



필리핀한인상공회의소뉴스

KOREAN CHAMBER OF COMMERCE PHILIPPINES NEWSLETTER



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PH seen sustaining above 6-percent growth

November 06, 2024 | Ian Nicolas P. Cigara | Philippine Daily Inquirer

The Philippine economy could sustain an above 6-percent growth in the next two years—among the fastest in Southeast Asia—as its young population continues to attract more job-generating foreign direct investments to the country, HSBC Philippines said.

In an interview with reporters on Tuesday, Corrie Purisima, head of markets and securities services at

HSBC, said gross domestic product (GDP) might expand by an annualized 6.4 percent in 2025, before accelerating to 6.7 percent in 2026.

If these projections come true, Purisima said the Philippines could potentially be “one of the region’s top performers in terms of growth.”

But GDP expansion would fall short of the 6.5 to 7.5 percent goal of the Marcos administration for 2025. Nevertheless, growth in 2026 would settle close to the low-end of the 6.5 to 8 percent target band of the government for that year until 2028, if HSBC’s prediction comes to pass.

Purisima said a key growth driver for the Philippines is its young working age population that remains attractive to job-generating foreign capital. So far, government efforts to boost clean power investments are attracting investor interest in the renewable energy sector, she added.

“That will continue to bring a lot of dividends for our country. What was also covered in our research is that the Philippines is actually the last to peak in terms of working age in ASEAN... and it will bring a lot of opportunities for investments in the country,” Purisima said.

Another source of growth for the economy, Purisima said, is its services exports, with the information technology and business process management (ITBPM) sector—which thrived even at the height of the pandemic—seen getting a boost from digitalization.



Manila Skyline | PHOTO: JMS

“That is still a bright spot in the Philippines because our inflows from our services export has now surpassed the overseas remittances,” she said.

Latest data show that the economy grew 6.3 percent in the second quarter. But analysts had said the figure was magnified by favorable base effects that masked the 4.6 percent growth in consumption — a pace that was uncommonly low for the Philippines after inflation crimped household spending.

The government will release the third quarter GDP performance on Nov. 7. HSBC is penciling in a 5.7 percent growth in the three months through September. For the whole 2024, the global banking giant pegged a 5.8 percent average expansion, albeit below the 6 to 7 percent target of President Marcos for this year.

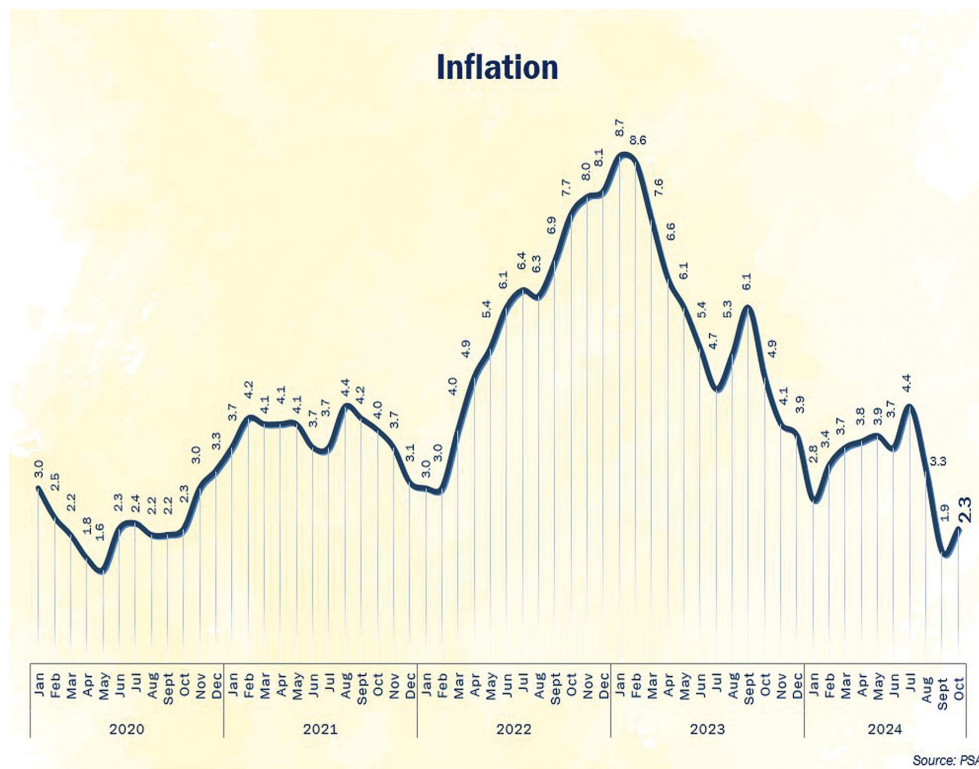
In the same interview, Sandeep Uppal, president and CEO of HSBC Philippines, said the Philippines could achieve “superstar” status in Asia if it can achieve a growth that is higher than 7 percent.

