필리핀한인상공회의소뉴스
KOREAN CHAMBER OF COMMERCE PHILIPPINES NEWSLETTER

January 2025 Issue | Vol. 01

SPECIAL POINTS OF INTEREST

IMF: Philippines faces challenges in business, demographics

January 02, 2025 | Keisha Ta-Asan | The Philippine Star

MANILA, Philippines — The Philippines is grappling with critical gaps in its business environment, infrastructure and labor market, which threaten its potential to attract private investment and boost productivity growth, according to the International Monetary Fund.

In a report, the IMF said that the Philippines has room to improve its business environment and infrastructure relative to its Association of Southeast Asian Nations (ASEAN) peers.

In a report, the IMF said that the Philippines has room to improve its business environment and infrastructure relative to its Association of Southeast Asian Nations (ASEAN) peers.

STAR / File

"While the Philippines is comparable to peers on complexity and diversification, it lags on economic openness, business regulation reform, electricity access and logistics," the multilateral lender said.

"On the positive side, financial markets in the Philippines appear to be operating at least as well, if not better than upper-middle-income countries, with regards to credit provision and financial market regulation, but less well than ASEAN peers," the IMF said.

The Philippines is also in the midst of a demographic dividend era, with dependency ratio expected to fall below 50 percent by the end of 2024. The dependency ratio is the ratio of the population ages 0 to14 plus 65+ divided by the population of ages 15 to 64.

The working age population is also seen to grow until around 2045. Under the right policy settings, this could liberate resources for investment in economic development and family welfare, spur growth and increase per capita income.

However, the Philippines needs to create 12 million jobs by 2050, equating to roughly 450,000 new jobs annually.

Key policy priorities include expanding access to quality education and health services, strengthening employment opportunities and addressing skills mismatches between graduates and labor market demands.

"While labor market regulations in the Philippines are more pro-growth than peers, labor productivity and labor force participation are lagging," the IMF noted.

Addressing governance issues is also critical to building investor confidence. Although the Philippines outperforms G20 emerging markets in regulatory quality, accountability and effectiveness, the country still lags behind ASEAN peers.

Strengthening anti-corruption efforts and improving the rule of law can enhance business certainty, ensure fair contract enforcement and protect property rights, the IMF said.

Source: https://www.philstar.com/business/2025/01/02/2411194/imf-philippines-faces-challenges-business-demographics

PH manufacturing sector records strong growth in 2024

January 02, 2025 | Anna Leah Gonzales | Philippine News Agency

MANILA – The Philippine manufacturing sector ended 2024 on a high note driven by the strong growth in output and new orders, S&P Global said in a report on Thursday.

The country's manufacturing PMI rose to 54.3 in December from 53.8 in November, and was the joint-strongest since November 2017 (alongside that seen in April 2022). *[Cont. page 2]*

PH manufacturing sector records strong growth in 2024

[Cont. from page 1]

MANUFACTURING GROWTH. Undated photo shows workers in an apparel manufacturing plant located at the Mactan Export Processing Zone in Cebu province. The Philippine manufacturing sector closed 2024 on a high note according to S&P Global. *(Photo courtesy of MEPZ Workers Alliance)*

"The Filipino manufacturing sector ended 2024 on a positive note, with further improvements in demand resulting in sharp and significant increases in new orders and output," said S&P Global Market Intelligence economist Maryam Baluch.

The PMI is an indicator of manufacturing performance.

S&P Global said both output and new orders rose sharply and at broadly similar rates, marking the strongest growth since April 2022.

According to the report, the strong growth was supported by robust underlying demand trends, product diversification, and new client acquisitions.

Demand from international markets also went up, marking the first increase in new export orders in five months.

"Firms also expanded their purchasing activity to meet production requirements. December highlighted a moderation in inflationary pressures, marking a shift from the spike observed in November. In fact, cost burdens and output charges rose at historically muted rates," said Baluch.

Baluch, however, said that while production efficiency allowed manufacturers to stay on top of tasks at hand, it also led to a slight drop in employment.

"However, this could be a temporary blip, especially if demand remains resilient as anticipated throughout 2025," Baluch said.

For this year, firms remained confident that output would rise, amid hopes that demand trends will strengthen further and plans to launch new products.

https://www.pna.gov.ph/articles/1240876

Philippines to sustain 'solid' growth in 2025 — think tank

December 31, 2024 | Ben Arnold de Vera | Manila Bulletin

The Philippines is expected to sustain robust economic expansion in 2025 amid expectations of slower price hikes and lower interest rates boosting consumer spending, according to the think tank Capital Economics.

"Strong consumption should ensure another year of solid growth in 2025," Capital Economics senior Asia economist Gareth Leather and assistant economist Harry Chambers said in a Dec. 30 report, citing that the Philippines' gross domestic product (GDP) expanded by a faster-than-expected 1.7 percent quarter-on-quarter during the third quarter of 2024.

GDP grew by just 0.5 percent quarter-on-quarter in the preceding April-to-June 2024 period.

This, even as the year-on-year GDP growth of 5.2 percent during the July-to-September quarter of 2024 was the slowest in five quarters.

Capital Economics projected quarter-on-quarter GDP expansion from October to December 2024 to fall slightly below one percent, before breaching the one-percent level during each of the four quarters of 2025.

In terms of annual GDP growth, Capital Economics earlier forecasted a slower 5.4 percent for 2024 from 5.5 percent in 2023, before accelerating to 5.8 percent in 2025 -- although below the government's 2024 goal of six to 6.5 percent and the 2025 target of six to eight percent.

Among emerging Asian economies, near-term Philippine growth rates would only be outpaced by Vietnam and Bangladesh, based on Capital Economics' estimates.

"Inflation in the Philippines edged up again in November [2024] to 2.5 percent year-on-year but still sits comfortably within the Bangko Sentral ng Pilipinas' (BSP) two- to four-percent target range," Capital Economics noted. *[Cont. page 3]*

Philippines to sustain 'solid' growth in 2025 — think tank

[Cont. from page 2]

"The BSP cut rates by 25 basis points (bps) for a third time [in 2024] at its December meeting. We are expecting a further 100 bps [of] cuts in 2025," it added.

In particular, Capital Economics had projected another 25-bp cut as early as the first quarter of 2025.

This means that the BSP's current 5.75-percent policy rate is seen by Capital Economics settling at 4.75 percent by end-2025.

Capital Economics' BSP policy rate forecasts came on the back of expectations that annual headline inflation would further ease from six percent in 2023 to 3.2 percent in 2024 and 2.8 percent in 2025.

As Manila Bulletin earlier reported, the think tank had also forecasted the Philippine peso to further weaken to 62:$1 by end-2025, while the Philippine Stock Exchange Composite Index (PSEi) is seen going up in 2025 to the 7,500 level

Source: https://mb.com.ph/2024/12/31/think-tank-solid-25-growth-seen

PPA eyes sustained growth in cargo, passenger volumes this year on strong demand

January 02, 2025 | Ashley Erika O. Jose | BusinessWorld

The Philippine Ports Authority (PPA) expects continued growth in cargo and passenger volume this year. — PHILIPPINE STAR/ WALTER BOLLOZOS

THE Philippine Ports Authority (PPA) expects continued growth in cargo and passenger volume this year as demand is seen to remain strong.

"The PPA has an optimistic outlook for the year 2025 with growth expected across various segments of the domestic shipping and sea freight market sector," PPA General Manager Jay Daniel R. Santiago said in a Viber message to *BusinessWorld*.

Robust consumer demand is expected to drive growth in sea freight and shipping services despite domestic and external uncertainties, he added.

For this year, PPA projects cargo throughput to reach 301.47 million metric tons (MT), up 4.5% from last year's target of 288.56 million MT.

"This corresponds to the steady and stabilizing growth in the global economy which translates into sustained growth in the country," Mr. Santiago said.

According to PPA's latest data, cargo throughput climbed by 7.3% to 218.28 million MT in January to September 2024 from 203.51 million MT a year ago.

Of the total, foreign cargo accounted for 64% or 140.21 million MT, while domestic cargo made up 36% or 78.07 million MT.

In the nine months to September, the PPA logged imports of 80.38 million MT, with Luzon ports accounting for more than half or 43.15 million MT.

Exports reached 59.83 million MT in the period ending September, with 28.9 million MT passing through Northern Mindanao ports.

In the first nine months, the PPA said it serviced 5.72 million twenty-foot equivalent units (TEUs) of container cargo, up 3.5% from the same period in 2023. The bulk or 3.74 million TEUs came from foreign containers, while domestic containers made up 1.97 million TEUs.

Meanwhile, Mr. Santiago said PPA expects passenger traffic to grow by 9.5% to 85.41 million by the end of 2025 from the 78-million target in 2024.

In the first nine months of 2024, passenger volume rose 10.3% to 60.47 million, PPA's recent data showed.

"PPA for its part has been implementing and accelerating its infrastructure projects for cruise terminals to accommodate the expected cruise arrivals," Mr. Santiago said. *[Cont. page 4]*

PPA eyes sustained growth in cargo, passenger volumes this year on strong demand

[Cont. from page 3]

The PPA is planning to enhance port facilities, including the development of dedicated ports to bolster cruise tourism.

In the next four years, the PPA has set aside about P16 billion to fund infrastructure projects, including 14 flagship projects.

Earlier this week, PPA issued a bid invitation to build a P706.05-million cruise ship port in Puerto Galera, Oriental Mindoro.

“Government initiatives promoting domestic travel and improvements in passenger facilities at the ports will continue to bolster the upward trend in passenger footprints,” Mr. Santiago said.

Meanwhile, the operations of shipping and port operators will be heavily influenced by global trade volumes and volatility in fuel costs, according to stock market analyst Toby Allan C. Arce, head of sales trading at Globalinks Securities and Stocks, Inc.

“The shipping and port operation sectors are inherently influenced by global trade volumes, fuel costs, geopolitical stability and regulatory changes. These variables add volatility to their earnings,” he said in a Viber message.

He said listed port operator International Container Terminal Services, Inc. (ICTSI) would likely benefit from infrastructure developments in the country, while Chelsea Logistics and Infrastructure Holdings Corp. might see growth due to the rebound of domestic and regional transport.

“ICTSI, being a global player, is likely to maintain stable growth by leveraging its international exposure, which diversifies its revenue streams and mitigates domestic risks,” Mr. Arce said.

Source: https://www.bworldonline.com/top-stories/2025/01/02/644353/ppa-eyes-sustained-growth-in-cargo-passenger-volumes-this-year-on-strong-demand/

Key trends shaping the Phl economy in 2025

January 01, 2025 | Joefel Ortega Banzon - The Freeman | The Philippine Star

CEBU, Philippines — As we look ahead to 2025, the Philippine economy faces both exciting opportunities and challenges. Here’s a simple look at what to expect in the coming year.

The Philippine economy is expected to continue growing in 2025, but at a slower pace compared to recent years. Experts predict the country's GDP to grow by around 6.0% to 6.5%. Key areas will help drive growth, however, global issues in major countries might affect exports and business activity.

FILE PHOTO

The Philippine economy is expected to continue growing in 2025, but at a slower pace compared to recent years. Experts predict the country's GDP to grow by around 6.0% to 6.5%, a positive sign, although not as fast as the recovery seen after the pandemic.

Key areas like services, manufacturing, and infrastructure will help drive growth. However, global issues like inflation and slowdowns in major countries like the US and China might affect exports and business activity.

The Asian Development Bank (ADB) and World Bank have both projected a moderate growth rate for the Philippines in 2025, reflecting the challenges posed by global economic slowdowns but also highlighting the strong foundations laid by infrastructure spending and domestic recovery.

Inflation, which has been a concern in recent years, is expected to ease in 2025. Prices are likely to stabilize, with inflation forecasted to be around 3-4%. The Bangko Sentral ng Pilipinas (BSP) is expected to adjust interest rates to help keep prices stable and encourage spending and investment.

The Philippine Statistics Authority (PSA) and BSP have both indicated that inflation is projected to moderate, aligning with the central bank’s target range of 2-4% for 2025.

The government’s infrastructure projects on the other hand, which have been a major focus in recent years, will continue in 2025. Big projects like new roads, bridges, airports, and ports are expected to create jobs and improve transportation across the country. There will also be a stronger focus on "green" infrastructure, which includes energy-efficient buildings, renewable energy projects, and climate-resistant structures. These projects are important for both the economy and the environment.

The National Economic and Development Authority (NEDA) and the Department of Public Works and Highways (DPWH) have outlined an ambitious infrastructure program, with investments continuing to flow into major projects under the “Build, Build, Build” initiative.

In 2025, there will be more emphasis on sustainable or “green” investments. The Philippine government is aiming for carbon neutrality by 2050, meaning the country wants to reduce its carbon emissions to protect the environment.

The Department of Environment and Natural Resources (DENR) and Climate Change Commission (CCC) are pushing for policies that attract green investments, in line with the Philippines’ commitment to global climate agreements such as the Paris Agreement.

Moreover, the digital economy in the Philippines is expected to continue growing in 2025. More people are shopping online, using digital services, and engaging with technology in their daily lives. Areas like e-commerce, online banking, and education will remain strong, and technology-based jobs will continue to rise. *[Cont. page 5]*

Key trends shaping the Phl economy in 2025

[Cont. from page 4]

The government is improving digital infrastructure, which will support the growth of these industries. The rise of artificial intelligence (AI) and automation will also bring new opportunities for businesses and workers.

Reports from Google Philippines and The National ICT Confederation of the Philippines (NICP) have highlighted the rapid growth of e-commerce and digital platforms, which are expected to continue in 2025 as more Filipinos go online for work and shopping.

However, while the Philippine economy is expected to grow, it will still face challenges from global trends. Issues like rising trade tensions, the risk of recessions in other countries, and natural disasters like typhoons could affect growth. The government will need to remain flexible and continue working on policies that protect the economy from these risks.

The World Trade Organization (WTO) and other global economic bodies have noted the potential impact of global trade tensions and supply chain disruptions, particularly in relation to the Philippines' reliance on imports and exports.

The Philippine economy in 2025 is expected to experience steady growth, thanks to investments in infrastructure, digital technology, and sustainability. While there will be challenges—such as global economic risks and climate change—the government's focus on creating jobs, improving social services, and investing in green projects will help ensure the country remains on a positive path. With a focus on long-term progress, 2025 should be a year of continued recovery and development for the Philippines. **— (FREEMAN)**

Source: https://www.philstar.com/the-freeman/cebu-business/2025/01/01/2410946/key-trends-shaping-phl-economy-2025

Foreign investment marketing plan expected for completion by January

January 01, 2025 | Justine Irish D. Tabile | BusinessWorld

boi PHILIPPINES BOARD OF INVESTMENTS

THE Board of Investments (BoI) said it expects to finalize its Foreign Investment Promotion and Marketing Plan (FIPMP) by January.

Lanie O. Dormiendo, a director at the BoI International Investments Promotion Service, told reporters that FIPMP has gone through public consultation.

"The deadline was set on Dec. 13 because the Inter-Agency Investment Promotion Coordination Committee (IIPCC) intends to finalize the FIPMP by January next year," she said in a recent briefing.

According to Ms. Dormiendo, the FIPMP will identify priority areas for promotion not just by the BoI but by all investment promotion agencies.

"As you know, the Philippine Economic Zone Authority is also a member of the IIPCC, and there will be identified targets also in the plan," she said.

Last month, the BoI invited the public to provide feedback on the draft FIPMP, which is designed to enhancing the Philippines' competitiveness in the face of stiff competition from elsewhere in Southeast Asia.

The marketing plan seeks to highlight the Philippines' unique advantages, such as its strong English proficiency, a robust business process outsourcing industry, and preferential trade agreements.

It also hopes to address any perceived barriers to investment, such as infrastructure challenges and regulatory uncertainty.

"By clearly communicating these strengths and addressing weaknesses, the country can better position itself as an attractive destination for global investors," according to the FIPMP draft.

"With the execution of this promotion and marketing plan, the Philippines is projected to increase foreign direct investment (FDI) by 5%, with an additional percentage point of growth expected annually until 2028," it added.

Last month, the Bangko Sentral ng Pilipinas said that FDI net inflows slumped 36.2% to $368 million in September.

This brought nine-month FDI net inflows to $6.66 billion, up 3.8%.

According to the draft, the creation of a marketing and communication execution plan will be the next phase of the strategy.

"This execution plan will operationalize or create the necessary outputs based on the strategies discussed in this plan to ensure the successful delivery of the campaign," it said.

"This includes strengthening internal resources, elevating government partnerships, and optimizing digital platforms that can effectively support the plan's objectives," it added.

Source: https://www.bworldonline.com/economy/2025/01/01/644303/foreign-investment-marketing-plan-expected-for-completion-by-january/

This KCCP E-Newsletter is supported by: