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SPECIAL POINTS OF INTEREST

UPCOMING EVENTS

S. Korea trade deal seen producing import tariff savings of up to 30%

October 09, 2024 | Justine Irish D. Tabile | BusinessWorld

REUTERS

PHILIPPINE IMPORTS from South Korea across more than 600 tariff lines are expected to realize tariff savings of up to 30% once the Philippines-South Korea free trade agreement (FTA) takes effect, the Department of Trade and Industry (DTI) said.

DTI Export Marketing Bureau Director Bianca Pearl R. Sykimte added that the deal features substantial Philippine concessions on South Korean motor vehicle parts.

"Korean exports for these products amount to more than $300 million," Ms. Sykimte said on the sidelines of the Philippines-Korea Business Forum at the Manila Hotel on Monday.

"Importers of these products will benefit from additional tariff savings of about 3%-30% compared to what were provided under the ASEAN-Korea FTA and Regional Comprehensive Economic Partnership (RCEP)," she added.

She said that the impending bilateral FTA will also benefit exporters of banana, canned pineapple and pineapple juice, avocado, guava, papaya, okra, tuna, oysters, blue crab, and octopus, among others.

"The tariffs of these products under the ASEAN-Korea FTA and RCEP are 3%-27% higher compared to those negotiated under our bilateral FTA," she said.

Aside from market access, she said that the FTA will also allow for economic and technical cooperation between the two countries to strengthen trade, investment, and economic relations.

"Both sides agreed to cooperate in various areas, including industry development, innovation, creative and cultural industries, intellectual property standards, and e-commerce, among others," she said.

She said that the cooperation may be in the form of information exchange, sharing of best practices, human resource development, exchange of experts, trade and investment promotion, technical assistance, and transfer of technology.

Meanwhile, she said that the Export Development Council is still working on the recalibration of the Philippine Export Development Plan (PEDP).

"We hope that it will come out before the end of the year … because we are still discussing internally the things we need to consider," she said.

"But still, we are optimistic that we will meet the Philippine Development Plan (PDP) target," she added.

The PEDP projects merchandise and services exports for 2024 of $143.4 billion, much higher than the $107-billion export target under the PDP.

The Philippine Statistics Authority reported that goods exports in the first seven months amounted to $42.66 billion, a 2.6% increase from a year earlier.

Source: https://www.bworldonline.com/economy/2024/10/09/626881/s-korea-trade-deal-seen-producing-import-tariff-savings-of-up-to-30/

Philippines, South Korea ink P60 billion infrastructure financing deals

October 10, 2024 | Louise Maureen Simeon | The Philippine Star

In a statement, the Department of Finance (DOF) said it sealed three financing deals for a combined P60.16 billion.
STAR / File

MANILA, Philippines — The Philippines and South Korea have signed financing agreements worth P60 billion for three infrastructure projects that will strengthen mobility in Luzon and Visayas.

In a statement, the Department of Finance (DOF) said it sealed three financing deals for a combined P60.16 billion.

The exchange of agreements was done between Finance Secretary Ralph Recto and Deputy Prime Minister and Minister of Economy and Finance Choi Sang-mok during the Philippine visit of South Korean President Yoon Suk Yeol earlier this week.

"Beyond enhancing mobility, they will create jobs, spur businesses, boost incomes and uplift Filipino lives – helping reduce poverty, especially in Luzon and Visayas," Recto said.

One of the projects is the first phase of the Laguna Lakeshore Road Network, which will cover 37.6 kilometers of viaduct and embankment from Lower Bicutan, Taguig City to Calamba in Laguna.

The Export-Import Bank of Korea-Economic Development Cooperation Fund (KEXIM-EDCF) is allocating P50.61 billion for this project, out of the total cost of P181.03 billion.

The remaining P130.42 billion will be co-financed by the Asian Development Bank and the Asian Infrastructure Investment Bank.

The project will also cover the construction of eight interchanges proposed to connect municipal boundaries to the nearest public roads along Lower Bicutan, Sucat, Alabang, Tunasan, San Pedro/Biñan, Santa Rosa, Cabuyao and Calamba.

Once completed in 2028, the project will reduce travel time from Filinvest to Lower Bicutan to just 13.7 minutes from the previous 33.5 minutes.

The Philippines and South Korea also sealed the deal for a P6.34-billion financing agreement for the Samar Pacific Coastal Road II Project.

This project aims to provide a seamless connection between Laoang Island and the Samar mainland and contribute to the growth of Northern Samar.

It comprises two marine bridges – the Laoang II Bridge and Calamotan Bridge with a total length of 800 meters and 605 meters, respectively – and the improvement of existing roads with a total length of 15.011 kilometers.

Once completed in 2029, the project will reduce travel time from Laoang to Palapag to just 19 minutes from the original travel time of 65 minutes.

Lastly, the two countries agreed on the P3.21-billion KEXIM-EDCF financing for the conduct of the detailed engineering design of the Panay-Guimaras-Negros Island Bridges Project.

The detailed engineering design is eyed for completion next year.

The project in Western Visayas involves the construction of two sea-crossing, four-lane bridges spanning 32.47 kilometers combined – including connecting roads and interchanges – that will connect the islands of Panay, Guimaras and Negros.

Upon completion in 2031, the travel time of commuters and motorists and the transport of goods from Panay to Negros Islands through ferries will be shortened to less than an hour from the current three to four hours.

South Korea is the Philippines' sixth largest official development assistance partner, with loan and grant commitments amounting to P54.33 billion.

Source: https://www.philstar.com/business/2024/10/10/2391350/philippines-south-korea-ink-p60-billion-infrastructure-financing-deals

Philippine economy to weather global shocks —AMRO

October 10, 2024 | Manila Bulletin

The Philippine economy is poised to weather regional challenges, including inflation, geopolitical tensions, and debt concerns, the ASEAN+3 Macroeconomic Research Office (AMRO) said.

“[The] Philippines [has] a very different economy from the other ASEAN in a sense that is a very service-driven economy, but it has been very resilient in the last few years, after the big shock in 2020,” AMRO Chief Economist Hoe Ee Khor said.

This followed a question about the Philippines' vulnerability to global shocks from advanced economies and ways to maintain resilience.

In a briefing, AMRO said that ASEAN+3 (Southeast Asian countries plus China, Japan, and South Korea) is facing risks like an inflation comeback, heightened geopolitical tensions, and rising debt.

Khor, however, is optimistic about the Philippine economy, noting that it is “continuing to grow very strongly, and it's attracting a lot of investment more recently, including in the electronic sector.”

For Khor, the country’s economy shows promise with growth in renewable energy like solar panels and wind power, strong performance in the BPO sector, and untapped tourism potential which needs infrastructure development.

“Infrastructure is one of the weaknesses in the economy. The policymakers are aware of that, and they have a very ambitious infrastructure plan,” the chief economist commented.

Once infrastructure programs are implemented, “I think the Philippine economy will grow quite rapidly.”

AMRO's latest statement on ASEAN+3 stressed the evolving financial risks in the region, with decreasing inflation but increasing geopolitical tensions, posing various challenges to financial stability.

According to AMRO, these factors plus the uncertainties about U.S. growth increased market volatility in the third quarter of 2024 despite the U.S. Federal Reserve's monetary easing efforts,

The region's dependence on the US dollar for cross-border finance poses risks of funding shortages and increased vulnerability to global shocks during monetary tightening or geopolitical tensions, AMRO stated.

To lessen the impact of external shocks, AMRO advises ASEAN+3 economies to remain vigilant against the risks, enhance regional cooperation and surveillance, stabilize the property sector, and strengthen financial institutions.

It also said to reduce reliance on the US dollar by promoting local currencies and cross-currency payment systems to strengthen resilience against shocks. (Derco Rosal)

Source: https://mb.com.ph/2024/10/10/ph-economy-to-weather-global-shocks

‘Growth targets this year still manageable’

October 10, 2024 | Louise Maureen Simeon | The Philippine Star

Buildings in Ortigas business district dwarf houses as seen from Bonifacio Global City in Taguig.

STAR / Michael Varcas

Adjustments likely for 2025

MANILA, Philippines — Finance Secretary Ralph Recto maintained that there is no need to revise the country’s macroeconomic assumptions, as targets are manageable this year, but adjustments will likely be made for 2025.

On the sidelines of the Asia CEO Awards late Tuesday night, Recto remained optimistic that the lower end of the six to seven percent gross domestic product (GDP) target for 2024 is achievable, especially after inflation in September significantly eased to a four-year low of 1.9 percent.

Recto said the Cabinet-level Development Budget Coordination Committee (DBCC) is expected to meet in December to review its macroeconomic assumptions.

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'Growth targets this year still manageable'

[Cont. from page 4]

"But just to review, not just the growth targets but the entire macro fiscal framework," Recto told reporters.

"So far, we are OK, no need to adjust for this year. (Targets) are manageable," he said.

Earlier this week, Budget Secretary and DBCC chair Amenah Pangandaman said the economic team may consider an upward adjustment in the growth targets for this year.

The DBCC last convened in June for its regular meeting. At the time, the economic team retained its six to seven percent GDP target for 2024 as the country remained a frontrunner among Southeast Asian economies.

"We are still hoping for six percent (growth), more so now that inflation (is declining)," Recto said.

However, the DBCC slightly increased its inflation assumption to a range of three to four percent from the previous target of two to four percent.

From January to September, inflation averaged 3.4 percent, which is well within the DBCC's latest inflation assumption.

Should there be adjustments in the December DBCC meeting, Recto noted that this would likely be focused on the targets for 2025.

"We also have to take a look at what's happening globally. We have to prepare just in case there will be more tensions in the Middle East," Recto said.

Based on the last DBCC meeting, the assumption for the price of Dubai crude oil for this year was narrowed to $70 to $85 per barrel from the $70 to $90 range earlier, amid anticipated oil price stabilization as exporting countries are seen relaxing voluntary cuts.

For next year until 2028, oil prices are expected to settle at $65 to $85 per barrel, as global oil production is expected to rebound over the medium term, consistent with the backwardation observed in oil futures markets.

On the other hand, the DBCC's peso-dollar exchange rate assumption for this year was adjusted to P56 to P58 and will reach P55 to P58 from 2025 until 2028.

The DBCC said the peso is expected to stabilize amid increasing tourism receipts, growing business process outsourcing revenues and overseas Filipino remittances.

Goods exports were revised upward to five percent, given the better-than-expected outturn in the first quarter and an improved outlook for the global semiconductor market.

However, goods imports were adjusted downward to two percent amid the moderation in international commodity prices alongside the impact of tight monetary policy tempering consumption and investment activity.

Source: https://www.philstar.com/business/2024/10/10/2391351/growth-targets-year-still-manageable

FDI net inflows rise to five-month high in July

October 11, 2024 | Luisa Maria Jacinta C. Jocson | BusinessWorld

RAWPIXEL

NET INFLOWS of foreign direct investments (FDIs) into the Philippines rose by 5.5% year on year in July to hit a five-month high, the Bangko Sentral ng Pilipinas (BSP) said on Thursday.

Data from the central bank showed FDI net inflows increased to $820 million in July from $778 million in the same month a year ago.

This was the highest FDI inflow in five months or since the $1.366 billion recorded in February.

Month on month, net inflows of FDIs more than doubled from $394 million in June.

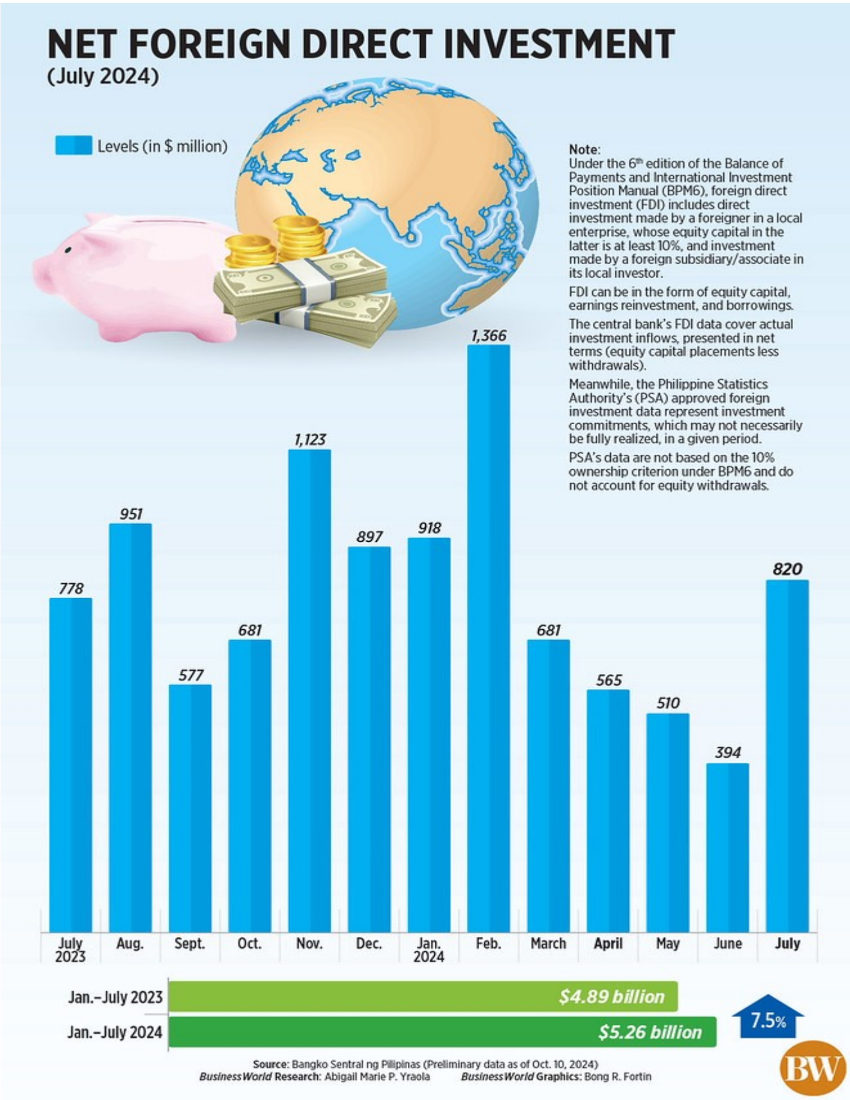
FDI inflows are a key source of jobs and capital for the economy.