“[This] is very aspirational, very elusive. But that’s what makes us a superstar—anywhere from 7 percent to that double digit number—because then it’s a standout,” Uppal said.

Source: <https://business.inquirer.net/488593/ph-seen-sustaining-above-6-percent-growth>

Inflation accelerates to 2.3% in Oct

November 06, 2024 | Reuters | Malaya Business Insight



The Bangko Sentral ng Pilipinas (BSP) said on Tuesday it will take a “measured approach” in its policy easing cycle as annual inflation accelerated in October on higher food and transport prices.

The consumer price index rose 2.3 percent in October from the previous month’s 1.9 percent print, the Philippine Statistics Authority (PSA) said on Tuesday.

Core inflation, which strips out volatile food and energy items, was at 2.4 percent in October, steady with September’s rate.

Last month’s inflation print brought average inflation in the first 10 months of the year to 3.3 percent, within the BSP’s 2 percent to 4 percent target range.

The BSP said in a statement inflation will trend closer to the lower end of its target, even as risks to the outlook for next year and 2026 shift to the upside.

“The Monetary Board will maintain a measured approach in its easing cycle to ensure price stability conducive to sustainable economic growth and employment,” the BSP said.

An inflation rate within the BSP’s target range would help justify further easing to match rate cuts of the US Federal Reserve, said Michael Ricafort, an economist at Rizal Commercial Banking Corp.

In October, BSP Governor Eli Remolona flagged the possibility of a third quarter-point rate cut at its final meeting for the year next month, and up to 100 basis points of additional cuts next year.

The PSA said the increase in overall inflation was primarily influenced by heavily-weighted food and non-alcoholic beverages, which was recorded at 2.9 percent in October compared to the 1.4 percent in September.

The National Economic and Development Authority (NEDA) said the 3.3 percent average is “comfortably within the government’s target range of 2.0 to 4 percent,” as it assured the government is working to ensure food availability at stable prices.

NEDA Secretary Arsenio Balisacan said the recent weather disturbances, including the onslaught of Tropical Storm Kristine, posed a challenge to the country’s food supply chain and logistics.

Secretary Ralph Recto of the Department of Finance (DOF) assured the public the country is still on track with its inflation target for 2024, adding “intensive monitoring and mitigation of price increases on food and non-food items, are expected to keep inflation within our target range for the next two years, at least.” Secretary Recto said.

Rice inflation has accelerated to 9.6 percent in October from 5.7 percent last September mainly due to the base effects from the implementation of Executive Order (EO) No. 39 or the imposition of a mandated price ceiling on rice, which led to an overall price decrease in October of last year. However, the DOF expects this to be temporary.

The retail price of rice has continuously declined since the implementation of EO No. 62 or the reduction of rice tariffs from 35 percent to 15 percent in July 2024.

Overall retail rice prices are expected to further ease in the coming months as more and cheaper imported rice is expected to enter the market. [Cont. page 3]

Inflation accelerates to 2.3% in Oct*[Cont. from page 2]*

The DOF is seeing a decline in rice prices in the international market, following the lifting of the export ban of India announced in late September.

Prices of other food items remain broadly stable, including pork which registered lower inflation of 3.5 percent from 3.7 percent in the previous month.

Non-food inflation is also currently on a downtrend. This is the third consecutive month that an easing of non-food inflation was recorded.

<https://malaya.com.ph/business-news/enterprise/inflation-accelerates-to-2-3-in-oct/>

‘Sans FTA with US, PHL semiconductor and electronics industry losing millions’

November 06, 2024 | Andrea E. San Juan | BusinessMirror



THE Philippine semiconductor and electronics industry has lost around \$5 million to \$10 million since last year because of the absence of a free trade agreement (FTA) with the United States.

“We’ve actually lost some opportunities in the US because of the absence of an FTA. There’s such a thing called [Trade Agreements Act] TAA. And you know, this is more on the [electronics manufacturing services] EMS side, the finished products,” Semiconductor and Electronics Industries in the Philippines Foundation Inc. (Seipi) President Danilo C. Lachica said at a forum on Monday in Mandaluyong City.

“When companies want to export to the United States and they’re not TAA-compliant, then they can’t export to the US,” explained the Seipi chief.

Lachica said this was brought to his attention last year.

He explained that there is a preferential treatment on countries who are TAA compliant. “Yes, they will not accept the products. Unless US multinational, they won’t accept the product kung walang [if there is no] FTA with the country.”

“Since they know we don’t have any FTA, some companies may just not want our EMS companies to produce for exports to the US,” added the Seipi chief.

To address this issue on electronics exports and being TAA-compliant, he said the answer is, simply, “Do the FTA,” adding that “You can’t circumvent the law. We have to work on the FTA.”

Lachica noted that the US is the second top export destination of Philippine electronics shipments.

“To give you the idea of numbers, 20 percent goes to Hong Kong. Still, that’s about \$12 billion and 16 percent goes to the US to the tune of about \$7 billion and 8 percent goes to China to the tune of \$3.6 billion.”

In terms of imports of electronics, he said the Philippines is still dependent on China with about \$7 billion, compared to about \$2.5 billion from the United States.

Lachica, meanwhile, said that the Philippines got a \$13.9-million grant from the US (International Technology Security and Innovation) ITSI Fund for this year.

“Our share for the first year is about \$13.9 million and essentially that intent is to upgrade the assembly, test and packaging capability in the Philippines,” Lachica explained.

The ITSI Fund is appropriated under the Creating Helpful Incentives to Produce Semiconductors (CHIPS) Act of 2022.

The CHIPS Act of 2022 provides the US Department of State with \$500 million or \$100 million per year over five years, “to promote the development and adoption of secure and trustworthy telecommunications networks and ensure semiconductor supply chain security and diversification,” according to the website of the US Department of State.

Apart from the Philippines, some of the other country beneficiaries of the ITSI Fund are Vietnam, Panama, Costa Rica, Mexico, and Indonesia.

Source: <https://businessmirror.com.ph/2024/11/06/sans-fta-with-us-phl-semiconductor-and-electronics-industry-losing-millions/>

Trump's tariff plan worries NEDA chief

November 08, 2024 | Justine Irish D. Tabile with inputs from Aubrey Rose A. Inosante | BusinessWorld

THE PHILIPPINE government is concerned over US President-elect Donald J. Trump's plan to impose tariffs on all US imports, which would impact global economic growth, National Economic and Development Authority (NEDA) Secretary Arsenio M. Balisacan said.

"I think that the Philippines can work with any government. If at all, if there's going to be any negative effects is... (if the US) will push through with what the incoming president was saying about the imposition of tariffs... of 20% for non-China and 60% for China goods, that could have an impact on the global economy. And that's what will worry us," Mr. Balisacan said at a briefing on Thursday.

Mr. Trump, who was declared the winner of the US presidential elections, has promised to impose 60% tariffs on US imports of Chinese goods, as well as up to 20% tariffs for all imports.

Mr. Balisacan said the imposition of tariffs on all imports will raise prices and put pressure on inflation in the United States.

"Hopefully the US will not give up, because it's not even in their interest, long-term interest, to be accurate, to isolate the economy. Because eventually it will backfire in terms of inefficiencies, and then all other kinds of issues in the US and that could put pressure on the inflation and the purchasing power in the population. And so I think they will start to realize that," the NEDA chief said.

The United States is the top destination of Philippine-made goods. In September this year, Philippine exports to the US were valued at \$1.08 billion, accounting for 17.3% of total exports.

The US goods and services trade deficit with the Philippines stood at \$10.4 billion in 2022.

"I can assure you that we are very mindful of the thrust to diversify our economy. As I said, this is needed to soften any adverse effect of a shock like a sudden increase in protectionism in trading partners," Mr. Balisacan said.

Meanwhile, Finance Secretary Ralph G. Recto said that a Trump-led United States would be good for equities but bad for the bond market as rates have been going up.

"But it may be temporary, as you have a strong US dollar at the moment. If you look at the map, we are strategically located, and if President Trump, being a real estate person, will see the value in the Philippines, then it will also be good for the Philippines," Mr. Recto said in a fireside chat on Thursday.

"Another thing, if President Trump will be good for global security and if you have less geopolitical tensions and fewer wars, then that is good for everyone," he added.

Semiconductor and Electronics Industries in the Philippines Foundation, Inc. (SEIPI) President Danilo C. Lachica said the electronics industry is looking forward to the US pursuing efforts to help the Philippines triple its assembly, testing, and packaging capacity.

"We are hoping to attract new American investments. So, I think I'm optimistic that the industry will be supported," he said on the sidelines of the Pilipinas Conference 2024 on Thursday.

Asked about concerns over potential protectionist measures, Mr. Lachica said: "On one hand, there could be onshoring and all that. But realistically, the US is not an island. They will need foreign inputs in terms of materials, workforce, and technology."

"So I am optimistic that the realistic needs will outweigh the former pronouncements in the previous Trump administration," he added.

Philippine Exporters Confederation, Inc. President Sergio Ortiz-Luis Jr. believes Mr. Trump will help lessen the geopolitical tensions in Asia and Russia, which will help exports.

"I am happy that Trump won ... (Mr. Trump) said that he will try to stop the war in Ukraine and also try to avoid getting to war with China," he told reporters on the sidelines of the event.

"For exports, I do not think it will change much. But if the geopolitics go down, then our exports to China might go back because before, Greater China was a much bigger market than everyone. So hopefully, if the tension is lessened, we will recover our exports to China," he added.

He said that even if the US became more protectionist, the Philippines could still recover that trade with other markets.

[Cont. page 5]



REPUBLICAN presidential nominee and former US President Donald Trump takes the stage to address supporters at his rally at the Palm Beach County Convention Center in West Palm Beach, Florida, US, Nov. 6, 2024. — REUTERS

Trump's tariff plan worries NEDA chief*[Cont. from page 4]*

"What protectionist work can he do? Our trade with the US is only so much. Even if that is cut by 10% by protectionism, we will recover it elsewhere, especially with China," he said.

Philippine Chamber of Commerce and Industry (PCCI) Chairman George T. Barcelon said that the Philippines could benefit if Mr. Trump manages to end Russia's war with Ukraine.

"If (Mr. Trump) is able to do that, that's a very positive development because of uncertainty," said Mr. Barcelon, who noted that the war disrupted supply chains which raised prices of some commodities.

"I believe he came out with a statement that he will lift the sanctions on Russia. So having said that, I think the prices on those commodities coming out of both Ukraine and Russia will stabilize," he said.

"That is good for the world. And we in the Philippines import most of these food-related items and also energy, coal. So that's a positive development for us," he added.

However, he said that what is important is for the Philippines to secure trade preferences with the US.

"We export garments to the US the same as other countries. We're hoping that if we can have some preference in the tariff, we can export more so that we can create more garments, factories, and jobs," he said.

Source: <https://www.bworldonline.com/top-stories/2024/11/08/633525/trumps-tariff-plan-worries-neda-chief/>

Leaders reflect on Trump presidency

November 08, 2024 | Irma Isip | Malaya Business Insight



Finance Secretary Ralph Recto on Thursday said it is hard to tell this early the impact on the Philippine economy of a Trump presidency in the United States but expressed hope the newly-elected leader of the world's biggest economy will be good for global security.

"If President Trump will be good for global security, and if you have less geopolitical tensions and less wars, that should be good for everyone," Recto said at a fireside chat of the Pilipinas Conference in Makati City.

Recto also expressed hope US President-elect Donald Trump will see the value of the Philippines' strategic location in the region.

"I was watching the market last night, it appeared that the victory was good for equities, bad for the bond market... rates have been going up. Maybe (this is) temporary. You have a strong US dollar at the moment," Recto said.

In the same forum where he was a panelist, Jaime Augusto Zobel de Ayala, chairman of Ayala Corp., was asked what the business sector should be prepared for.

Zobel responded in the context of the election of Trump, known to have nationalistic and protectionist stand.

"All (have) been quite glued on watching the US election and the philosophy of whatever leadership could be (if) President Trump won, and I think it's going to continue a trend. Personally, I regret it," Zobel said.

For one, Zobel said he has always been a believer of globalization and the interlinks between countries and building on each other's competitive advantage.

"But there is a tendency now to have a bifurcation of technology, particularly between China and the Western countries, which saddens me. A decade or two ago, China and the US would do research together, particularly in the life sciences. People would study in each other's universities, and the world was brought together by a spirit of commonality, with respect to encouraging trade, building on each other's strengths, and allowing a global movement of services and products to take place," Zobel said.

Zobel said putting up barriers and creating a "move back to a more centralized, more personalized, more nationalistic point of view, rather than building on each other" is worrisome.

"The world prospers when we encourage trade between each country and build on commonalities of spirit and work off each other's strength. It worries me when barriers get put up and we go back to nation states closing the door. That's one area that I think will affect many of us," Zobel added. *[Cont. page 6]*

Leaders reflect on Trump presidency

[Cont. from page 5]

He continued: "If you look at the elections in the US, it's (a) difficult thing to comprehend what the driving forces were. One thing that I noticed, which we are sensitive to in the Philippines is, is this area of making sure that there is an inclusivity in the way the vast members of the population get included the economic system. The moment people feel they're disenfranchised in one way or another... and globalization has shifted manufacturing to other countries and left many Americans with a difficult situation with respect to employment, we should be sensitive to these things so that they don't happen to countries like ours. "

Ernest Bower, former president of the US-Asean Business Council, in the same forum said there will be ways the Philippines can increase its trade with the US to effectively reduce the trade deficit that stands at about \$10 billion.

Chris Humphrey, executive director of the EU-Asean Business Council, said Europe thus needs to step in trade with the Philippines "It is very welcoming that the negotiations on the EU-Philippines FTA (free trade agreement), are progressing extremely well. That deal will become vitally important for the Philippines going forward, especially because of (its) economic growth... it will lose (its) trade preferences with Europe without their FTA," Humphrey said.

Source: <https://malaya.com.ph/business-news/enterprise/leaders-reflect-on-trump-presidency/>

Reforms help PH regain fastest growing internet economy in SEA: DTI

November 07, 2024 | Stephanie Sevillano | Philippine News Agency

MANILA – The Philippines has reclaimed its title as Southeast Asia's (SEA) fastest growing internet economy based on the recent report by Google, Temasek, and Bain & Company.

According to the 9th edition of the Google e-Conomy SEA Report, a 20 percent growth of the overall digital economy has been record based on Gross Merchandise Value, surging from USD26 billion to USD31 billion in 2024.

The Department of Trade and Industry (DTI) has attributed the Philippines' resurgence to the Marcos administration's strategic reforms in the digital economy.

"The results of the 2024 Google, Temasek, and Bain & Co. Study reaffirms the effectiveness of the administration's digital economy strategies. The country's whole-of-government approach fosters economic growth, drives innovation, and ultimately improves the lives of all Filipinos," DTI Secretary Ma. Cristina Roque said in a statement on Wednesday.

Roque lauded the administration's policy and reform implementation which helped improve digitalization progress in the country, including the Internet Transactions Act and the 12 percent value-added tax on non-resident digital services.

"This collective effort includes the DTI's digitalization of micro, small, and medium

enterprises; the DICT (Department of Information and Communication Technology)'s acceleration of digital infrastructure; the BSP (Bangko Sentral ng Pilipinas)'s promotion of digital payments; the DOF (Department of Finance)'s adoption of a digital taxation and customs policy, and the Congress' passage of relevant laws," she said.

The report validated the Philippines' upward trajectory in terms of online business transactions, making it one of the leading countries for e-commerce.

Despite the milestone, the DTI vowed to continue working on the full implementation of the Internet Transactions Act, with the target development of an "Online Business Database, an Online Dispute Resolution System, an Online Consumer Complaints mechanism across the whole of government, and an E-commerce Trustmark."

Roque emphasized the crucial role of the private sector in this feat, adding that, "in strong partnership with the private sector, we are actively implementing the e-Commerce Philippines 2028 Roadmap."

"This roadmap outlines our strategies to stimulate the growth of e-commerce and build trust between online consumers and businesses. We are committed to a more vibrant e-commerce, recognizing the vast potential of our large, young, and tech-savvy population," she added.

She likewise cited the Philippines' thriving e-commerce sector as an enabler of further economic growth, job creation, and increased business and government revenues.

Moreover, it sees the country's digital transformation as crucial for boosting our global competitiveness and attracting foreign investment, she added.

"The Philippines is strategically positioned to maximize its demographic advantages and technological capabilities and become a dominant force in the global digital economy," she said.

Source: <https://www.pna.gov.ph/articles/1237273>



DIGITAL ECONOMY. The Department of Information and Communications Technology launched the "BroadBand ng Masa Project" (BBMP) free internet at the Social Security System office in Davao City in June 2023. The Department of Trade and Industry (DTI) on Wednesday (Nov. 6, 2024) said the administration's strategic reforms helped the country regain its title as fastest growing internet economy in Southeast Asia. (PNA photo by Robinson Niñal Jr.)

UPCOMING EVENTS



KCCP
Korean Chamber of Commerce Philippines, Inc.

KOREAN CHAMBER OF COMMERCE PHILIPPINES, INC.

KCCP Christmas Party 2024

NOVEMBER 18, 2024 (MONDAY) 5:30PM
AT AYALA BALLROOM, MAKATI SPORTS CLUB
KCCP Member (1) - Free of Charge | Additional & Non-Member - Php 2,000
R.S.V.P.: info@kccp.ph | 09178015920 | 09158887296

INVITATION

You're invited to
"2024 Gyeongbuk Excellent Products PHILIPPINE EXHIBITION!"
Experience the finest products Gyeongbuk has to offer
in the heart of the Philippines!

11.21(Thu) ~ 11.23(Sat)
10am ~ 7pm at **ROBINSONS GALLERIA** G/F ACTIVITY AREA
EDSA COR. ORTIGAS AVENUE, QUEZON CITY

2024
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Excellent Products
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EXHIBITION**

World: **Okta**










2024 경상북도 우수상품 전시회 Nov.21~23
Gyeongbuk Excellent Products **PHILIPPINE EXHIBITION 2024**

"Business Match Making!!!"

경북우수상품 바이어 상담회

Nov. 21(Thu), 2024 / 9AM~3PM

Please visit
the event venue
at a suitable time
for each company.

10AM ~ 12PM : 13 K-Food Companies
1PM ~ 3PM : K-Cosmetics, Inner wear, Fan
Golf Glove, LED Light, Pet Food, etc.

Contact person: 0917 807 5779 James Lee


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(EDSA COR. ORTIGAS AVENUE)

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For business matching confirmation, please register through this link <https://forms.gle/7mg9H4gosmF1RMAo6> or email KCCP Secretariat at info@kccp.ph, and for further inquiries and more information, please feel free to call 8885-7342 / 0917-8015920 (c/o Ms. Chi and Ms. Sang)

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19th JFC NETWORKING NIGHT

28 November 2024 • 06:00 PM - 09:00 PM • Dusit Thani Manila

PHP 2,500 for members | PHP 2,800 for non-members



The KCCP Christmas Party and the 19th JFC Networking Night are open for sponsorships. For interested parties (attendees and/or sponsoring companies), 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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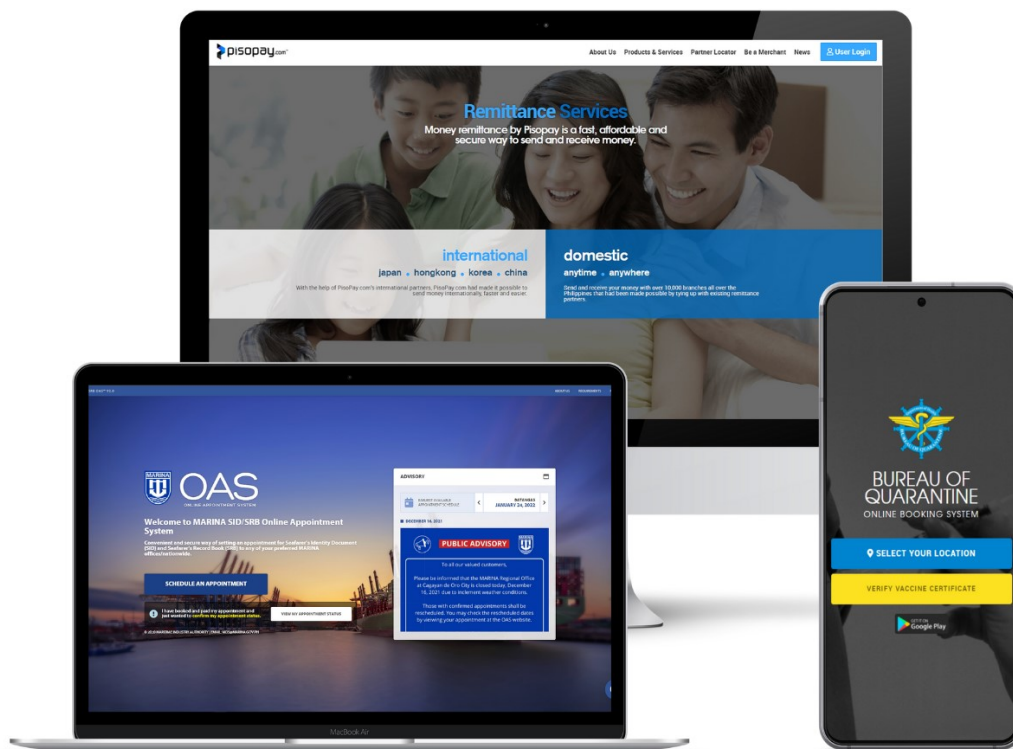
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