필리핀 한국 상공회의소 뉴스
# KOREAN CHAMBER OF COMMERCE PHILIPPINES NEWSLETTER
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## SPECIAL POINTS OF INTEREST



## PH economic growth to accelerate this year: economist

January 16, 2025 | Anna Leah Gonzales | Philippine News Agency

**VIBRANT ECONOMY**. The skyline and business district of Bonifacio Global City in Taguig City are photographed on a clear Friday afternoon (Oct. 4, 2024). Philippine economic growth is expected to reach over 6 percent this year mainly driven by household consumption growth, BPI lead economist Jun Neri said. *(PNA photo by Joan Bondoc)*

MANILA – Growth of the Philippine economy is expected to accelerate this year, driven by the continued expansion of household consumption, an economist from the Bank of the Philippine Islands (BPI) said.

"We expect the Philippine economy to expand by 6.3% in 2025, outpacing the previous year's performance, with household consumption remaining its biggest driver," BPI lead economist Jun Neri said in a commentary released late Wednesday.

Neri earlier forecast a 6.1 percent economic growth for 2024.

Neri said factors sustaining household consumption growth such as remittance inflows, remained in place despite the economic slowdown in major economies.

"With aging populations abroad driving the demand for labor, the impact of headwinds on remittances like trade barriers and anti-immigration sentiment will likely be limited.

Remittances also have a strong track record of stability and growth even in times of crisis, as seen during the pandemic," he said.

Neri said the country's low unemployment rate is also expected to support consumption.

"This should continue to drive the growth of household income and the expansion of the middle class," he said.

Latest data from the Philippine Statistics Authority showed that the unemployment rate further went down to 3.2 percent in November last year from 3.6 percent in November 2023.

Consumer spending, meanwhile, is expected to grow at a faster pace this year as inflation remains at a manageable level.

"This improvement will likely be most apparent in discretionary spending after a period of slower growth caused by high inflation, as consumers focused more on essentials," said Neri.

Inflation will likely settle at 3.5 percent this year, well within the government's 2 to 4 percent target, Neri said.

Meanwhile, he said the recent reduction in interest rates and banks' reserve requirement ratio (RRR), will also help boost economic growth.

To recall, the Bangko Sentral ng Pilipinas reduced policy rates for a total of 75 basis points this year.

The BSP also reduced the RRR of universal and commercial banks and non-bank financial institutions with quasi-banking functions by 250 basis points.

With inflation continuing to settle within the target, Neri said the BSP could further reduce rates by another 50 basis points this year.

"Private sector spending in construction activities has not yet returned to pre-pandemic levels, but lower interest rates may fast track its recovery. Moreover, as household consumption strengthens, businesses are likely to increase capital spending to meet growing demand," said Neri.

Neri said election spending could also provide a boost to the economy this year.

"Historically, GDP (gross domestic product) growth is faster in election years, driven by heightened economic activity fueled by election-related spending in various regions," he said.

*Source: https://www.pna.gov.ph/articles/1241906*

## Marcos okays natural gas industry devt law

January 16, 2025 | Jocelyn Montemayor | Malaya Business Insight

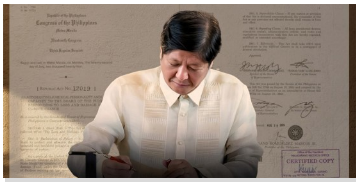


*Image courtesy of PCO*

A Philippine law aimed at developing the country's natural gas industry and promoting natural gas as a safe, efficient, and cost-effective source of energy has been signed by President Ferdinand Marcos Jr.

Republic Act (RA) 12120, or the Philippine Natural Gas Industry Development Act, seeks to promote natural gas as a reliable fuel for power plants and an indispensable contributor to the country's energy security by establishing the Philippine Downstream Natural Gas Industry (PDNGI).

The measure was signed on Jan. 8, 2025 but was only made public yesterday.

The law seeks to promote the conversion of existing fossil-fuel operated equipment and facilities to natural gas use, provided that it is technically and financially feasible.

It also provides incentives to boost investments in the Philippine natural gas industry by allowing the entry of investors under a system of competition, transparency and fair trade, and by providing responsive policy support to attain low-cost energy prices, pursuant to RA 7638 or the Department of Energy Act of 1992.

RA 12021 is also seen to help the Philippines meet the increasing local demand for fuel, and develop the country as a liquefied natural gas (LNG) trading and transshipment hub within the Asia-Pacific Region.

It also provides for the development of power and non-power end-uses of natural gas which includes commercial, industrial, residential and transport applications that promote fuel diversity.

The Department of Energy (DOE) will be the lead agency to determine the need for and regulate the development of aggregation in the country or the procurement of indigenous natural gas, combining it with imported LNG, and selling the aggregated gas to gas buyers in the Philippines or abroad.

The DOE could also evaluate, approve and issue the permits necessary for the siting, construction, operation and maintenance, expansion, modification, rehabilitation, decommissioning and abandonment of any PDNGI facility or activity.

The operation of the PDNGI facility is determined through an evaluation process for possible inclusion and entitlement of incentives under the Strategic Investment Priority Plan.

DOE shall also formulate the Philippine Downstream Natural Gas and Distribution Code, which shall serve as the performance standards for operating a conventional and virtual distribution system, and a Philippine LNG Storage and Regasification Terminal Code that shall set the performance for operating LNG Storage Regasification Terminal.

The law also taps the Joint Congressional Energy Commission (JCEC) to exercise oversight function on the implementation of the law for five years, starting from the effectivity of the law, and directs DOE, the Energy Regulatory Commission and other relevant agencies to submit to the JCEC every 15th of September of each year an annual report on the implementation, reviews and policy regulation issues concerning the law.

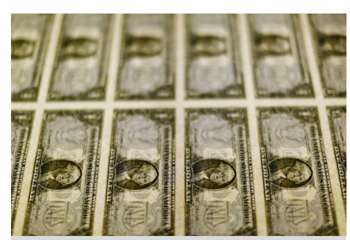
The Marcos government has committed to increase the use of alternative sources of energy in the country.

Under the 2020-2040 Power Development Plan, the Philippines aims to increase its energy mix to 35 percent by 2030 and by 50 percent in 2040.

*Source: https://malaya.com.ph/business/corporate/marcos-okays-natural-gas-industry-devt-law/*

## Trump's US Treasury pick Bessent says dollar must remain world's reserve currency

January 16, 2025 | Reuters | BusinessWorld



United States one-dollar bills are seen on a light table at the Bureau of Engraving and Printing in Washington in this Nov. 14, 2014 file photo. Dollar reserves stood at $108.5 billion as of end-November, the Philippine central bank said. — REUTERS

WASHINGTON – Scott Bessent, U.S. President-elect Donald Trump's choice to head the Treasury Department, on Wednesday vowed to ensure that the dollar remains the world's reserve currency as he laid out a vision for a "new economic golden age".

Bessent, who faces questioning before the U.S. Senate Finance Committee on Thursday, said in prepared testimony that the new Trump administration must prioritize productive investment that grows the economy over "wasteful spending that drives inflation."

"We must secure supply chains that are vulnerable to strategic competitors, and we must carefully deploy sanctions as part of a whole-of-government approach to address our national security requirements," Bessent said in the remarks.

"And critically, we must ensure that the U.S. dollar remains the world's reserve currency."

Bessent, a hedge fund manager who has advocated for Trump's plans to impose significantly higher tariffs on imports, did not single out China in his remarks, but he has previously said China's trade practices have hollowed out American industry. *[Cont. page 3]*

## Trump's US Treasury pick Bessent says dollar must remain world's reserve currency

*[Cont. from page 2]*

Trump has threatened a 60% tariff on imports from China and a 10% duty on global imports. Trump has also said he would impose 25% duties on Canadian and Mexican imports, until those two countries halt the flow of illegal immigrants and fentanyl into the United States.

**$4 TRILLION TAX HIKE**

Bessent also said the administration and Congress need to "make permanent" the expiring provisions of Trump's 2017 Tax Cuts and Jobs Act.

"If Congress fails to act, Americans will face the largest tax increase in history, a crushing $4 trillion tax hike," Bessent said.

The Trump administration and Congress also need to implement "pro-growth policies to reduce the tax burden on American manufacturers service workers and seniors," he said.

The latter policies refer to Trump's campaign promises to lower the corporate tax rate to 15% from 21% for companies manufacturing products in the United States, and to exempt income from tips and Social Security from taxation.

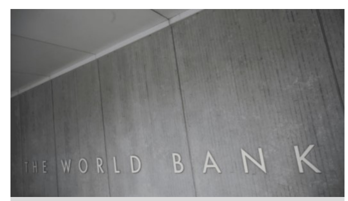
Bessent said that with support from Congress, the Trump administration could usher in a new, more balanced era of prosperity for Americans that he called "a generational opportunity to unleash a new economic golden age".