"The improvement in FDI was driven by higher net inflows across all components," the BSP said.

Nonresidents' net investments in debt instruments of local affiliates went up by 2.7% to $610 million in July from $594 million a year ago. *[Cont. page 5]*

FDI net inflows rise to five-month high in July

[Cont. from page 4]



Meanwhile, investments in equity and investment fund shares rose by 14.2% to $211 million from $184 million.

Broken down, foreigners' net investments in equity capital other than reinvestment of earnings jumped by 16.8% year on year to $76 million from $65 million.

This came as equity capital placements surged by 65.8% to $135 million, while withdrawals more than tripled (262.7%) to $59 million.

The bulk of equity placements in July were mainly from Japan (73%), followed by the United States (13%) and Singapore (8%). These were invested mostly in the manufacturing and real estate industries.

For its part, reinvestment of earnings climbed by 12.8% to $135 million in July from $120 million a year prior.

SEVEN-MONTH FDI

For the first seven months, FDI net inflows rose by 7.5% to $5.256 billion from $4.888 billion in the same period in 2023.

BSP data showed that nonresidents' investments in equity and investment fund shares jumped by 30.4% to $1.921 billion in the January-July period from $1.474 billion a year ago.

Net foreign investments in equity capital stood at $1.273 billion during the period, 58.3% higher than $804 million seen in the previous year.

Equity capital placements climbed by 58.5% to $1.592 billion, while withdrawals soared by 59.4% to $319 million.

Most of these placements were from the United Kingdom (48%), Japan (34%) and the United States (7%).

Meanwhile, reinvestment of earnings went down by 3.2% to $648 million from $670 million in the comparable year-ago period.

On the other hand, net foreign investments in debt instruments dropped by 2.3% to $3.335 billion in the first seven months from $3.414 billion a year prior.

The BSP expects to record FDI net inflows of $10 billion at end-2024.

"Improved economic conditions and positive growth prospects likely boosted investor confidence," Jonathan L. Ravelas, senior adviser at professional service firm Reyes Tacandong & Co., said in a Viber message.

"Additionally, policy reforms aimed at creating a more business-friendly environment, such as easing regulations and offering tax incentives, played a significant role."

Rizal Commercial Banking Corp. Chief Economist Michael L. Ricafort said the higher FDI inflows were also driven by the country's "attractive demographics and economic growth still among the fastest in Asia." *[Cont. page 6]*

FDI net inflows rise to five-month high in July

[Cont. from page 5]

The Philippine economy grew by 6.3% in the second quarter, the fastest in five quarters or since 6.4% in the first quarter of 2023.

"Investment commitments generated from overseas trips of the administration for more than a year already would help improve the FDI data going forward, if some of these investments are eventually realized," he added.

The latest data from the Department of Trade and Industry showed that investment promotion agencies have approved P2.73-trillion worth of investment pledges in the first two years of the Marcos administration.

