandonment proceedings if any shipments remain unclaimed after this period.

The bureau recently reported that at the Port of Manila, 258 containers of rice remain in the yard, of which 237 containers have already been cleared for release after payment of duties and taxes.

The remaining 21 containers, accounting for 8.13 percent, had their Goods Declarations lodged only on September 20, 2024, and are still in the process of being cleared.

Similarly, at the Manila International Container Port, 630 containers of rice remain in the yard.

Of these, 492 containers have been cleared for release, while 138 containers are still pending payment of duties and taxes.

“In our assessment, it is likely that this situation of rice shipments pending in our ports will not yet affect rice prices since it has not yet been that long,” Maronilla earlier said.

“Nevertheless, we’re still going to push for the consignees to pick these up and bring these shipments to their respective destinations,” he added.

Force majeure

In a statement, Secretary Francisco Tiu Laurel of the Department of Agriculture (DA) said the delay in the shipment and delivery of imported farm products recently was “caused by force majeure,” referring to the weather disturbances in July and in August.

The Philippine Ports Authority (PPA) earlier said hundreds of container vans loaded with food products including rice have been sitting in Manila ports, with some of them left unattended for several months as consignees delay their withdrawal.

Tiu Laurel said the “prompt action” of the PPA and BOC would facilitate the swift movement of imported agricultural products to increase supply and lower retail prices.

Port officials suspect consignees were trying to reduce warehousing cost were waiting for prices of the food items to increase as they appear to have imported these items at higher prices than current retail costs.

Tiu Laurel said a closer cooperation with BOC and PPA will help the government improve the timing of importations to enhance management of domestic food supply and ensure food security.

“This would help improve our supply and price forecasting and avoid artificial shortages caused by product hoarding. Data that we will gather will also help us determine which importers to blacklist, if needed,” Tiu Laurel said.

DA is considering adding requirements to the import permits issued by its agencies, particularly the Bureau of Plant Industry and Bureau of Animal Industry, to ensure imported agricultural food products are immediately delivered to warehouses and sold to the market.

No impact on prices

Arnel de Mesa, DA assistant secretary and spokesman, said that even if overstaying container vans are all loaded with rice, the likely volume is just a small percentage of the 3.9 million metric tons (MT) of imported rice and won’t affect rice prices in the market. *[Cont. page 6]*

ON SHIPMENTS: BOC eyes higher fees, shorter claim period*[Cont. from page 5]*

De Mesa said retail prices of rice have started to decline from around P50 per kilogram (kg) to P42 per kg for imported well-milled rice and P45 per kg for local well-milled rice.

DA said prices should ease further as the full impact of the recent tariff reduction is felt by January.

Investigation ongoing In a press statement of the Presidential Communication Office yesterday, Laurel said some of owners and the consignees of the 888 overstaying containers at the Manila Port have already shut down operations.

Some of these containers contained an estimated 23 million kilos of imported rice, the PCO said.

Laurel said the DA is looking into possible criminal liabilities on the part of the consignees.

Laurel said the agricultural products, particularly rice, from the abandoned containers would undergo testing to determine if it is still safe for consumption.

He said if declared safe, the BOC would determine what to do with it including its possible use in the different government programs such as the Kadiwa project.

Source: <https://malaya.com.ph/on-shipments-boc-eyes-higher-fees-shorter-claim-period/>

[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 5:30PM 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. Interactive activities that promote connectivity among all attendees as well as exciting raffle prizes will be in store for this event. In addition, booth sponsorship and raffle (any item) opportunities are also welcome.

For KCCP Members, the registration fee is Php 2,000.00 (includes food, drinks and participant kits). 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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