*Source: https://www.bworldonline.com/banking-finance/2025/01/16/647094/trumps-us-treasury-pick-bessent-says-dollar-must-remain-worlds-reserve-currency/*

## World Bank sees slow and steady global growth — report

January 17, 2025 | Agence France-Presse | Philippine Daily Inquirer

Washington, United States — Global growth should remain stable this year and next, but at recent historic lows, the World Bank said Thursday, expressing particular concern about growth in developing countries.



The World Bank Group logo is seen on the building of the Washington-based global development lender in Washington on January 17, 2019. (FILE photo by Eric BARADAT / Agence France-Presse)

Growth should hit 2.7 percent in 2025 and 2026, in line with the level reached last year, the World Bank announced in a new report, adding that inflation and interest rates should "decline gradually" over this period.

"Growth in developing economies is also expected to hold steady at about 4% over the next two years," the Bank said, noting that this was a weaker performance than before the Covid-19 pandemic.

Growth at this level would be "insufficient to foster the progress necessary to alleviate poverty and achieve wider development goals," it added.

"Most of the forces that once aided their rise have dissipated," World Bank chief economist Indermit Gill said in a statement, referring to the world's developing economies.

"In their place have come daunting headwinds: high debt burdens, weak investment and productivity growth, and the rising costs of climate change," he added.

As a sign of this slowdown, economic growth per capita in developing countries since 2014 — excluding China and India — has been 0.5 percentage points lower, on average, than in wealthy economies, the bank's report found.

In response to this weaker growth, the world's developing countries need to develop a new playbook to push through domestic reforms, Gill said.

This playbook should encourage greater private sector investment, deepen trade relations, and promote a "more efficient use of capital, talent and energy," he said.

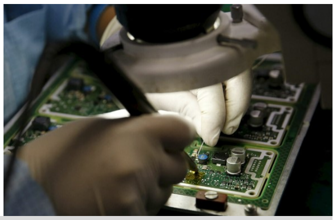
The Bank expects growth to slow in East Asia and the Pacific, as well as in Europe and Central Asia, due to a combination of weak domestic demand in both China and Europe.

On the other hand, sub-Saharan Africa, Latin America, the Middle East and North Africa will benefit from stronger demand, leading to more robust growth.

*Source: https://business.inquirer.net/501687/world-bank-sees-slow-and-steady-global-growth-report*

## PEZA seeking to raise share of electronics locators in ecozones

January 16, 2025 | Justine Irish D. Tabile | BusinessWorld



*REUTERS*

THE Philippine Economic Zone Authority (PEZA) said that it is hoping to increase electronics manufacturing services and semiconductor manufacturing services (EMS-SMS) investments in economic zones (ecozones).

In a statement on Thursday, PEZA Director General Tereso O. Panga said the investment promotion agency (IPA) plans to increase the share of EMS-SMS, information technology and business process management (IT-BPM), and American registered business enterprises (RBEs) within its ecozones.

"Undoubtedly, the Philippine economy and electronics industry are on the rise with sustained growth momentum. Even the global electronics industry is projecting 7.5% growth this year, indicating a rosier outlook from its sluggish performance for the past two years," Mr. Panga said.

"PEZA endeavors to increase further the 32% share of EMS-SMS, the 12% share of IT-BPM, and the 317 American RBEs in total ecozone investments — banking especially on the stronger US-Philippine cooperation and economic ties under the Trump administration," he added.

He cited the need to seize the opportunities presented by the new US government's trade policy.

"I highly doubt that a reversal in US policy as regards the Philippines in terms of trade will occur under a Trump administration," he said, citing the country's performance, renewed ties between the US and the Philippines, and a looming US-China trade war.

He said improving ease of doing business and the Corporate Recovery and Tax Incentives for Enterprises to Maximize Opportunities for Reinvigorating the Economy (CREATE MORE) Act will make the Philippines a viable for US businesses.

"PEZA will continue to engage, promote, and entice US companies to invest in the country. And for US companies that have made PEZA their home in the Philippines, encourage their expansion in this part of the world," he said.

"I believe that our long-standing alliance have mutual benefits for both countries, especially in business and trade in the long term," he added.

In a mission to Las Vegas and San Francisco, PEZA met with IPC (International Association for Electronics Manufacturing), Applied Materials, ASML, Suba Technology, and their suppliers.

PEZA also briefed ON Semicon, Winstron NeWeb Corp., Quintel Technology, Enphase Energy, Inc., Logoline, Valmiz, and LJ1D Consulting on opportunities in the Philippines.

Mr. Panga highlighted the need to address the potential impact of the planned US tariff hikes on the EMS-SMS industry.

These include how the policy will affect Philippine EMS-SMS exports, how the Philippines will benefit from the increased import tariffs on EMS-SMS products from China, Mexico, and Vietnam, and whether US policy will erode the Philippines' ability to attract more US investment.

"Alternatively, the government can counter the planned import tariff hikes by forging a bilateral free trade agreement with the US and reviving the Generalized System of Preferences Program to allow for greater market access for our commodity exports to the US," he added.

PEZA hosts 482 EMS-SMS companies that provide critical back-end support to their principal clients in the US.

*Source: https://www.bworldonline.com/economy/2025/01/16/647341/peza-seeking-to-raise-share-of-electronics-locators-in-ecozones/*

## IT-BPO industry boosts 2024 revenue 7% to $38B

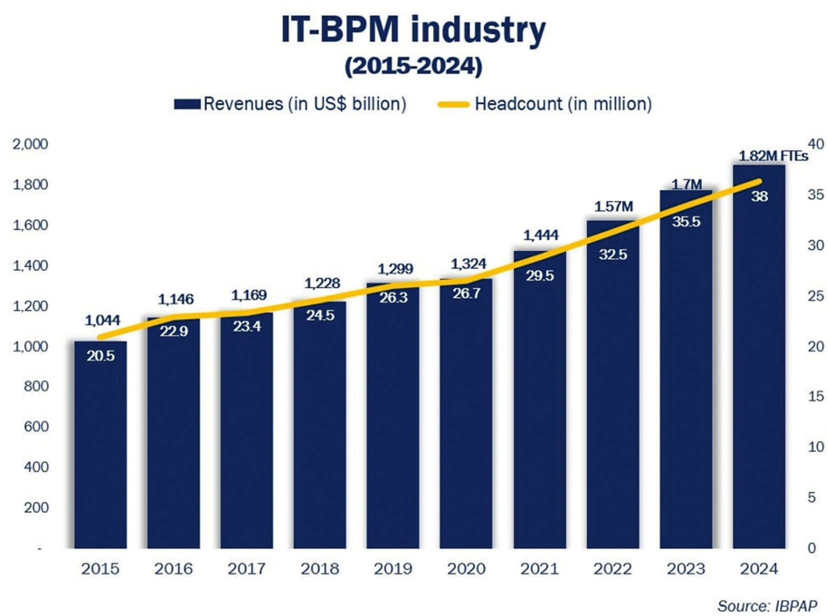
January 17, 2025 | Justine Irish D. Tabile | BusinessWorld

Information technology and business processing companies reported a 7 percent year-on-year increase in 2024 revenues to $38 billion, creating 120,000 new jobs, and said it plans to take advantage of emerging technologies such as AI (artificial intelligence) to improve efficiency and boost revenues further in 2025.

The 7 percent revenue increase in 2024 was computed against the 2023 level of $35.5 billion. The additional jobs generated last year brought the total employment in the sector to 1.82 million workers, up from 1.7 million in the year earlier, the report released Thursday by the Information Technology and Business Process Association of the Philippines (IBPAP) said. *[Cont. page 5]*

## IT-BPO industry boosts 2024 revenue 7% to $38B

*[Cont. from page 4]*




"As we step into 2025, we are poised to seize new opportunities and drive the Philippines' position as a global IT-BPM (BPO management) leader," Jack Madrid, president and chief executive officer of IBPAP, said in a statement yesterday.

Without disclosing numbers, Madrid had previously said 2025 would continue to see positive growth.

In yesterday's statement, Madrid said the IT-BPM sector aims to leverage emerging technologies such as Generative AI to boost efficiency and productivity, and continue to expand the sector's talent pool through upskilling and reskilling.

IBPAP will continue to work with government and industry stakeholders in driving sustainable growth through innovation, with talent development remaining at the core of the efforts, Madrid said.

In 2024, IBPAP launched initiatives with other industry partners from the government to equip the future digital Filipino workforce.

These include the signing of a memorandum of agreement between IBPAP and the Department of Education on two programs. One is the IT-BPM PC Donation Program, under which players provide public schools with IT equipment to support digital learning. The other is the Enhanced Senior High School (SHS) Work Immersion, in which they prepare senior high school graduates for the workforce with extended immersion hours, essential skills training and job-matching opportunities.

*Source: https://malaya.com.ph/business/business-news/it-bpo-industry-boosts-2024-revenue-7-to-38b/*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