"Sectoral opportunities, particularly in high-growth areas like technology and renewable energy, attracted substantial investments. Lastly, strategic investments by companies looking to expand their global footprint and acquire new technologies contributed to the surge in inflows," Mr. Ravelas added.

For the coming months, further benchmark rate cuts could help spur investments as these would lead to lower borrowing costs, he said.

The BSP kicked off its easing cycle in August with a 25-basis-point (bp) rate cut, bringing the policy rate to 6.25%.

BSP Governor Eli M. Remolona, Jr. has said the Monetary Board could slash benchmark interest rates by 50 bps more this year by delivering two more 25-bp cuts at its next two meetings scheduled for Oct. 16 and Dec. 19.

"The free trade agreement signed between the Philippines and South Korea earlier in September 2023 could further boost trade, investments from South Korea and from other countries, employment, and overall economic growth," Mr. Ricafort added.

He added that the Corporate Recovery and Tax Incentives for Enterprises to Maximize Opportunities for Reinvigorating the Economy (CREATE MORE) bill would also "attract more FDIs with enhanced investment incentives for locators" once signed into law.

The CREATE MORE bill, a priority measure of the administration, was ratified by Congress in September. The measure seeks to address investor concerns on the grant of fiscal and non-fiscal incentives to locators.

Source: https://www.bworldonline.com/top-stories/2024/10/11/627188/fdi-net-inflows-rise-to-five-month-high-in-july/

DTI to launch info, monitoring system for FTAs

October 10, 2024 | Kris Crismundo | Philippine News Agency

MANILA – The Department of Trade and Industry (DTI) will launch this year an online platform to monitor the country's utilization of its free trade agreements (FTAs).

In an interview early this week, DTI-Export Marketing Bureau Director Bianca Pearl Sykimte said the agency is now putting up the FTA Information Portal and Origin Management System.

She said the DTI targets to launch this online platform during the National Exporters Week this December.

Through this platform, the government could determine how Philippine-based enterprises are taking advantage of the FTAs that the country signed into.

To date, the Philippines has three bilateral FTAs—the Philippines-Japan Economic Partnership Agreement (PJEPA), the Philippines-European Free Trade Association (PH-EFTA) FTA, and the latest is the Philippine-South Korea FTA.

Two bilateral FTAs are under negotiations—one with the European Union and the other one is with the United Arab Emirates.

Multilateral FTAs that the country entered are mostly with ASEAN and its trading partners such as Australia, New Zealand, China, India, Japan, and South Korea, as well as the larger FTA with these nations except for India, which is the Regional Comprehensive Economic Partnership (RCEP).

Sykimte said aside from monitoring the FTA utilization rate, the online platform will also help existing and aspiring exporters to determine if their products can use any of the country's FTAs.

"So, in the FTA Information Portal, it will have an origin simulator. So, you'll just have to input your materials, your information on your supply chain and then it will make an analysis if you can qualify for preferential rates," she said. ***(PNA)***

Source: https://www.pna.gov.ph/articles/1235240

The Joint Foreign Chambers of the Philippines, will be holding the **13th *Arangkada* Philippines Forum** on **October 24, 2024** at the **Marriott Grand Ballroom** in Pasay City.

Now in its 13th year, the forum will convene various stakeholders to explore perspectives on upskilling and upscaling human capital to accelerate the country's growth.

With the theme "**Level Up: Upskill. Upscale. Uplift.**," the forum will explore opportunities and challenges for the labor market posed by shifting demographics and rapid technological advancements—focusing on key economic sectors like agriculture, mining, manufacturing, and other emerging industries. It also aims to advocate for much-needed reforms that can pave the way for a future-ready workforce and uplift the lives of Filipinos

KCCP has a table for the event with **10 available seats** and each ticket will be given at a discounted rate of **Php 5,500.**

For more information, visit www.arangkadaphilippines.com/forum2024 or if you have any questions regarding this event, please feel free to contact us at +632-8885-7342 or thru this email address, info@kccp.ph or thru Ms. Chi or Ms. Sang, 0917-801-5920/ 0915-888-7296.

[UPCOMING EVENT]

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

October 18, 2024 | SMX Convention Center, Pasay City

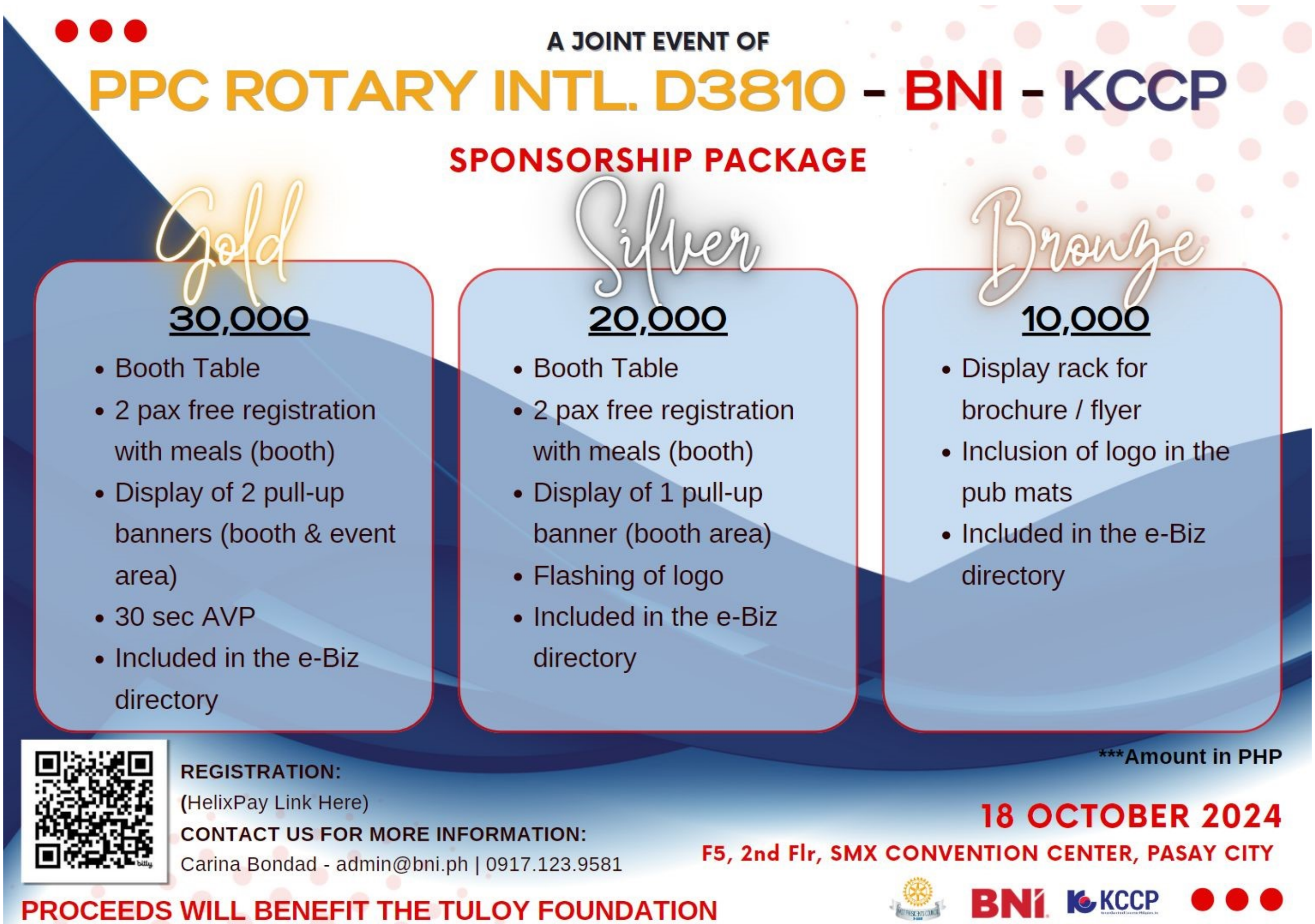
KCCP in partnership with **PPC Rotary International D3810** and **BNI Philippines**, one of the largest business referral organizations in the world, will hold a **Business Matching/Networking Event** on **October 18, 2024 5:30PM** at **2F SMX Convention Center, Pasay City**. The registration starts at 5:00PM.

The event is expected to be attended by more than 400 local and international businesspeople, making it a great opportunity to expand your local network and connect with potential business partners, investors and buyers. A booth will be set up for event sponsors to introduce and discuss their companies and products, and even after the event, all members of each business group can continue to benefit from promotional support through E-magazine.

There will also be a program to promote networking among all attendees and a prize draw, and we are confident that it will be a more meaningful time as all proceeds from the event will be donated to a local welfare Foundation.

It is in this regard, we encourage KCCP members and colleagues to participate.

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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