필리핀 한국 상공회의소 뉴스

KOREAN CHAMBER OF COMMERCE PHILIPPINES NEWSLETTER

March 2025 Issue | Vol. 19

SPECIAL POINTS OF INTEREST

Factory output growth accelerates in January

March 09, 2025 | Louella Desiderio | The Philippine Star

Photo shows workers at a textile factory in Manila.

STAR / File

MANILA, Philippines — The manufacturing sector started the year strong with output growing at a faster pace in January, driven mainly by increased food production, according to the Philippine Statistics Authority (PSA).

Preliminary results of the PSA's Monthly Integrated Survey of Selected Industries showed that the Volume of Production Index (VoPI) for manufacturing registered a faster increase of 3.2 percent in January from a 0.4-percent increment in December 2024.

In January last year, the VoPI for manufacturing registered a 0.3-percent contraction.

The PSA said faster VoPI growth was primarily driven by the manufacture of food products, which posted a 9.4-percent increase in January from a 0.3-percent decline in December last year.

Also driving the faster VoPI growth was the manufacture of basic metals, which registered a smaller decline of 2.4 percent from 19.5 percent in the previous month.

Another main driver was the production of machinery and equipment, with a growth rate of 62.1 percent in January from the previous month's 40.9 percent.

Of the remaining 19 industry divisions, 11 posted increases in January: electrical equipment; chemical and chemical products; wood, bamboo, cane, rattan articles and related products; beverages; tobacco products; fabricated metal products, except machinery and equipment; textiles; rubber and plastic products; furniture; leather and related products, including footwear and wearing apparel.

Meanwhile, those with negative growth rates are computer, electronic and optical products; other manufacturing and repair and installation of machinery and equipment; basic pharmaceutical products and pharmaceutical preparations; coke and refined petroleum products; transport equipment; other non-metallic mineral products; printing and reproduction of recorded media and paper and paper products.

The Value of Production Index (VaPI) also registered a faster increase of four percent in January from a 0.4-percent uptick in December last year.

In January 2024, the VaPI registered a 1.4-percent contraction.

"The acceleration in the annual rate of VaPI for manufacturing in January 2025 was mainly attributed to the annual increase in the manufacture of food products at 9.3 percent during the month from an annual increase of 1.4 percent in the previous month," the PSA said.

Other primary contributors to the faster VaPI growth were the slower decline in the manufacture of basic metals at 1.2 percent in January from the previous month's 18.4-percent contraction and the manufacture of machinery and equipment except electrical, which registered a 65.7-percent growth from the previous month's 45-percent increase.

The average capacity utilization rate for manufacturing in January was at 75.9 percent, up from the previous month's 75.6 percent and 74.5 percent in the same month last year.

"All industry divisions reported capacity utilization rates of more than 60 percent during the month," the PSA said.

Industry divisions with the highest reported capacity utilization in January were printing and reproduction of recorded media at 83.3 percent, other non-metallic mineral products at 82 percent and other manufacturing and repair and installation of machinery and equipment at 80.7 percent.

The PSA said 26.5 percent of the total number of responding establishments operated at full capacity (90 percent to 100 percent) while 43.2 percent operated at 70 to 89 percent capacity. Meanwhile, 30.3 percent were at below 70 percent capacity.

Source: https://www.philstar.com/business/2025/03/09/2426886/factory-output-growth-accelerates-january

World Bank says PHL can boost revenues by expanding its VAT base

March 10, 2025 | Aubrey Rose A. Inosante | BusinessWorld

EMPLOYEES arrange products inside a grocery store in Quezon City. The Philippines' 12% value-added tax rate is relatively higher compared with Southeast and East Asian countries, an analyst said. — PHILIPPINE STAR/ MIGUEL DE GUZMAN

THE PHILIPPINES can boost its revenue collections by expanding its value-added tax (VAT) base and improving tax administration, the World Bank said.

In an e-mail interview with *BusinessWorld*, World Bank Country Director for the Philippines, Malaysia, and Brunei Zafer Mustafaoğlu said the Philippine government has "substantial space to increase VAT revenues by improving compliance and reducing exemptions and special rates."

"The government could generate significant reforms by improving tax administration and taking steps to broaden the VAT base, through amendments in tax policy," Mr. Mustafaoğlu said on Feb. 18.

VAT, an indirect tax that can be passed on to buyers, is a form of sales tax imposed on sale, barter, exchange, or lease of goods or properties and services.

Mr. Mustafaoğlu said the country should also address tax policy gaps and opportunities to improve tax administration.

Sought for comment, Department of Finance (DoF) Secretary Ralph G. Recto told *BusinessWorld*: "We are looking for ways to expand VAT base and that includes VAT on digital services among others."

President Ferdinand R. Marcos, Jr. last October signed Republic Act No. 12023, which imposes a 12% VAT on digital services providers (DSPs), both resident and nonresident.

About P7.25 billion is expected to be collected from this law this year, and another P21.37 billion in 2026, and P26.27 billion in 2029, the DoF said.

"Yes, we're improving tax administration. Tax administration also includes our digitalization program. I don't agree with the International Monetary Fund to VAT senior citizens. It is not in our value system," Mr. Recto said.

In a 2022 report, the IMF had suggested the Philippine government increase VAT revenue by removing exemptions and zero-ratings, including those for senior citizens, who are entitled to a 12% VAT exemption granted by the Expanded Senior Citizens Act.

Meanwhile, Minimal Government Thinkers (Manila) President Bienvenido S. Oplas, Jr. said that while he agrees with the World Bank that the Philippines should broaden the tax base, he believes that the VAT rate should be reduced instead.

"But for me, broaden the VAT base by reducing the rate from 12% with plenty of exempted sectors to 7-8% with zero exempted sector except raw agriculture and fishery products," Mr. Oplas said.

The Philippines' 12% VAT rate is relatively higher compared with Southeast and East Asian countries, he said.

China imposes 13% VAT for general goods sales and imports, this was followed by Indonesia, which is at 12%, and Cambodia, Malaysia, Vietnam (standard rate), and Laos at 10%. Singapore's VAT is at 9%, while Thailand has a 7% rate.

Myanmar has no VAT but imposes a commercial tax ranging from 0-15% as a turnover tax on goods and services.

Other countries such as South Korea levy a 10% VAT on goods and services, while Japan's VAT is at 10%. Hong Kong does not have VAT, goods and services tax or sales tax.

Eleanor L. Roque, tax principal of P&A Grant Thornton, said almost all the transactions are already subject to VAT, and increasing taxes affects the most vulnerable.

"Other exempt transactions like sale of certain food items are exempted because increasing their cost due to VAT is detrimental to our vulnerable population," she told *BusinessWorld* via an e-mailed statement.

Ms. Roque suggested that regulators should focus on improving taxpayer compliance and simplifying tax rules.

She also argued that the Philippines is not "lesser taxed" compared with its Association of Southeast Asian Nations neighbors.

Meanwhile, Jose Enrique "Sonny" A. Africa, executive director at think tank IBON Foundation, said expanding the VAT base would distort consumption patterns of the low-income households. *[Cont. page 3]*

World Bank says PHL can boost revenues by expanding its VAT base
[Cont. from page 2]

"Especially in the context of the Philippines with such wide gaps in income and wealth, the design of the tax system should be rigorously guided by equity considerations and not just by revenue collection," he said.

He noted that the government's reliance on VAT has significantly increased as it accounts for 18.9% of BIR revenues in 2023 from 7.9% in 1989.

Mr. Africa said the government should instead impose higher tax rates on luxury goods like luxury cars, jewelry, designer goods and other high-end products in the "inherently regressive VAT system."

However, he noted the government should grant VAT exemptions for food and agricultural products, educational services, healthcare, specific goods for seniors and persons with disability, and reading materials.

Source: https://www.bworldonline.com/top-stories/2025/03/10/658140/world-bank-says-phl-can-boost-revenues-by-expanding-its-vat-base/

DOLE recommends flexible work hours as heat intensifies
March 10, 2025 | Justine Xyrah Garcia | BusinessMirror

THE Department of Labor and Employment (DOLE) is recommending flexible work schedules for employees exposed to extreme heat, particularly in high-risk industries like construction.

The proposal suggests shifting work hours earlier in the day, from 6 AM to 11 AM, and resuming from 2 PM to 6 PM to minimize exposure to the intense midday sun.

"We encourage outdoor workers and those exposed to intense heat to shift their work hours where possible. The goal is to avoid working under the harsh sun between 11 AM and 12 noon," Bureau of Working Conditions Director Alvin B. Curada said in an interview on Friday.

Curada"We are closely monitoring the construction industry because we understand that workers in this sector are constantly exposed to the sun. That's why our labor inspectors are also out in the field, checking whether they are being provided with personal protective equipment," he explained.

For jobs where avoiding extreme heat is impossible, DOLE recommends implementing 30-minute heat breaks every two to three hours and adopting a buddy system to monitor workers' well-being.

Curada also acknowledged that heat-related risks are not limited to outdoor workers. Employers in enclosed spaces—such as factories—should ensure proper ventilation to prevent heat-related illnesses.

He explained that even air-conditioned workplaces may need adjustments, such as changes in work hours or arrangement, if possible, to reduce exposure to heat during commutes.

"Employers should discuss what adjustments can be made, which units or divisions can work from home, and set clear criteria on who qualifies and for how long," the labor director added.

Curada assured the public that DOLE has been ramping up its advocacy efforts to remind employers to implement these mitigating measures.

He also cited Labor Advisory 8, issued by Labor Secretary Bienvenido E. Laguesma in 2023, which directs companies to assess risks faced by workers, particularly those with comorbidities and those working under direct sunlight.

Beyond recommendations, companies that fail to comply with workplace safety regulations could face penalties under Department Order 198.

"For those in the construction industry, not providing personal protective equipment could result in a fine of around P50,000 per day and many other penalties," Curada warned.

Under DO 198, penalties for workplace safety violations range from P20,000 to P50,000 per violation, depending on the offense.

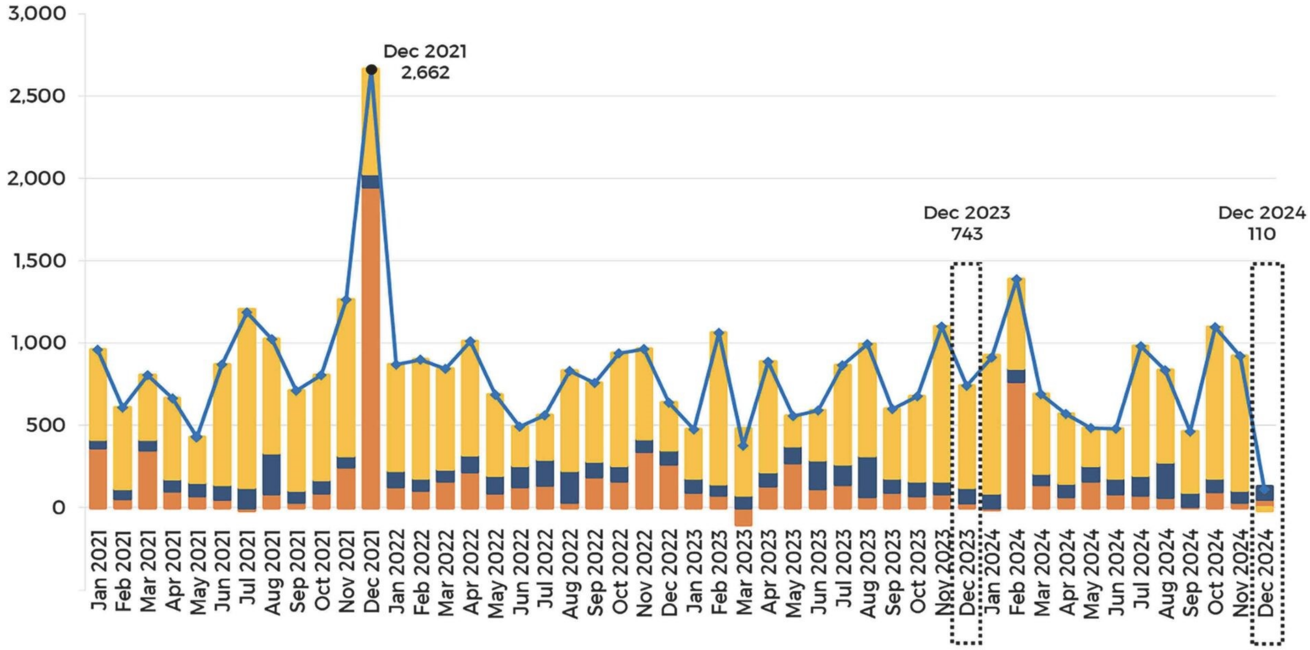
These include failure to register establishments, provide job safety training, medical facilities, safety officers, protective equipment, and comply with other Occupational Safety and Health standards.

Workers experiencing unsafe conditions or wishing to report violations can file complaints with DOLE through hotline 1349 or by visiting the department's regional and field offices.

Source: https://www.bworldonline.com/top-stories/2025/03/10/658140/world-bank-says-phl-can-boost-revenues-by-expanding-its-vat-base/

FDI DEC net inflows plunge 85.19% to 11-yr low

March 11, 2025 | Jimmy Calapati | Malaya Business Insight



Time for 'wait-and-see;' possible turnaround in Q2 — analysts

Net foreign direct investment (FDI) in the Philippines plunged 85.19 percent to $110 million in December 2024 from a year earlier, the Bangko Sentral ng Pilipinas (BSP) said in a statement on Monday.

That is the lowest net inflow level in 11 years, or since December 2013, when the net inflows hit $102 million, an analyst said.

The December 2024 net FDI fell from the year-earlier $743 million largely due to increased debt repayments by resident corporations to their non-resident direct investors, the BSP said.

The comparative November 2024 net FDI stood at $0.9 billion, down 19.8 percent year-on-year.

Investors will now be opting to wait and see how the global reactions to US President Donald Trump's tariff policy and the expected policy rate cuts of the BSP will pan out, analysts said.

For the entire January-December 2024 period, the BSP pointed out that the FDI net inflows remained on the positive side and settled at $8.93 billion, or up 0.1 percent from the $8.925 billion net inflows recorded in the prior year.

Behind the plunge

"While non-residents' net equity capital investments rose, the FDI declined due to increased debt repayments by resident corporations to their nonresident direct investors," the BSP said.

As a result of these higher debt repayments, net foreign investment in debt instruments shifted to net outflows of $19 million in December 2024 from net inflows of $618 million in December 2023.

Meanwhile, non-residents' net investments in equity capital rose 58 percent, reaching $49 million, compared with $31 million in December 2023.

Sources of capital

The BSP said equity capital placements in December 2024 came primarily from Singapore, Japan, the United States and South Korea.

"These investments were mostly directed toward information and communication; manufacturing; financial and insurance; construction; and real estate industries," the BSP said.

FDI, a measure of actual capital that entered the Philippines, refers to investment by a non-resident direct investor in a domestic enterprise, where the equity capital in the latter is at least 10 percent. *[Cont. page 5]*

FDI DEC net inflows plunge 85.19% to 11-yr low

[Cont. from page 4]

FDI also includes investment made by a non-resident subsidiary or associate in its resident direct investor.

Time for 'wait-and-see'

Jonathan Ravelas, BDO lead strategist, said in a Viber message the decline could be "a good wait-and-see" amid Trump's victory. "(FDIs) could recover in the second half as uncertainty subsides," Ravelas said.

Michael Ricafort, RCBC chief economist, said the sharply lower net FDI data for the month of December 2024 might be attributed in part to the CREATE MORE IRR awaited but already released on Feb 17, 2025.

Signed into law on Nov 11, 2024, the CREATE MORE Act offers tax incentives to foreign investors in a bid to make the country competitive, investment-friendly, predictable and accountable.

"For the coming months, the release of the CREATE MORE IRR could make foreign investors/FDIs to become more decisive in locating in the country amid enhanced incentives for foreign investors," Ricafort said.

Ricafort added that uncertainty related to possible protectionist policies by Trump that encourage more investments and jobs in the US rather than outside the US could have reduced FDIs.

"Offsetting risk factors that could continue to weigh on FDIs include Trump's threats of higher US import tariffs, reciprocal tariffs, and other protectionist measures, all of which could encourage foreign investors to locate in the US to avert higher import tariffs and create more jobs in the US as part of Trump's America-first policy," Ricafort said.

"Some foreign investors could have also waited for BSP rates to go down further before becoming more aggressive to finance more FDIs, amid still relatively higher interest rates since 2022," he added.

He said further rate cuts by the BSP in the coming months would also make borrowing costs (more acceptable) from the point of view of foreign investors. This would help increase demand for loans to finance more FDIs into the country, both new and expansion projects.

The BSP explained that its FDI statistics are different from the investment data of other government sources.

"BSP's FDI covers actual investment inflows. In contrast, the approved foreign investment data published by the Philippine Statistics Authority (PSA) are sourced from Investment Promotion Agencies (IPAs). These represent investment commitments, which may not necessarily be fully realized in a given period," BSP said.

"The PSA data are not based on the 10-percent foreign ownership criterion as defined by the BSP. The PSA's foreign investment data do not account for equity withdrawals," the BSP said.***

Source: https://malaya.com.ph/business/business-news/fdi-dec-net-inflows-plunge-85-19-to-11-yr-low/

BIR urges early filing of income tax returns, deadline on April 15, 2025

March 07, 2025 | Mariel Celine Serquiña | GMA Integrated News

GMA NEWS ONLINE
YOUR NEWS AUTHORITY

The Bureau of Internal Revenue is calling on taxpayers to pay the correct taxes and file their annual income tax returns early on or before April 15, 2025.

The BIR in Quezon City launched its 2025 Regional Tax Campaign Kick-off on March 4.

With the theme "Buwis na Tapat, Tagumpay Nating Lahat," taxpayers were encouraged to be voluntarily compliant in paying taxes to generate funds for the country's economic recovery and development.

Taxpayers may pay their taxes online through the Electronic Filing and Payment System or the Electronic Bureau of Internal Revenue Forms, which can be accessed through the BIR website.

They can also pay taxes through any authorized agent bank and the revenue district offices' revenue collection officers

For inquiries, the public may reach out to the BIR through its chatbot "Revie."

Source: https://www.gmanetwork.com/news/money/economy/938601/bir-urges-early-filing-of-income-tax-returns-deadline-on-april-15-2025/

Ilocos Norte eyed as economic hub in Southeast Asia

March 09, 2025 | Louella Desiderio | The Philippine Star

MANILA, Philippines — The Public-Private Partnership (PPP) Center and the provincial government of Ilocos Norte have teamed up to promote the province as a key economic hub in Southeast Asia through the implementation of PPP projects.

In a statement, the National Economic and Development Authority (NEDA) said a memorandum of agreement (MOA) was signed on Feb. 28 at the PPP Center office in Quezon City.

The event was led by PPP Center executive director Ma. Cynthia Hernandez and Ilocos Norte Gov. Matthew Marcos-Manotoc, with NEDA Secretary Arsenio Balisacan and PPP Center deputy executive director Jeffrey Manalo in attendance.

The MOA aims to improve infrastructure development and spur economic growth in Ilocos Norte by focusing on a robust pipeline of PPP projects.

The parties will be working together in the various stages of the PPP implementation process, including project review, approval, procurement, implementation and monitoring.

To transform the province into an economic hub in the region, there are plans to revive international flights to China, Hong Kong and Taiwan from the Laoag International Airport.

This would boost tourism and increase connectivity between Ilocos Norte and major international markets.

In addition, the partnership will push for policies to support the agriculture sector through the organization of cooperatives to promote sustainable agricultural practices.

The parties will also work together in promoting innovations in renewable energy, data centers and manufacturing to encourage both local and global investments and create high-quality jobs.

"By leveraging the strengths of both the public and private sectors, we can mobilize resources, enhance efficiency and ensure long-term sustainability in our development efforts," Balisacan said.

He said PPPs play a crucial role in accelerating economic growth and the PPP Center can facilitate the implementation of such projects.

The government is pushing for PPPs to address the country's infrastructure gaps and tap into the private sector's expertise.

"I hope the activities outlined in the MOA and the lineup of proposed projects by the provincial government inspire other local government units and implementing agencies to explore PPPs as a means for rapid and sustainable economic transformation," Balisacan said.

Source: https://www.philstar.com/business/2025/03/09/2426882/ilocos-norte-eyed-economic-hub-southeast-asia

NTC looks into requiring personal appearance for SIM card registration

March 11, 2025 | Tyrone Jasper C. Piad - @inquirerdotnet | Philippine Daily Inquirer

The National Telecommunications Commission is looking into requiring personal appearance for SIM card registration. INQUIRER FILE PHOTO

MANILA, Philippines – The National Telecommunications Commission (NTC) will study the possibility of requiring personal appearance for SIM (subscriber identity module) card registration to deter individuals from illegally selling their identities.

This, as "the current online registration process has faced criticism as a contributing factor to the surge in text scams, where unscrupulous individuals exploit the system to sell their identities to others," NTC said in a statement on Tuesday.

Both the regulator and telecommunication companies have been raising their concerns over the selling of pre-registered SIM cards, which can be used to launch text scams.

Parties found guilty of this crime face imprisonment of six months to six years and/or fines amounting from P100,000 to P300,000.

NTC previously issued a memorandum directing telco players to improve their "systems for SIM registration and implement specific measures to validate SIMs already registered."

Telco players blocked over 3.3 billion scam texts and deactivated more than 3.1 million SIM cards found to be linked to fraudulent activities last year.

Source: https://business.inquirer.net/511823/ntc-looks-into-requiring-personal-appearance-for-sim-card-registration

UPCOMING EVENT

The Korean Chamber of Commerce Philippines, will be holding its **30th Annual General Membership Meeting** on **April 3, 2025 (Thursday) 5:00PM at the Orchard A & B, Ascott Bonifacio Global City** located at 5th ave. cor. 28th St., Bonifacio Global City, Taguig City. The event will also commemorate its 30th Anniversary and will highlight the 30 years in service of the chamber and celebrate the strengthening relation of the Korean business community in the Philippines.

The event is also open for sponsorships, for more information about the event and sponsorships, please feel free to call KCCP at +632-8885-7342 (0917-8015920 | Chi / 0915-8887296 | Sang)or via email at info@kccp.ph

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

This KCCP E-Newsletter is supported by: