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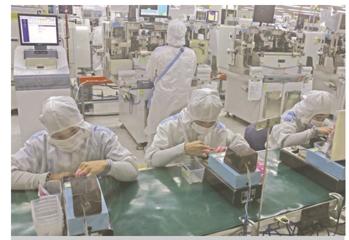
SPECIAL POINTS OF INTEREST

Long-term strategy for semiconductor industry pushed

January 23, 2025 | Andrea E. San Juan | BusinessMirror

A GOVERNMENT-LED long-term national strategy should be designed to develop the Philippine semiconductor system, according to the 38-member Organisation for Economic Cooperation and Development (OECD).



Workers are seen at a semiconductor factory in Laguna. The global semiconductor market is projected to reach over $2 trillion by 2032.

To best address the challenges in the semiconductor and electronics industry in the Philippines—the "single largest" Philippine export sector, accounting for almost 60 percent of total Philippine merchandise exports—OECD underscored the need to craft a "public, government-led strategy."

"A government-led and authored strategy disseminated publicly would demonstrate a political commitment to the semiconductor industry in the Philippines and abroad," the OECD report noted.

OECD explained that while the government has funded private sector-led strategies, like the Product and Technology Holistic Strategy (PATHS) roadmap, such a strategy is likely to "risk incoherence" with other strategic public goals.

Moreover, OECD said a government-led strategy developed in conjunction with relevant non-governmental stakeholders has "positive collaborative spillovers for the broader ecosystem."

The intergovernmental organization said such a strategy should highlight key goals for developing the semiconductor industry in the Philippines.

One of these goals, the OECD report stressed, is encouraging firms involved in the Philippine assembly, testing and packaging to move up the value chain by enhancing the technology intensity and value added to their operations through increased investments in innovation and human capital.

"The strategy should also include clear commitments to medium- to long-term government programs in the semiconductor ecosystem," the OECD report noted.

For instance, it said long-term continuity or expansion of funding for key initiatives (like the Advanced Device and Materials Testing Laboratory, Admatel) or an expansion of grants available to innovating firms could signal a strong commitment to the development of the Philippine ecosystem.

Similarly, OECD noted that a key focus could include "concrete" plans to meet human capital requirements in the semiconductor industry.

Key advantages

The OECD underscored this importance as it highlighted that the Philippines "boasts" key advantages for investments in the semiconductor industry and a number of existing, successful programs and policies are in place to support local firms.

Moreover, it noted that the Philippine government and leading policy makers have publicly announced their commitment to encouraging the development of the local semiconductor ecosystem.

OECD said this approach would provide a "single reference point" to understand the landscape of policies and incentives relevant to the ecosystem. *[Cont. page 2]*

Long-term strategy for semiconductor industry pushed

[Cont. from page 1]

"Developing a strategy would help all parts of government streamline their policy-making efforts. Clear benchmarks and policy plans would communicate the Philippines' vision for the semiconductor industry and further demonstrate a long-term commitment to policy and program continuity," OECD noted.

OECD highlighted that electronics products are the "single largest" Philippine export industry, accounting for almost 60 percent of total Philippine merchandise exports.

"Most of these exports are finished semiconductor products that are subsequently incorporated into electronic devices, reflecting the Philippines' role as a key player in assembly, testing and packaging services," the report underscored.

On Tuesday, President Ferdinand Marcos Jr. said he wants to create exclusive tax incentives for the semiconductor industry under Republic Act 12066 or the Corporate Recovery and Tax Incentives for Enterprises to Maximize Opportunities for Reinvigorating the Economy (CREATE MORE) Act to help boost the sector's competitiveness. See story in A5 News, "Marcos eyes tax incentives for semiconductor industry."

During his meeting with the Private Sector Advisory Council-Education and Jobs Sector Group (PSAC-EJSG) in Malacañang, the chief executive sought the inputs from semiconductor locators for crafting the said incentive scheme.

The Philippine Statistics Authority (PSA) recently reported that electronic products, which mostly comes from the semiconductor industry, was the country's top export product from January to November 2024 and generated US$2.79 billion worth of earnings.

Image credits: Nonie Reyes

Source: https://businessmirror.com.ph/2025/01/23/long-term-strategy-for-semiconductor-industry-pushed/

Individuals may soon bid in sale of 'small' government assets

January 23, 2025 | Jasper Emmanuel Arcalas | The Philippine Star

A photo of the exterior of the Department of Finance in Manila on January 16, 2025.

Philstar.com / Jean Mangaluz

MANILA, Philippines — The government may soon accept unsolicited proposals for the privatization of its various assets, particularly small ones, once the new rules are published and take effect, the Department of Finance (DOF) said.

Finance Undersecretary Catherine Fong said the new privatization guidelines have been approved but are still awaiting publication in the Official Gazette.

One key measure in the guidelines is the ability of individuals to make an unsolicited offer to a list of government assets that have been approved for privatization.

This, Fong said, would mostly involve around 28,000 real estate properties of varying sizes but are mostly "small" ones that involve around 200 square meters.

"It is tiny for the government to make an effort to market them. Besides, the government does not have a marketing arm," Fong said.

"At least we just publish the list and anybody interested in those properties may make an offer," Fong added.

Some of the pieces of real estate that are up for disposition already have informal settlers, who, Fong said, may bid for the property to make their ownership legal.

The unsolicited bids would still be up for challenge similar to a public-private partnership proposal, Fong said.

The finance official said they expect the guidelines to be published next month.

"A lot of these assets are in the provinces. We are looking into Filipinos buying their own home and properties," Fong said.

Finance Secretary Ralph Recto said the change in the privatization guidelines is an "innovation" since it is the first time the government is allowing unsolicited proposals.

The finance department expects that the new rules would help the government in raising significant revenues, especially with the disposition of assets that do not have or bring value to the state anymore.

The amended rules would also include provisions on allowing the submission of negotiated sales, direct purchases by present occupants of the residential properties and accreditation of real estate brokers to assist in the sale of the properties.

Last year, Fong said the Privatization and Management Office (PMO), which is attached to the DOF, has been slow in the process of selling state assets.

Source: https://www.philstar.com/business/2025/01/23/2416132/individuals-may-soon-bid-sale-small-government-assets

Philippines to push for free trade deal with US

January 24, 2025 | Justine Irish D. Tabile | BusinessWorld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THE PHILIPPINES will double down on securing a bilateral free trade agreement (FTA) with the US, which it assumes would be more possible under the administration of President Donald J. Trump, a Board of Investments (BoI) official said.

"The Philippines will push really hard for a bilateral FTA with the US," BoI Managing Head and Trade Undersecretary Ceferino S. Rodolfo told reporters on the sidelines of a European Chamber of Commerce of the Philippines (ECCP) press event on Thursday.

"Looking at the track record of Trump and his announcements in confirmation hearings, we'd really like to take advantage of this to convert this into actual policy initiatives that would move forward the Philippines-US bilateral free trade agreement and sectoral agreements," he added.

Mr. Rodolfo said the BoI sees a net positive impact from Mr. Trump's second term on Philippine-US economic relations.

"He was actually the only recent US president that welcomed a bilateral FTA with the Philippines," he said. "He did this in 2017 when he came here for the ASEAN Summit, and he issued, together with our president then, a joint statement saying that the US welcomes the Philippines' interest in a bilateral FTA."

Mr. Rodolfo said the Biden administration had been cautious towards the Philippines' moves to seek a bilateral FTA.

"For (the Biden) administration, it was so difficult to even have a watered-down statement that would say that the US notes the Philippines' interest in a bilateral trade agreement," he said.

He also noted that the key officials of Mr. Trump, including US Trade Representative Jamieson Greer and US State Secretary Marco Rubio, have a welcoming attitude towards a bilateral FTA and a sectoral agreement with the Philippines.

"So, in summary, looking at what happened in the congressional hearings and the confirmation process of the key officials and key Cabinet secretaries in Trump's administration, we really foresee a net positive impact on Philippines-US relations," he added.

Mr. Rodolfo said the reason he mentioned the plans to work on an FTA with the US at an ECCP event is to pressure the European Union (EU) to hasten negotiations on the FTA.

"We hope that this will also, in a way, hasten the negotiations of the EU-Philippines FTA, noting that the US and the EU are demandeurs (seekers) on certain aspects of bilateral FTAs with the Philippines, most particularly the geographic indications (GIs)," he said.

"The US and the EU are competitors in the GIs. Because if you look at it, the interests of the US and the EU are really on agricultural products. But for us, it's okay because we're complementary when it comes to agricultural products," he added.

The BoI official noted the Philippines has already opened up the sector to its current FTA partners — Australia, New Zealand, and China — which are producing almost similar competing products with the US and the EU.

