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SPECIAL POINTS OF INTEREST

Escudero: PBBM to sign CREATE MORE Nov. 11

October 25, 2024 | Reine Juvierre S. Alberto | BusinessMirror


Senate President Francis Escudero. *(Photo courtesy of Senate PRIB)*

MANILA – Senate President Francis Escudero said President Ferdinand R. Marcos Jr. is set to sign next month the Corporate Recovery and Tax Incentives for Enterprises to Maximize Opportunities for Reinvigorating the Economy (CREATE MORE).

"It's scheduled to be signed I believe in November. So it will be signed on November 11, barring any typhoons or calamities," Escudero said at the 13th Arangkada Philippines Forum held at the Marriott Hotel in Pasay City.

"CREATE MORE seeks to encourage more investors to actually come into the Philippines by providing a more predictable and sustainable playing field and hopefully be able to provide needed jobs here in the Philippines and give the Filipino workers an option to work here instead of simply exploring options to work abroad."

Escudero said he is "90 percent sure" that the bicameral version will be approved.

Last month, the congressional bicameral conference committee approved the CREATE MORE bill, which seeks to lower taxes on domestic and foreign companies to 20 percent from 25 percent.

The CREATE MORE bill is one of the measures approved as "top priority" by the Legislative-Executive Development Advisory Council.

CREATE MORE seeks to eliminate value-added tax (VAT) on essential services.

It shall also allow large domestic enterprises to receive VAT zero rating, exemption and duty exemptions.

The Senate adopted the lower chamber's proposals to apply the 20-percent rate on corporate income tax to both CREATE-era and CREATE MORE-availing enterprises, permit local government units to set the registered business enterprise (RBE) local tax lower than 2 percent, and grant tax refunds to petroleum suppliers for all tax-exempt entities.

"[I am] 90% sure that it will be as is because it was coordinated specifically with the Office of the President," Escudero said.

"We're coordinating closely with the Office of the Executive Secretary and the Office of the President with respect to the versions that we're approving, para wala na 'yung balikan di ba (so there will be no back and forth)."

Source: https://www.pna.gov.ph/articles/1236316

Electronics industry targets 5% increase in exports next year

October 25, 2024 | Justine Irish D. Tabile | BusinessWorld

THE Semiconductor and Electronics Industries in the Philippines Foundation, Inc. (SEIPI) said that it is expecting a 5% growth in exports next year amid inventory correction and the expected entry of new investments.

"We maintained our outlook of 10% contraction this year, but we see 5% growth [in exports] next year," SEIPI President Danilo C. Lachica told reporters on the sidelines of the 13th Arangkada Philippines Forum 2024 on Thursday.

He said next year's growth will be driven by inventory correction and the launch of new products and expansion. *[Cont. page 2]*

Electronics industry targets 5% increase in exports next year

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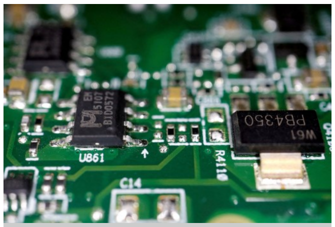

Semiconductor chips are seen on a printed circuit board in this illustration picture taken Feb. 17, 2023. — REUTERS

"Hopefully, with the initiatives of the government to promote investments, we are looking for new products and new expansions for the coming year," he added.

SEIPI recently held its fourth-quarter meeting earlier this month and has scheduled another meeting for the first quarter of 2025.

"We'll have another board meeting in the first quarter. And hopefully, we'll affirm that 5% outlook," he said.

Despite the optimistic outlook for next year, Mr. Lachica said the board still expects a 10% decline in exports this year despite the optimism in the electronic manufacturing services (EMS) sector.

"The EMS guys are optimistic, but the semiconductor guys are not. Unfortunately, they weigh more than the EMS, [around] 70% of the volume," he said.

A report from the Philippine Statistics Authority showed that the country's top exports are still electronic products, which accounted for 52.9%, or $3.57 billion, of the total exports in August.

However, the export value of the country's electronic product exports in August showed an 8.2% decline from the $3.89-billion worth of electronic products exported in the same month last year.

From January to August, exports of electronic products reached $27.45 billion, representing a 1% increase from $27.19 billion in the same period last year.

Out of the total electronics exports, 76.6% comprised of semiconductors, which had a total value of $21.04 billion.

SEIPI had projected a 10% decline in exports due to inventory correction and a less competitive product mix of the exports from the Philippines.

In particular, Mr. Lachica said that the Philippines is a bit disadvantaged because there were several companies that were not as aggressive in putting in new products and technologies in the country due to the incentives rationalization implemented by the previous government.

Meanwhile, the Department of Trade and Industry projected Philippine exports to surpass the target set under the Philippine Development Plan (PDP) 2023-2028, but miss the targets set under the Philippine Export Development Plan (PEDP).

The PEDP estimates merchandise and services exports for 2024 to reach $143.4 billion, which is much higher than the $107-billion export target under the PDP.

In June, the Development Budget Coordination Committee upwardly adjusted its projection for the growth in merchandise exports this year to 5% from 3% previously, due to the "better-than-expected" performance in the first quarter and amid an improved outlook for the global semiconductor market.

Source: https://www.bworldonline.com/top-stories/2024/10/25/630525/electronics-industry-targets-5-increase-in-exports-next-year/

DOE urged to focus on power generation

October 25, 2024 | Jed Macapagal | Malaya Business Insight

THE Department of Energy (DOE) should focus on the development of power generation projects in implementing the Energy Virtual One-Stop Shop (EVOSS) system to help ensure steady supply and reduce electricity costs in the country, according to Senator Sherwin Gatchalian.

"Let us focus first on generation projects because sufficient electricity supply is important. We need to perfect that first before expanding into the other sectors. The aspiration is that the system should process applications. But admittedly, it is complicated as you expand," said Gatchalian, vice chair of the Senate committee on energy, in a statement yesterday. *[Cont. page 3]*

DOE urged to focus on power generation

[Cont. from page 2]

Gatchalian said P263 million has been allocated for EVOSS since 2019 with an additional P36 million requested budget for 2025.

"We have allocated a sizable amount for EVOSS over the years and we need to see its full potential being realized with that amount, so that it will not be a bottomless pit, so to speak," Gatchalian said.

Once fully implemented, EVOSS is expected to reduce processing time of permits for energy projects by around 269 days, bringing average processing time to only 85 days depending on the location and type of generation facility.

Gatchalian said agencies yet to incorporate their processes into the system include the Department of Agrarian Reform, the Department of Environment and Natural Resources and the National Water Regulatory Board.

The law that created EVOSS was signed in March 2019 to streamline the permitting process for developing energy projects in the country which is applicable to all new power generation, transmission and distribution projects in the country and integrate permits required by various line agencies and local government units.

Source: https://malaya.com.ph/business-news/corporate/doe-urged-to-focus-on-power-generation/

DoLE urges employers to foster culture of 'voluntary compliance'

October 25, 2024 | Chloe Mari A. Hufana | BusinessWorld

BW FILE PHOTO

THE Department of Labor and Employment (DoLE) said Thursday told employers to work towards a culture of voluntary compliance with labor standards, citing the ideal of zero worker complaints with regard to benefits they are due.

"(We hope for) them… to really have that culture of voluntary compliance on labor standards. The benefits that should be given to (workers) should be provided on time without any complaints," Labor Secretary Bienvenido E. Laguesma told reporters on the sidelines of the Arangkada Forum in Pasay City.

He further urged employers to ensure inclusive social protections are extended to workers, especially vulnerable laborers.

"We'd like to see businesses continue to open up to their workers and have real joint problem-solving, consultation, and dialogue," he added.

The labor chief, during his keynote speech in the Arangkada Forum, bared the efforts of the government to upskill and reskill workers to meet increasing demands.

DoLE, he said, is partnering with the private sector, including industry associations.

"Our interest is towards more quality, decent jobs, ensuring more for all, with the ultimate aim of increasing worker productivity, improving living standards, and skilling our workers so we can maintain the productivity and health of our labor force, and maintain the growth path of the economy," he said.

The Philippine Chamber of Commerce and Industry (PCCI) on Wednesday at the 50th Philippine Business Conference & Expo, urged the National Government to reform the education system and enhance workforce skills through upskilling and reskilling initiatives.

It added that consultations are necessary to ensure the alignment of education outcomes with labor market needs and benchmark the law against the qualification frameworks of members of the Association of Southeast Asian Nations.

Mr. Laguesma said DoLE is pursuing four strategies following the passage of the Trabaho Para sa Bayan Act: Strengthening the alignment of education and training programs, expanding employability, reducing the regulatory burden on micro, small, and medium enterprises, and ensuring compliance with labor standards.

He added that DoLE is concerned with ensuring social protections as the economy digitizes and becomes more automated.

He said DoLE's upskilling and reskilling efforts include labor-management education initiatives, enterprise-level training, and comprehensive and full-cycle employment facilitation services through the Public Employment Services Offices.

Job skills mismatch continues to be a focus because 65% of graduates are not getting jobs in the industry of their choice, with 20% of workers with college degrees employed in jobs requiring only basic skills. *[Cont. page 4]*

DoLE urges employers to foster culture of 'voluntary compliance'

[Cont. from page 3]

The school-to-work transition is also slow, Mr. Laguesma said.

In July, the Philippines posted its highest unemployment rate in a year with fresh graduates entering the workforce, with 2.38 million left jobless that month.

Mr. Laguesma said the Trabaho Para sa Bayan master plan will be submitted to President Ferdinand R. Marcos, Jr. in December. It is currently being circulated around the regions for consultation, he added.

Source: https://www.bworldonline.com/labor-and-management/2024/10/25/630511/dole-urges-employers-to-foster-culture-of-voluntary-compliance/

PEZA keeping 2024 investment target of P200b

October 23, 2024 | Othel V. Campos | Manila Standard

The Philippine Economic Zone Authority (PEZA) is keeping its P200-billion investment target for 2024, despite a 6.4-percent decline in registrations to P123.756 billion in the first 10 months of 2024.

Based on data from PEZA, investments from January to October 2023 reached P131.756 billion.

Exports went up by 16.26 percent to $3.075 billion from 3.025 billion, while employment increase 30 percent to 40,733 from 28,521 workers.

PEZA approved 198 projects so far, or 14.6 higher than 169 in 2023.

The PEZA board said it approved P7.829 billion in new investments as of Oct. 22, down by 161.32 percent from P20.54 billion in the same period in 2023.

Exports declined by 14.34 percent to $561.507 million from $643.32 million in 2023, while jobs generated dropped 13.1 percent to 4,862 from 5,500. The number of projects totaled 19, or 7.5 percent than 25 projects registered in October 2023.

The newly-approved projects include the expansion of Light Industry & Science Park IV (LISP IV-SEZ) in Batangas, covering 30.8065 hectares and costing P1.75 billion.

Another major project is a pharmaceutical zone in Tarlac province, with a project cost of P81.633 million.

PEZA director-general Tereso Panga remained hopeful about the agency's progress and reiterated its commitment to attracting investments and driving economic growth.

"We are more than halfway to our target, thanks to the continued trust of investors in the Philippines. Through upcoming investment missions, we aim to exceed our target and further boost the country's export performance and competitiveness under the President's vision of Bagong Pilipinas," he said.

Source: https://manilastandard.net/business/314514379/peza-keeping-2024-investment-target-of-p200b.html

Fitch sees below-target growth for Philippines

October 25, 2024 | Luisa Maria Jacinta C. Jocson | BusinessWorld

Shoppers check various Halloween items in Divisoria. — PHILIPPINE STAR/RYAN BALDEMOR

THE Philippines' gross domestic product (GDP) growth this year may fall below the government's target amid dampened household spending, Fitch Ratings said.

"We expect the Philippines' economy to expand by 5.5% in 2024, after 5.5% in 2023 and 7.6% in 2022," it said in its latest Asia-Pacific Sovereigns Peer Review.

Fitch Ratings' growth forecast falls well below the government's 6-7% target. In the first half of the year, GDP averaged 6%.

"The slower growth in 2023 and 2024 has been driven by weaker private consumption, with the post-pandemic boost fading and high (albeit moderating) inflation weighing on real incomes," it added. *[Cont. page 5]*

Fitch sees below-target growth for Philippines

[Cont. from page 4]

Household spending eased to 4.6% in the second quarter from 5.5% a year ago, the slowest since the coronavirus disease 2019 (COVID-19) pandemic, latest data from the local statistics authority showed.

“Nevertheless, we still forecast real GDP growth of above 6% over the medium term, supported by large investments in infrastructure and reforms to foster trade and investment, including public-private partnerships (PPPs),” Fitch Ratings said.

For 2025, it sees Philippine GDP growth averaging 6.1%, also still below the government’s 6.5-7.5% target range.

Meanwhile, the credit rater expects the National Government’s (NG) fiscal consolidation to continue at a gradual pace.

The government set its deficit ceiling at 5.6% of GDP this year. It is expected to ease further to 3.7% of GDP by 2028.

The Development Budget Coordination Committee (DBCC) kept its deficit ceilings for 2026 to 2028 but revised its revenue and expenditure programs to allow for a more “realistic and sustainable” consolidation path.

“Nevertheless, this is still consistent with a downward path for government (debt-to-GDP) over the medium term, given strong nominal GDP growth,” Fitch said.

“Asia-Pacific (APAC) sovereigns are a long way from undoing the fiscal damage left by the COVID-19 pandemic, as governments have generally prioritized growth and cushioning the public from the effects of the global inflation spike over reducing budget deficits,” it added.

CREDIT RATING

Meanwhile, Fitch Ratings said its latest rating action reflects the country’s “strong medium-term growth, which supports a gradual reduction in government (debt-to-GDP) over the medium term and the large size of the economy relative to ‘BBB’ peers.”

In June, the debt watcher kept the Philippines’ “BBB” investment grade rating with a “stable” outlook. A “BBB” rating indicates low default risk and reflects the economy’s adequate capacity to pay debt.

“The rating is constrained by low GDP per head, despite an upward trend. Governance standards are weaker than at ‘BBB’ peers, though Fitch believes World Bank Governance Indicator scores somewhat overstate this.”

The credit rater cited negative sensitivities to its outlook, such as “reduced confidence in strong, stable medium-term economic growth.”

It also noted the possibility of failing to maintain a stable debt-to-GDP ratio amid the NG’s strategy of scaling back consolidation efforts as well as risks of decreasing foreign-currency reserves due to the potential widening of the current account deficit.

Latest data from the Treasury showed the NG’s outstanding debt slipped by 0.9% to P15.55 trillion as of end-August from the record-high P15.69 trillion as of end-July.

The NG’s debt as a share of GDP stood at 60.9% in the second quarter, still a tad higher than the 60% threshold considered by multilateral lenders to be manageable for developing economies.

In the first half of the year, the country’s current account deficit stood at $7.1 billion, accounting for 3.2% of GDP. The central bank expects the current account deficit to reach $6.8 billion this year, equivalent to 1.5% of GDP.

On the other hand, Fitch Ratings noted positive sensitivities, such as stronger-than-expected economic growth, sustained reductions in debt, and strengthening of governance standards.

The government aims to achieve an “A” level rating before the end of the Marcos administration in 2028.

Source: https://www.bworldonline.com/top-stories/2024/10/25/630526/fitch-sees-below-target-growth-for-philippines/

[Post Article] PPC Rotary D3810-BNI-KCCP Networking Event

On October 18, the Past President Council (PPC) Rotary District 3810, Business Network International (BNI) and the Korean Chamber of Commerce Philippines (KCCP) held a business networking event in SMX Convention Center. The event also welcomed Board of Investment (BOI) Executive Director Atty. Bobby Fondevilla and the chairman of Philippine Franchise Association Ms. Sherill Quintana as guests' speakers.

This is the first time KCCP partnered with the PPC D3810 and Business Network International (BNI) Philippines to hold an event that will form connections and possible business opportunities to all the attendees. The event was great chance to meet potential fruitful business connections. This event is also for a great cause as a portion of the proceeds during the event will be donated to the Tuloy foundation.

KCCP is extending its gratitude to its members who joined the event: KDS Global Inc., Cruz Marcelo & Tenefrancia, Chroma Hospitality, and ASAP Automan Service & Parts, Inc., and to KCCP's newest member – The Ascott Limited for sponsoring five (5) hotel accommodations for raffle.

The event was a success with total of 300+ attendees and sponsor booths present during the event.

[Photos] PPC Rotary D3810-BNI-KCCP Networking Event

Mr. Dexter Ortega, BNI Philippines
National Director

Mr. Jhay Jang, (PPC) RID 3810
Chairman

Mr. Hyun Chong "Joseph" Um , Korean Chamber of
Commerce Philippines, Inc.
President

MOU Signing between PPC and BNI with KCCP
President Hyun Chong Um as Witness

Photo Credits: BNI Philippines

[Cont. page 7]

[Photos] PPC Rotary D3810-BNI-KCCP Networking Event

Guest Speakers : Ms. Sherill Quintana, Chairman, Philippine Franchise Association and Atty. Bobby Fondevilla, Executive Director, Board of Investments

Awarding of Certificate and Token of Appreciation to Guest Speaker Atty. Bobby Fondevilla

Presentation of Donation to Tuloy Foundation

Members and Guests from BNI, PPC RID 3810 and KCCP

Photo Credits: BNI Philippines

[Post Article] 13th Arangkada Philippines Forum: " Level Up: Upskill. Upscale. Uplift."

The Joint Foreign Chambers of the Philippines held the 13th Arangkada Philippines Forum on October 24, 2024 at the Marriott Grand Ballroom in Pasay City. Now in its 13th year, the forum convened various stakeholders to explore perspectives on upskilling and upscaling human capital to accelerate the country's growth. KCCP President Mr. Hyunchong Joseph Um as part of the program introduced one of the key speakers of the forum, Department of Labor and Employment (DOLE) Sec. Bienvenido Laguesma who in his keynote speech talked about foreign and local employers to adhere voluntary compliance with labor standards.

The forum also welcomed Senate President Francis Escudero who shared a pleasant news to all businessmen in attendance, Sen. Escudero said that President Ferdinand Marcos Jr. is set to sign the Corporate Recovery and Tax Incentives for Enterprises to Maximize Opportunities for Reinvigorating the Economy on November 11, barring any typhoons or calamities.

Every year, Arangkada Philippines is giving a lifetime achievement award to individual residing in the Philippines who has made substantial contributions to enhancing the country's business environment and this year, the Joint Foreign Chambers of the Philippines (JFC) presented the lifetime achievement award to former Department of Trade and Industry (DTI) Secretary Alfredo Pascual as appreciation for his partnership in promoting investments and trade between the Philippines and the countries the JFC represent, and the JFC particularly value his work to support Micro, Small, and Medium Enterprises (MSMEs) during his tenure.

KCCP Director Mr. Hyunho Yun of Posco International Corporation, KCCP Director Mr. Sanggoo Samuel Chun of Megatrends I & C Corporation, KCCP Members – Mr. Rogime Fajutagana of Pisopay Bank, Mr. Serge Ramos of PCI Tech and KCCP Corporate Secretary Atty. Rolando Villones were present during the event.

To know more about the event and speakers, please visit https://arangkadaphilippines.com/forum2024/ *[Cont. page 8]*

***[Photos]* 13th Arangkada Philippines Forum: " Level Up: Upskill. Upscale. Uplift."**

KCCP President Hyunchong Um giving his introduction to one of the guest speakers from the Department of Labor and Employment (DOLE) Sec. Bienvenido Laguesma

Awarding of Plaque and Token of Appreciation to Guest Speaker DOLE Sec. Bienvenido Laguesma with Representatives from the Joint Foreign Chambers of Commerce

Awarding of Plaque and Token of Appreciation to Guest Speaker DTI Usec. Rafaelita M. Aldaba

Keynote Speaker: Senate President Hon. Francis "Chiz" Escudero, Philippine Senate

Awarding of Plaque and Token of Appreciation to Keynote Speaker Senate President Hon. Francis "Chiz" Escudero

With Lifetime Achievement Awardee, former Department of Trade and Industry (DTI) Secretary Alfredo Pascual

This KCCP E-Newsletter is supported by: