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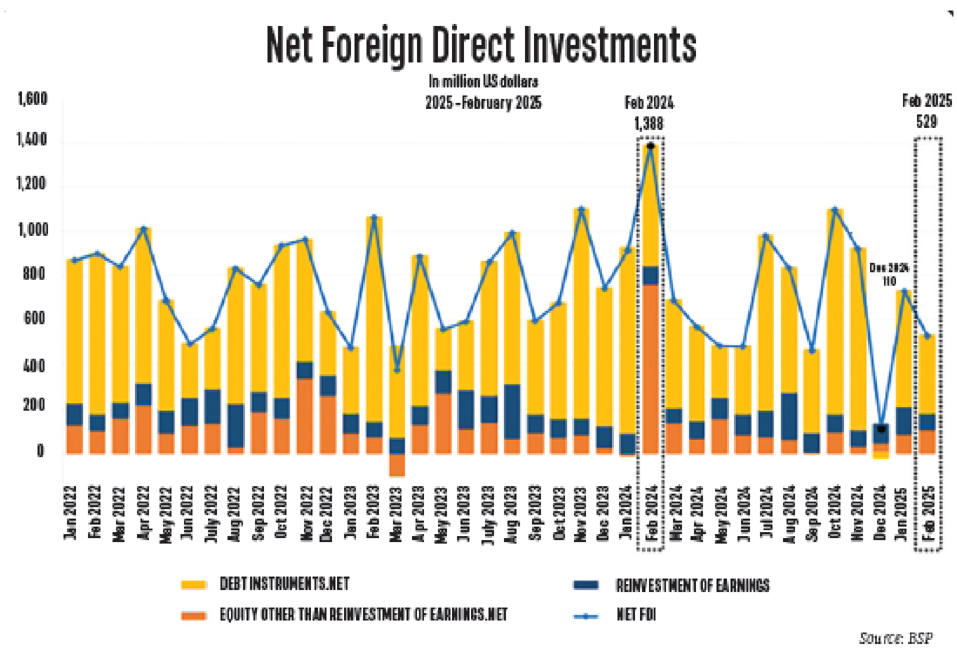
SPECIAL POINTS OF INTEREST

UPCOMING EVENT

FDI Feb net inflows drop 61.9% to $529M — BSP

May 13, 2025 | Jimmy Calapati | Malaya Business Insight



Declines apparent in debt instruments and enterprise equity investment, earnings reinvestment

Foreign direct investments recorded net inflows of $529 million in February 2025, a sharp drop of 61.9 percent from net inflows of $1.4 billion in February 2024, official data showed.

In a statement issued on Monday, the Bangko Sentral ng Pilipinas (BSP) attributed the decline in FDI inflows to the 85.9 percent contraction in nonresidents' net investments in equity capital. That amount fell to $108 million in February this year from $764 million a year earlier.

Nonresidents' net investments in debt instruments slid by 35.4 percent to $348 million in February 2025 from $540 million in the same month last year.

Earnings reinvestments fell 13.1 percent to $73 million from $84 million in the comparable period.
For the year-to-date, FDI net inflows reached $1.3 billion, lower by 45.2 percent than the $2.3 billion net inflows in January-February 2024, the BSP said.

Sources of capital
The BSP said the bulk of the equity capital placements in February 2025 came from Japan, the United States, Ireland and Malaysia.

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

FDI, a measure of actual capital that entered the Philippines, refers to investment by a nonresident direct investor in a domestic enterprise where the equity capital in the latter is at least 10 percent.

FDI also includes investment made by a nonresident subsidiary or associate in its resident direct investor. *[Cont. page 2]*

FDI Feb net inflows drop 61.9% to $529M — BSP

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Actual vs pledged investment

The BSP explained that its FDI statistics differ from investment data from 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 to Investment Promotion Agencies (IPAs)."

"These represent investment commitments, which may not be fully realized in a given period," BSP said.

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

https://malaya.com.ph/business/business-news/fdi-feb-net-inflows-drop-61-9-to-529m-bsp/

Visitor arrivals hit 2.1M in first four months

May 12, 2025 | Justine Irish D. Tabile | BusinessWorld

Tourists enjoy kayaking in El Nido, Palawan on April 8. — PHILIPPINE STAR/KRIZ JOHN ROSALES

THE PHILIPPINES registered 2.1 million visitor arrivals in the four months to April, falling 0.82% behind the pace from a year earlier following reduced traffic from South Korea, the Department of Tourism (DoT) reported.

The arrivals consist of 1.93 million foreign travelers and 170,815 overseas Filipinos.

In the first four months, South Korea remained the country's top source of tourist arrivals with 468,337 travelers or a 22.25% market share. Korean traffic was down 18% from a year earlier.

"There were political and market uncertainties in South Korea since the martial law declaration in December," Rizal Commercial Banking Corp. Chief Economist Michael L. Ricafort said via Viber.

However, he said that arrivals from South Korea are likely to recover "if the country's political and economic situation continues to stabilize or improve."

"This could be offset by Trump's tariffs that could slow down export-oriented economies such as South Korea," he added.

Colliers Research Director Joey Roi H. Bondoc said that the weaker won was a factor in dampening Korean travel.

"This is definitely beyond the control of our tourism officials … (but) I think what the government needs to do is to actively explore other markets such as India and some Middle Eastern countries," he said via Viber.

He said the DoT should work closely with airlines and hotels to "customize attractive packages for South Koreans, whether leisure or business travelers."

"Golf tourism promotion focused on the South Korean market should also be ramped up," he added.

He said that the continued drop in South Korean tourists is a concern for the accommodation industry, as some so-called integrated resorts (casinos) "have proactively tapped the market at the start of the year."

The US was the second-largest visitor market during the period with 360,799 travelers, or 17.14%. US traffic was up 9% from a year earlier.

Japan had 156,532 arrivals or a 7.44% share, Japanese visitors were up 18.14% from a year earlier.

Completing the top five source markets were Australia and Canada, accounting for 111,113 and 99,152 visitors, respectively.

Source: https://www.bworldonline.com/economy/2025/05/12/672034/visitor-arrivals-hit-2-1m-in-first-four-months/

DOF chief: Economic growth top priority of Marcos govt

May 13, 2025 | Reine Juvierre S. Alberto | BusinessMirror

The Marcos administration will stay the course on pursuing its economic reform agenda, with GDP growth remaining as the government's top priority.

Finance Secretary Ralph G. Recto told BusinessMirror on Monday that the administration remains committed to implementing the Philippine Development Plan, aimed at creating more jobs and reducing poverty, even if the midterm elections would introduce new dynamics in Congress.

"Having elections is essential to improving governance. Our credible, efficient and peaceful elections will only bolster investor confidence," Recto said.

In this year's midterm elections, the country's high-ranking officials, President Ferdinand R. Marcos Jr. and his now estranged vice president Sara Duterte, are supporting rival political aspirants.

Half, or 12 senators, of the 24-member Senate could determine the fate of Duterte, who is facing an impeachment trial for claiming that she hired someone to assassinate Marcos Jr., First Lady Liza Araneta-Marcos and House Speaker Martin Romualdez.

BDO Capital & Investment Corp. President Eduardo Francisco told BusinessMirror that investors want to see a peaceful election.

Marcos and Duterte were running mates under the UniTeam alliance in 2022, but their relationship soured after the release of the "Tambaloslos" video, which caused Duterte's resignation as Education secretary and vice chair of the anti-communist task force in June 2024.

The rift deepened following the arrest of her father, former President Rodrigo Duterte, in March by the International Criminal Police Organization with the government's cooperation.

"The key is to maintain a balance to keep the administration's projects going and support measures to maintain the Philippine Development Plan. Not having the right mix could derail our path to progress," Jonathan Ravelas, senior adviser at Reyes Tacandong & Co., told BusinessMirror.

While government spending is still robust and inflation is cooling, Ravelas said the country's GDP is "disappointing."

"Uncertainty from tariffs and elections keeps investors sidelined," Ravelas told this newspaper.

Projections for the Philippines's economic growth were downgraded by multilateral organizations, banks and units of credit rating agencies—with the slowest at only 5 percent by ANZ Research—due to the impact of the US tariffs.

Despite all these, the Finance chief said that once Congress resumes session on June 2, it will prioritize the economy, which expanded at a slower-than-expected 5.4 percent in the first quarter.

By growing the economy, Recto said this would also raise government revenues. However, he did not outline specific tax reform proposals docked in Congress that are likely to advance this year.

"We continuously assess our tax laws—both policy and execution," Recto said.

The Department of Finance (DOF) is pushing for the passage of excise tax on single-use plastics and the Government Revenues Optimization through Wealth Tax Harmonization (Growth) bill, as well as enhancing the fiscal regime for the mining industry.

The government aims to collect P4.644 trillion in revenues this year, and has raised P998.2 billion as of the first quarter.

The Finance chief recently withdrew its proposal to Congress in considering the Growth bill, which seeks to increase several wealth tax rates and provide the government with fiscal space in the worst-case scenario.

The bill could have generated P300 billion in additional revenues from 2025 to 2030 by harmonizing the current tax rates for capital gains, donors' and estate taxes to a unified 10 percent.

When asked if the Philippines will hit the government growth target of 6 to 8 percent this year, Recto told this newspaper: "I am optimistic we will continue to grow better than our neighbors and thereby provide more jobs and opportunities to Filipinos."

Source: https://businessmirror.com.ph/2025/05/13/dof-chief-economic-growth-top-priority-of-marcos-govt/

PHL construction industry's modernization to boost resilience amid trade uncertainties

May 13, 2025 | Beatriz Marie D. Cruz | BusinessWorld

BW FILE PHOTO

THE PHILIPPINE construction industry can improve its resilience amid ongoing global trade uncertainties by modernizing its operations and strengthening domestic supply chains.

"The tariff shifts introduced by US President Donald J. Trump have triggered ripple effects across global supply chains, affecting everything from raw materials to technology imports," Vitaly Berezka, regional spokesperson for APAC (Asia-Pacific) at Austrian construction technology firm PlanRadar, said in an e-mail. "For the Philippine construction and property sectors, the most immediate risk lies in rising costs and potential delays tied to sourcing construction inputs."

"The imposition of reciprocal tariffs by President Trump has certainly brought headwinds to the local construction industry. These tariffs will disrupt the construction supply chain, and hence might impact availability, lead times and pricing of imported construction materials," Jason C. Valderrama, president and chief executive officer at construction firm JCV & Associates, said in an e-mail.

According to Mr. Berezka, the Philippines has an opportunity to position itself as a regional innovation hub as global firms rethink supply chains.

"By accelerating investment in digital infrastructure and construction technology, the country can increase project efficiency, attract forward-thinking investors, and strengthen its long-term resilience," he said.

Local construction firms should push for digitalization to let them adapt to evolving global conditions accordingly, Mr. Berezka said.

"Embracing construction technologies like AI-powered platforms, cloud-based documentation, and digital twins will provide the visibility and flexibility needed to adapt in real-time to supply chain or regulatory shocks."

In particular, they can adopt property technology or "proptech" platforms and digital construction tools, he said.

Construction-related technologies could also help these companies optimize procurement, automate workflows, and reduce material waste, he added.

AI is becoming a "powerful equalizer" in the construction industry amid the global uncertainties, he said, adding that using AI for predictive analytics can help construction managers anticipate delays or cost overruns and automate risk detection.

AI can also streamline reporting and compliance, which is crucial amid shifting regulatory and trade landscapes, Mr. Berezka said.

"Diversifying supplier bases and investing in local supply chains can reduce vulnerability to external tariff policies and logistical constraints. The Philippines has an opportunity to grow its internal capacity while still attracting international partnerships," he added.