"So, for us, it's just a matter of diversifying our import sources for these products. But for them, they are really competing head-on when it comes to agricultural products on GIs," he added.

However, Mr. Rodolfo said the EU has a head start since the US will still have to discuss the proposals, which are expected to take at least a year to be concretized.

"So, I really hope that the EU-Philippines FTA would be finished similar to how we finished the Philippines-European Free Trade Association (EFTA) FTA," he added.

ECCP President Paulo Duarte said that they are looking forward to the second round of the negotiations for the EU-Philippines FTA.

"The second round of negotiations for the EU-Philippines FTA is set to take place here in the Philippines next month," said Mr. Duarte. "The ECCP strongly believes that these negotiations will pave the way for enhanced cooperation between Europe and the Philippines." *[Cont. page 4]*

Philippines to push for free trade deal with US

[Cont. from page 3]

European Union Ambassador to the Philippines Massimo Santoro said that the next round will run from Feb. 10 to Feb. 14.

"I share very much also the importance of doing it well and doing it faster. And to do it fast, of course, we have to go together. It is a valid input for both sides, of course, because the better we do, the better the prospects for both our common goods and services are," said Mr. Santoro.

He said that the EU has concluded FTAs with other Association of Southeast Asian Nations (ASEAN) countries Singapore and Vietnam.

"They both entered into force some years ago. Through the FTA, we wish to facilitate not only trading merchandise but also in services," he added.

The EU-Philippines FTA is among the advocacy priorities of the ECCP, along with policies that promote economic liberalization and enhance the ease of doing business in the Philippines.

"As we champion the country as a preferred investment destination, we emphasize the integration of sustainability practices and digitalization, aligning with the Green Economy Program and the European Green Deal, among others," Mr. Duarte said.

"Recognizing the strategic importance of critical raw materials in advancing clean energy, digital technologies, and other key sectors, the chamber also advocates for policies that ensure secure, sustainable, and diversified supply chains," he added.

On Thursday, the ECCP launched its 2025 *Doing Business in the Philippines Guidebook*.

"This cornerstone publication remains an invaluable resource for businesses navigating the Philippine market, providing critical insights into the country's investment environment, regulatory framework, and economic landscape," said Mr. Duarte.

"Through this annual guidebook, we aim to equip investors with the tools and knowledge necessary to make sound decisions and capitalize on the vast opportunities the Philippines has to offer," he added.

Source: https://www.bworldonline.com/top-stories/2025/01/24/648726/philippines-to-push-for-free-trade-deal-with-us/

PH aims for 8% high end of GDP growth target

January 24, 2025 | Jocelyn Montemayor | Malaya Business Insight

President Ferdinand Marcos Jr. leads the NEDA Board meeting in Malacanang on Jan. 23, 2025. To his left is NEDA Secretary Arsenio Balisacan. (PCO Photo)

Simplify language on gains — Marcos

The Marcos administration yesterday reaffirmed its commitment to sustain a higher growth trajectory in 2025 and keep the inflation rate and poverty incidence within target levels.

National Economic and Development Authority (NEDA) Secretary Arsenio Balisacan said the government must avoid complacency to reach the growth target of 6-8 percent in gross domestic product (GDP).

At the 24th NEDA Board Meeting in Malacañang on Thursday, Balisacan presented the Philippine Development Report 2024, which highlighted the economic accomplishments of the country, including a list of projects launched and completed last year.

For 2025, Balisacan said the government aims to sustain a higher growth trajectory for GDP at between 6 percent and 8 percent – up from 6 to 6.5 percent in 2024; realize a headline inflation rate within 2 – 4 percent; and keep the poverty incidence below 13.2 percent, and in 2028, at 9 percent.

NEDA will continue to drive social economic transformation by diversifying and developing new growth drivers, enabling the adoption of new technologies, raising economic productivity and establishing meaningful collaborations with various stakeholders, Balisacan said.

President Ferdinand Marcos Jr. expressed satisfaction with what the country has achieved so far and wanted all economic achievements last year, including ongoing projects, fully explained to the public in a language that they would understand and eventually realize its benefits impact on their future and the improvement of overall quality of their lives. *[Cont. page 5]*

PH aims for 8% high end of GDP growth target

[Cont. from page 4]

"It has to be in a language that is easily digestible and in a language that makes sense to Juan dela Cruz. We're falling behind in making the connection between what we are doing to the lives of ordinary Filipinos," Marcos said.

The president said he wanted projects such as the Bataan-Cavite Bridge fully explained to the public to enable them to know that it was meant to ease traffic congestion in Metro Manila and open up all other places in Central Luzon and Calabarzon.

The president also wanted all efforts to ensure food security consolidated and reported to the Filipinos.

As previously reported by the government, the weaker-than-expected 5.2 percent growth in the third quarter of the year dragged the average growth in the first three

NEDA is set to announce the fourth quarter and full-year 2024 economic performance of the economy on January 30.

Meanwhile, the annual inflation average for 2024 slowed for the first time after a two-year climb, to 3.2 percent from 6.0 percent in 2023 and 5.8 percent in 2022, according to the Philippine Statistics Authority.

The inflation numbers were within the government's target of 2 percent to 4 percent for 2024

The Executive Branch said it would also work together with Congress to secure development priorities to ensure fiscal programs support growth and institutionalize the regular conduct of monitoring and evaluation and integration in budgeting, planning, and investment programming.

Source: https://malaya.com.ph/business/business-news/ph-aims-for-8-high-end-of-gdp-growth-target/

Growth prospects high for energy firms, but IPO market unfavorable — analysts

January 24, 2025 | Sheldeen Joy Talavera | BusinessWorld

ENERGY companies are poised for growth this year because of increasing power demand, but the environment may not be conducive enough for initial public offerings (IPOs) due to uncertainty amid developments in the United States, according to analysts.

A man inspects solar panels in this file photo. — PHILIPPINE STAR/ EDD GUMBAN

"The outlook for sustained energy demand growth should help keep the appetite for capacity build-out among power generation companies healthy," Rastine Mackie D. Mercado, research director at China Bank Securities Corp., told *BusinessWorld* via e-mail.

He added that power generation firms could continue to tap equity markets for potential fundraising opportunities.

"However, we think that continuing uncertainties around possible changes in US government policies, alongside potential upside US inflation risks and consequential changes to the Fed's policy outlook could weigh on investor sentiment in the near term, and may present a challenge for companies looking to conduct an IPO," he said.

An improvement in market conditions should help support appetite for potential listings this year, he also said.

Last year, there were only three IPOs, namely gold and copper mining company OceanaGold (Philippines), Inc., and energy companies Citicore Renewable Energy Corp. and NexGen Energy Corp.

This was below the six-IPO target of the Philippine Stock Exchange (PSE).

The PSE was supposed to have its fourth IPO in 2024 with the public listing of Cebu-based fuel retailer Topline Business Development Corp., but it decided to move its offer period to the second quarter of 2025 to accommodate institutional investors.

For 2025, the PSE is aiming to raise P120 billion in capital.

"Current market conditions are not conducive for IPOs in general," Juan Paolo E. Colet, managing director at China Bank Capital Corp., said in a Viber message.

"While some exceptional companies can probably command good valuations notwithstanding the weak market, we think most potential IPO candidates will be extra patient until investor sentiment and fund flows improve significantly, there is more clarity on Trump 2.0, and the midterm elections are done," he added. *[Cont. page 6]*

Growth prospects high for energy firms, but IPO market unfavorable — analysts

[Cont. from page 5]

On Monday, US President-elect Donald J. Trump was inaugurated, marking the start of his second term.

Energy firms considering going public will have more reason to wait, said Mr. Colet, amid generally low trading of the more established listed energy players.

“At this point, our best case is that only one or two energy companies can do an IPO this year,” he said.

Some analysts, however, expressed optimism about the potential listings from the energy sector.

“The Philippine energy sector remains poised for continued growth this year, underpinned by rising demand for reliable power, supportive government policies on renewables, and growing investor appetite for sustainable projects,” said Jayniel Carl S. Manuel, equity trader at Seedbox Securities, Inc.

Mr. Manuel said that the government’s support and the growing need for reliable energy have helped foster “a good climate for these listings.”

Following the “positive showings” of recent energy IPOs such as Citicore, NextGen, and Alternergy Holdings Corp., he said that this reflects a clear demand for power companies in the country, especially those focused on clean and renewable energy.

“We expect several energy firms to consider going public this year, but their success will depend on careful preparation and broader market conditions,” he said. “In the end, having a strong, transparent plan for growth and showing that the business can be both profitable and responsible will be key to maintaining the positive track record we’ve seen so far.”

Conducting IPOs is among the ways to raise capital for large-scale projects, Toby Allan C. Arce, head of sales trading at Globalinks Securities and Stocks, Inc., noted.

“The energy sector, especially renewables, offers high growth potential as it aligns with long-term global trends. IPOs are an effective way to capitalize on investor interest and raise funds for scaling operations,” Mr. Arce said.

Source: bworldonline.com/corporate/2025/01/24/648670/growth-prospects-high-for-energy-firms-but-ipo-market-unfavorable-analysts/

DOTr eyes more airport privatization

January 24, 2025 | BUSINESS SNIPPETS - Marianne Go | The Philippine Star

In an interview, Secretary Bautista gave updates on the Sangley Airport project, Clark Airport, the Villar-led airport projects in Iloilo and Puerto Princesa, as well as plans for the Davao International Airport.

STAR / File

Transportation Secretary Jaime Bautista is stepping up pressure on interested proponents of other airport projects following the successful privatization of the Ninoy Aquino International Airport to the Ramon Ang-led San Miguel Corp. consortium, which in a short four months has already implemented and improved the capacity utilization of the country’s premiere gateway.

In an interview, Secretary Bautista gave updates on the Sangley Airport project, Clark Airport, the Villar-led airport projects in Iloilo and Puerto Princesa, as well as plans for the Davao International Airport.

DOTr officials led by Bautista yesterday met with representatives of the Yuchengco-led Sangley Point International Airport Consortium that includes MacroAsia Corp. and the Virata-led Cavitex Holdings Inc., and the Cavite Local Government representatives to discuss how to proceed with the proposed $11-billion airport project that was awarded way back in September 2022.

According to Bautista, the Sangley airport project will take much longer than expected to be developed into an international gateway. He admitted that development could take “at least 10 years.”

As such, he said the interim plan is to use the Cavite airport as an adjunct facility to NAIA. At present, Bautista pointed out, the Sangley airport is operational and currently being used for “fish runs.” He explained that fish cargo shipments currently use Sangley. *[Cont. page 7]*

DOTr eyes more airport privatization

[Cont. from page 6]

Additionally, the DOTr chief said, “we are eyeing it to accommodate the smaller turbo prop operations.” The New NAIA Infra Corp. and the DOTr had already agreed that turbo prop operations would be transferred out of NAIA to Clark International Airport, allowing the Parañaque airport facility to accommodate the larger capacity airplanes and improve flight operations further.

Even so, Bautista admitted, plans to utilize Sangley as an adjunct to NAIA for domestic operations would still also take some time to be implemented as “the runway needs to be extended.”

Bautista assured that even if Sangley is used for some turbo prop operations, Clark’s takeover of turbo prop accommodation would not be diminished as “Clark serves a different market to the north.”

The DOTr Secretary also acknowledged that Clark’s unpopularity to travelers is due to the continued delay in the government’s railway project that would provide faster connection to Mega Manila.

The DOTr, on the other hand, is already prodding the Villar group to complete the submission for its proposed P31-billion Puerto Princesa and Iloilo airport projects, warning them that if they take longer than the deadline, “I may bid out the projects to other interested parties.”

Real estate developer Manny Villar last year had submitted a proposal for the Puerto Princesa airport project, P10.24 billion, and P20.85 billion for the Iloilo International Airport. They have been given up to the first quarter of this year to submit their proposal, with the hope that the two projects can be awarded this year.

Secretary Bautista also revealed that the World Bank’s International Finance Corp. is preparing the Terms of Reference for the Davao International Airport privatization. The DOTR and IFC signed an agreement in November last year for the IFC to serve as the transaction advisor for the Davao airport privatization. The IFC study, Bautista said, would hopefully be completed in four to five months.

The Davao airport, Bautista pointed out, is the third busiest in the country and provides connectivity to our neighbors in the south such as Malaysia and Indonesia, and maybe even further to Australia and New Zealand.

Source: https://www.philstar.com/business/2025/01/24/2416358/dotr-eyes-more-airport-privatization

Contact Us

Korean Chamber of Commerce Philippines, Inc. (KCCP)
Unit 1104 Antel Corporate Center, 121 Valero St., Salcedo Village, Makati City
(02) 8885 7342 | (02) 8404 3099
info@kccp.ph | www.kccp.ph


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