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SPECIAL POINTS OF INTEREST

PH gross foreign reserves down but way above global standard import cover—analyst

February 10, 2025 | Malaya Business Insight

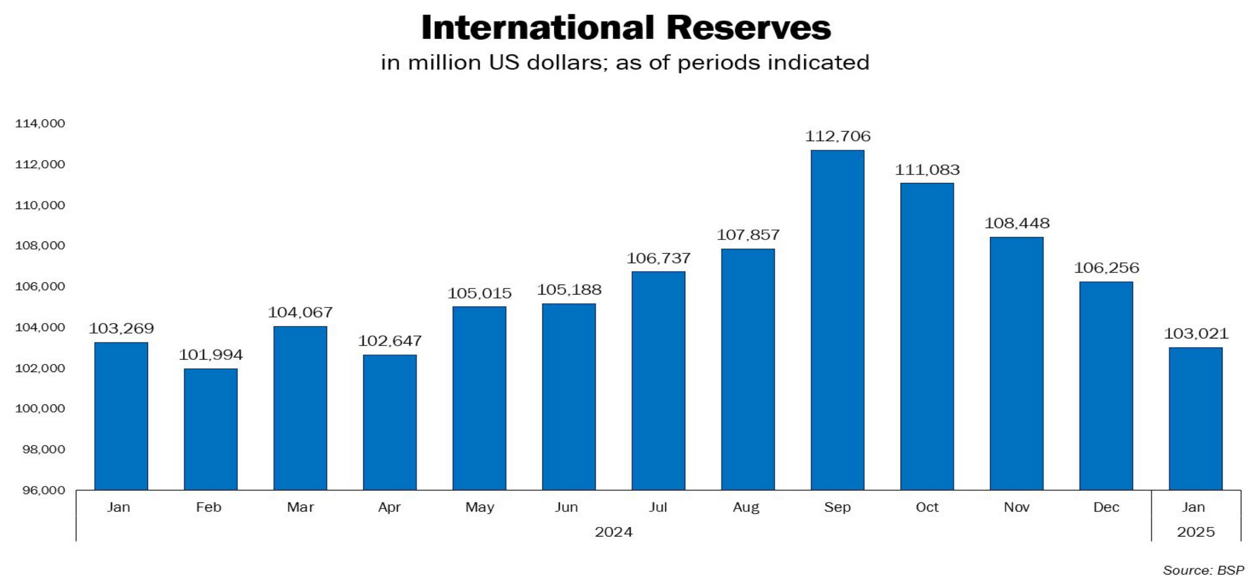
The drop in Philippine gross international reserves (GIR) to a nine-month low, reported late last week by the central bank, also shows some positive signs about the country's payment accounts, including the fact the reserves remain above the $100-billion mark for the 16th straight month, an analyst pointed out.

RCBC chief economist Michael Ricafort also cited the increase in BSP's gold holdings to a four-year high, and that despite the lower 7.3 months of imports covered by the GIR, the reserves still stood more than twice the international standard of three to four months' cover.

The central bank on Friday released the GIR data for end-January 2025, showing the level at $103 billion, down from $106.3 billion at end-December 2024. It said its foreign exchange interventions and the national government's debt payments during the period pulled the country's GIR level down to its lowest since April 2020. (See the sidebar story on BSP's GIR report).

Ricafort said: "It (GIR) declined after some net payment of the national government's foreign debt maturities and other obligations denominated in other foreign currencies… BSP's net foreign exchange operations in view of the US dollar volatility were offset by the increase in gold holdings to new four-year highs, or since August 2020, after world gold prices again posted new record highs recently."

Going forward, Ricafort sees a potential boost to the GIR from the recent $3.3 billion additional foreign commercial borrowings made by the national government in the latter part of January 2025, which "could be reflected in February 2025 [and] that could be added to the country's balance of payments and GIR data."



He stressed that the GIR, equivalent to 7.3 months' worth of imports in recent months, is "the lowest in more than two years, or since 2022, and down from an immediate high of 8.1 months in September 2024, but still more than twice the international standard of three to four months and sustained well above the $100 billion mark."

"This could strengthen the country's external position, which is positive for sustaining the country's favorable credit ratings of 1-3 notches above investment grade as consistently seen since the pandemic or over the past four years," Ricafort added.

Source: https://malaya.com.ph/business/business-news/ph-gross-foreign-reserves-down-but-way-above-global-standard-import-cover-analyst/

Philippines FDI drops 20% in November despite strong year

February 10, 2025 | Jean Mangaluz | The Philippine Star

This photo shows a picture of U.S. Dollars.
Star/ Edd Gumban, file

MANILA, Philippines — Foreign direct investment into the Philippines fell to $901 million in November 2024, the central bank said on Monday, February 10.

“This represents a decline of 19.8% from the US$1.1 billion net inflows recorded in November 2023,” the BSP said in statement.

Net investments in debt instruments decreased to $791 million, down 17.9% from $964 million in the previous year. Equity capital investments, excluding reinvested earnings, dropped sharply by 58.9% to $35 million.

Reinvested earnings remained stable at $74 million.

Top investors. Japan emerged as the dominant investor, contributing 49% of November's FDI, followed by the United States at 24% and Singapore at 17%.

For the January-November period, Japan and the United Kingdom each accounted for 39% of total investments, while the U.S. contributed 10% and Singapore 5%.

Sectors. The breakdown of percentages per industry for the month of November 2024 alone are as follows:

Manufacturing: 49%
Real Estate: 25%
Financial and Insurance: 9%
Administrative and Support Service Industries: 5%
Others: 12%

Taken cumulative from January 2024 to November 2024, FDI in the real estate industry took up a smaller percentage. Here is the FDI percentages per industry from January to November 2024:

Manufacturing: 72%
Real Estate: 12%
Wholesale and retail trade: 4%
Others: 12%

Year-to-date performance. Despite November's decline, cumulative FDI for January through November 2024 increased by 4.4% to $8.6 billion from $8.2 billion in the same period of 2023.

Source: https://www.philstar.com/business/2025/02/10/2420576/philippines-fdi-drops-20-november-despite-strong-year

Vietnam leads SEA in digital economy

February 10, 2025 | Philippine News Agency

(Azertac photo)

BAKU – Vietnam's digital economy expanded at an unprecedented pace in 2024, accounting for 18.3 percent of gross domestic product (GDP) and growing over 20 percent annually —three times faster than the country's overall GDP growth rate and the fastest in Southeast Asia, according to the Vietnam News Agency (VNA).

The Ministry of Information and Communications (MIC) reported that Vietnam has made significant progress in digital transformation.

The country jumped 15 places in the United Nations e-Government Development Index (EGDI), ranking 71st out of 193 nations —its first time being classified among countries with a "very high" e-government development index.

New policies, including the revised Telecommunications Law and Data Law, have addressed challenges such as data monopolization, enabling better sharing and utilization of digital resources.

These changes have fueled the rise of artificial intelligence-driven industries and strengthened public-private partnerships in information technology investment and digital governance.

Meanwhile, new regulations on social media and cybersecurity have enhanced Vietnam’s ability to combat online fraud and cyber threats. ***(AZERTAC)***

Source: https://www.pna.gov.ph/articles/1243764

ARTA to cut red tape in electronics sector

February 10, 2025 | Janine Alexis Miguel | The Manila Times

THE government's streamlined regulatory reforms will now cover the semiconductor industry, along with migrant workers and shipbuilding, according to the Anti-Red Tape Authority (ARTA).

ARTA Secretary Ernesto Perez said the initiative recognizes the semiconductor sector as a priority industry for foreign investment and job creation.

The semiconductor sector, as well as migrant workers and shipbuilding, help drive economic growth, Perez noted, stressing that cutting red tape in these sectors is crucial to boosting the country's global competitiveness.

Semiconductors accounted for the Philippines' largest export product in 2024. Electronics earned $2.80 billion, or 49.6 percent of total exports, in December last year.ARTA is tasked to prevent delays, standardize processes, and improve regulatory efficiency in government services.

It has a Central Business Portal, a digital platform that streamlines business registration by cutting the process from 13 steps and 33 days to just six steps and three days. Since its launch, the platform has facilitated 59,095 corporate registrations and approved 16,257 new entrepreneurs.

Perez pointed out that the agency's digitalization efforts have enabled 1,203 local government units (LGUs) to automate their business permitting systems, aligning with the Electronic Business One-Stop-Shop (eBOSS) standards.

Executive Order (EO) 32, meanwhile, reduced the approval time for telecommunications infrastructure, slashing it from 255-300 days to just 59 days.

This year, ARTA will implement more reforms across different industries, such as mining and water infrastructure projects.

Perez reiterated that digitalization and regulatory streamlining are key to make the Philippines a desirable destination for investments and business. "If our system is slow and unpredictable, we lose out," he said.

Source: https://www.manilatimes.net/2025/02/10/business/top-business/arta-to-cut-red-tape-in-electronics-sector/2052656

NEDA monitoring risks to growth

February 10, 2025 | John Victor D. Ordoñez | BusinessWorld

PHILIPPINE STAR /EDD GUMBAN

THE NATIONAL Economic Development Authority (NEDA) is monitoring “uncertainties,” such as geopolitical risks, that could affect the country’s 6-8% gross domestic product (GDP) growth target this year, an official said on Monday.

“We really need to consider a lot of scenarios (before adjusting the growth target),” NEDA Undersecretary Rosemarie G. Edillon told reporters on the sidelines of a Palace briefing.

“Because on one hand, you are seeing that tensions in the Middle East are easing and that would actually lower fuel prices and that would have a good impact on us, but off hand, I cannot say (if growth target will be revised).”

The Development Budget Coordination Committee is set to hold its first meeting this year in March.

The Philippine economy grew by a weaker-than-expected 5.6% in 2024, falling short of the government’s revised 6-6.5% target.

Budget Secretary Amenah F. Pangandaman told reporters last week that the government could adjust the target if needed.

Finance Secretary Ralph G. Recto earlier told *BusinessWorld* that achieving a 6-6.5% GDP growth is “doable for 2025.”

Meanwhile, Ms. Edillon said the Philippines should reposition itself as an alternative source of exports to the US to benefit from the ongoing trade war Washington has with its partners such as Canada.

“In fact, if we can position our country as a very attractive alternative source for former exports to the US, we can actually benefit,” she said in mixed English and Filipino.

“We can gain a lot from our regional free trade agreements, so we’re assuming that in case Canada, perhaps, they will maximize the regional free trade agreements, and this is where we can really benefit,” she added.

US President Donald J. Trump earlier imposed a 25% additional tariff on imports from Canada and Mexico but later put it on hold. He also implemented an additional 10% tariff on imports from China.

The NEDA undersecretary said Manila has to strengthen sectors such as the chip and semiconductor industry to boost its exports.

Source: https://www.bworldonline.com/the-nation/2025/02/10/652412/neda-monitoring-risks-to-growth/

PHL may hit low end of growth target this year

February 11, 2025 | L.M.J.C. Jocson | Malaya Business Insight

THE PHILIPPINE ECONOMY will likely hit the low end of the government's 6-8% growth target this year, Capital Economics said.

"Our forecast is that growth will remain relatively strong as looser monetary policy helps offset the drag from weaker exports and tighter fiscal policy. Overall, we expect the economy to grow by 6% this year," it said in a report.

Colorful flower arrangements are displayed ahead of Valentine's Day at a stall in Cubao, Quezon City, Feb. 9, 2025. — PHILIPPINE STAR/MIGUEL DE GUZMAN

Capital Economics expects Philippine gross domestic product (GDP) to grow by 6% this year and by 6.5% next year. These are both within the government's 6-8% targets for 2025 to 2026.

In 2024, GDP expanded by 5.6%, falling short of the government's 6-6.5% target.

"Strong and steady growth supports our view that the easing cycle will remain gradual over the coming months," Capital Economics said.

It expects the Bangko Sentral ng Pilipinas (BSP) to deliver a total of 100 basis points (bps) worth of rate cuts this year.

BSP Governor Eli M. Remolona, Jr. has signaled the possibility of lowering rates by a total of 50 bps this year, citing that 75 bps or 100 bps may be a bit "too much."

Meanwhile, Capital Economics said inflationary pressures have "eased significantly" and will likely continue to remain within target in the coming months.

It expects headline inflation to settle at 3.2% this year and ease further to 2.9% in 2026.

"A combination of easing food price inflation and lower transport price inflation should keep inflation contained over the coming months," Capital Economics added.

Source: https://www.bworldonline.com/top-stories/2025/02/11/652460/phl-may-hit-low-end-of-growth-target-this-year/

JFC Meeting with Department of Tourism

February 08, 2025 | DOT Office | Official Facebook of the Department of Tourism

IN PHOTOS: Department of Tourism (DOT) Secretary Christina Garcia Frasco met with members of the Joint Foreign Chambers of the Philippines (JFC) on Tuesday (Feb. 4) at the DOT Office to discuss shared policy priorities and strengthen partnerships that promote tourism growth. Key topics included the turnover of the 2024 Airports Policy Brief and updates on legislative measures impacting the tourism sector, such as the Blue Economy Bill and amendments to the Civil Aviation Authority of the Philippines (CAAP) charter. *[Cont. page 5]*

JFC Meeting with Department of Tourism

[Cont. from page 4]

The meeting emphasized the importance of collaboration between the DOT and JFC in positioning the Philippines as a premier tourist destination and enhancing the overall traveler experience. During the meeting, Secretary Frasco encouraged JFC members to serve as tourism ambassadors within their respective jurisdictions, assisting in the promotion of the Philippines as a top-tier travel destination. Representing the JFC were Mr. Joseph Um, President of the Korean Chamber of Commerce (KCCP); Mr. Robert Choi, Vice President of KCCP; Mr. Julian Payne, President of the Canadian Chamber of Commerce; Mr. Florian Gottein, Executive Director of the European Chamber of Commerce (ECCP); Mr. Bruce Winton, Director of the American Chamber of Commerce (AmCham); Mr. Nobuo Fujii, Vice President of the Japanese Chamber of Commerce and Industry; Ms. Katie Stuntz, Project Director of Arangkada Philippines; Atty. Manolito "Mannix" Manalo, Aviation Committee Co-Chairperson of ECCP; Ms. Sarah Gomez, Grants and Research Manager of Arangkada Philippines; and Mr. Rome Guina, Industry Development Specialist for Tourism at AmCham. Joining Secretary Frasco were DOT Undersecretaries Myra Paz Valderrosa-Abubakar and Ferdinand "Cocoy" Jumapao, Assistant Secretary Sharlene Batin, and Directors Glenn Albert Ocampo, Azucena Pallugna, and Paulo Tugbang, and Head Executive Assistant Frances Villarino.

#LoveThePhilippines #BagongPilipinas

Photo Credits: Official Facebook Page of the Department of Tourism

Source: Official Facebook Page of the Department of Tourism

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