Mr. Valderrama said that with muted US demand for construction materials likely to lead source markets to consider exporting to the Philippines to skirt the higher tariffs, the Philippines must ramp up the development and completion of key infrastructure projects, address the housing backlog, and elevate the country's manufacturing sector.

The construction industry must also widen its in-country and offshore supply pool, pursue vertical integration, utilize technologies, and adopt modern construction methods and sustainability practices, he said.

Mr. Berezka likewise said that industry players must collaborate with the government on long-term infrastructure plans to incentivize innovation and create a stable regulatory framework that encourages digital adoption and sustainable development.

"Resilience in this era will depend not just on withstanding disruption, but on using it as a catalyst to modernize and evolve. The future belongs to construction ecosystems that are digitally enabled, operationally agile, and strategically diversified."

Source: https://www.bworldonline.com/top-stories/2025/05/13/672023/phl-construction-industrys-modernization-to-boost-resilience-amid-trade-uncertainties/

BOC urged to scrap de minimis rule

Retailers want a stop to duty-free entry of small-value shipments

May 13, 2025 | Alden M. Monzon | Philippine Daily Inquirer

INQUIRER file photo

MANILA, Philippines — A local trade association of retailers has formally petitioned the Bureau of Customs (BOC) to scrap the de minimis rules on imported goods, ramping up its push to remove the tax exemption threshold that allows small-value shipments to enter the country duty-free.

In a position paper dated May 6 sent to the BOC, the Philippine Retailers Association (PRA) outlined its concerns about the current policy and its impact on local businesses, especially in light of the booming e-commerce sector.

"We believe that revisiting this policy is crucial to restoring fair competition, protecting local industries, and improving government revenue," the PRA said in the document.

E-commerce

The PRA argues that the existing de minimis rule, which exempts imported goods valued at P10,000 or less from duties and taxes, places local retailers at a significant disadvantage, allowing foreign products to flood the market without contributing to the country's tax base.

The association also pointed out that countries like the European Union (EU) and the United States have either adjusted or eliminated their de minimis rules in response to similar concerns.

For instance, it said that the EU removed the threshold altogether due to widespread abuse, while the United States has suspended its application for goods valued at or below $800.

The PRA also raised concerns about the influx of counterfeit and low-quality goods entering the market under the current rule.

The trade group said that removing the de minimis exemption would protect consumers and local industries from unfair competition, and help ensure that goods entering the country meet safety standards.

Further, the PRA said the removal of the de minimis rule would also align with the country's economic nationalism policies, which prioritize the protection of Filipino labor and locally produced goods.

Additionally, it said the Philippine government could increase revenue while leveling the playing field for local retailers, who have long been at a disadvantage due to the current policy.

With the local retail industry projected to grow by 5 to 10 percent this year, reaching an estimated P5 trillion in gross value, the PRA views this measure as essential to safeguarding the industry's competitiveness and long-term growth.

Source: https://business.inquirer.net/525027/boc-urged-to-scrap-de-minimis-rule

Exporters raise concerns, seek more government support

May 11, 2025 | Louella Desiderio | The Philippine Star

This photo shows crates carried by a forklift in the port of Manila.

STAR / File

Amid tariff woes

MANILA, Philippines — The country's export industries are seeking more government support as they navigate the uncertainty brought by the United States reciprocal tariffs on trade partners.

During an online forum organized by the Philippine Manufacturing Team, Confederation of Wearable Exporters of the Philippines executive director Maritess Jocson-Agoncillo said the group is pushing for sectoral negotiations with the US, which is exposed to high tariffs and governed by the rules of origin regime.

She said the average tariffs on Philippine travel goods range from eight to 20 percent, while tariffs on apparel are between 15 and 32 percent.

For footwear exports from the Philippines, the average tariffs range from 15 to 37.5 percent. *[Cont. page 6]*

Exporters raise concerns, seek more government support

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"If the garment, apparel sector would be negotiated by the US on a sectoral basis, then we stand a chance to benefit from this," Agoncillo said.

She said the industry could also benefit from the country's geographic location, as neighbors Vietnam, Cambodia and Myanmar, which also export footwear and apparel, could face US non-tariff barriers due to concerns on potential movement of Chinese goods through their borders.

"If we really get favored, it's an inflection point," Agoncillo said.

Prior to the 90-day pause on the reciprocal tariffs and lowering of the levy to 10 percent for most countries, the US imposed a 17-percent reciprocal tariff on Philippine exports, the second lowest in Southeast Asia.

While the lower reciprocal tariff on Philippine goods entering the US compared to neighbors such as Vietnam's 46 percent and Thailand's 36 percent creates a window for local furniture exporters to attract US buyers, Chamber of Furniture Industries of the Philippines executive director Ajun Valenzuela said the industry still faces many challenges like higher wage and power costs.

Valenzuela said the average monthly manufacturing wage in the Philippines is at $420 to $450, higher than Vietnam's $300 to $350.

The risk of trade diversion is also a concern for the furniture industry.

"Singapore, with only a 10-percent tariff, may act as an export hub for Vietnamese furniture," Valenzuela said, noting this could dilute the Philippines' competitive edge if the rules of origin are not strictly enforced.

He also said there is a risk that the Philippines could be flooded with furniture imports from Vietnam and China, which are also looking for new export markets.

"To avoid being a passive bystander and instead become a strategic winner in this global trade, the Philippine government must urgently align trade and industrial policy to support the industry," he said.

Valenzuela said the government should deploy robust trade defense tools against import flooding, facilitate access to sustainable and certified raw materials, invest in technology and skills upgrading, lower import costs and actively promote Philippine furniture as a premium.

For his part, United Coconut Associations of the Philippines Inc. chairman Marco Reyes said the industry is advocating for the US reciprocal tariff to be brought to zero, as other coconut exporting countries are also negotiating to bring down the tariff.

Reyes said efforts on value addition and to expand export markets should also continue.

"We should not be stuck exporting low value coconut oil," he said, adding that our eggs should not all be placed in the US basket.

For the electronics industry, Semiconductor and Electronics Industries in the Philippines Foundation Inc. president Dan Lachica said there is a need to upgrade technology and continue efforts on skills improvement.

"For the government, (we need) strong leadership in terms of navigating the geopolitical situation," Lachica said.

He also cited the need for a free trade agreement with the US, as well as to address operating costs, infrastructure gaps and promote greater trade.

As the Philippine government seeks to bring down the reciprocal tariff, former trade undersecretary and now Philippine Institute for Development Studies emeritus research fellow Rafaelita Aldaba said lowering tariffs on motor vehicle imports could be part of its offer list to the US.

"We can possibly offer motor vehicles, because right now, the tariff on motor vehicles is something like 30 percent, which is quite high relative to other sectors," she said.

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Exporters raise concerns, seek more government support
[Cont. from page 6]

The Philippines has brought down the tariff on vehicle imports coming from Southeast Asian countries, as well as from South Korea to zero through trade agreements.

“I think in exchange for all the things we would be asking from the US (such as) increase the exemption list, reduce the 17 percent (reciprocal tariff), to get all these concessions, there’s got to be an offer list and I really think, looking at our tariff structure, we could provide that to the US,” Aldaba said.

Source: https://www.philstar.com/business/2025/05/11/2442097/exporters-raise-concerns-seek-more-government-support

UPCOMING EVENT

The Joint Foreign Chambers (JFC) is once again holding its **JFC Clark International Mixer** on **14 May 2025 from 6:00 pm to 9:00pm at the Clark Marriott Hotel.**

As the second JFC networking event in Clark, this international mixer is a unique opportunity to connect with professionals from diverse backgrounds and industries in an informal setting. Relationships formed at an event like this help stimulate discussion and possible business opportunities.

The JFC networking events attract over 200 guests, including members of the different foreign chambers, prominent figures in the business and diplomatic world, and top government officials.

The event is also open for sponsorships. For further information, please feel free to contact KCCP Secretariat at 8885-7342 or email at info@kccp.ph

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