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SPECIAL POINTS OF INTEREST

'Geopolitics, global woes mar FDI outlook'

June 11, 2025 | Cai U. Ordinario | BusinessMirror

UNCERTAINTIES in the global economy, geopolitical tensions, and friendshoring paint a grim outlook for the country's ability to attract foreign direct investments (FDIs) in the coming months, according to economists.

On Tuesday, the Bangko Sentral ng Pilipinas (BSP) said the country's FDIs contracted 41.1 percent to $1.8 billion in the first quarter of 2025 from $3 billion recorded in the same period last year.

Unionbank Chief Economist Ruben Carlo O. Asuncion told BusinessMirror that the global economy's weakness, the uncertainties linked to US trade policies, and geopolitical risks are among the reasons firms are delaying or reconsidering their plans to expand elsewhere in the world.

"While some stabilization is expected later in 2025, the environment remains fragile, and FDI flows may remain subdued unless global conditions improve," Asuncion told this newspaper on Tuesday.

Asuncion said a consensus among economists has been reached in terms of a slower global economic growth this year and a similar outlook has also been shared by multilaterals.

In terms of geopolitical tensions and trade policy shifts, Asuncion said these are also leading to supply chain realignments making it difficult for some firms to consider cross-border investments.

On friendshoring, Asuncion said in order to reduce their exposure to supply chain disruptions and similar concerns, companies are turning to less affected regions or even local markets. He noted reshoring has already outpaced FDIs in the United States.

Apart from these, countries in the region are also experiencing challenges. China's GDP growth, he said, is slowing while Southeast Asian countries like Vietnam and Indonesia are challenged by infrastructure and policy consistency issues.

"This contraction is part of a broader recalibration of global investment flows. While the US plays a central role, the overall FDI outlook is shaped by a complex mix of geopolitical, economic, and structural factors, as we all know," Asuncion said.

"Unless there's a marked improvement in global coordination and policy clarity (this is a key word), we may continue to see cautious investment behavior through the rest of 2025," he added. *[Cont. page 2]*

'Geopolitics, global woes mar FDI outlook'

[Cont. from page 1]

Fundamental, structural

For Ateneo de Manila University economist Leonardo Lanzona Jr., the issue surrounding the country's dismal FDI performance in the first quarter is more fundamental.

Lanzona said that while the national government claimed the country's growth was already the fastest compared to other countries, the country's FDI should have followed suit.

He explained the reason for the variance between the growth and FDI data: the country's GDP growth seemed faster because of a low base. Faster GDP is one of the factors that determine FDI growth for countries.

"The point is that the government claims that our growth is the highest compared to other countries. We all know that compared to other countries, the country's base is actually lower. Having the highest growth rate is only important if we are able to get FDI," Lanzona explained to BusinessMirror.

"Extraneous factors are not critical if indeed we have the highest growth rate because it means that investors have no place to go except us. The fact that FDIs are low despite growth rates indicates that something structural has always been amiss," he added.

Lanzona also told reporters that in truth, the country's growth is only dependent on remittances and consumption such that if global conditions are not conducive, the country's FDIs are not expected to increase.

He said the national government should prioritize addressing the decreasing value added of domestic resources, including labor, especially in agriculture and manufacturing.

Meanwhile, the BSP said FDI reached $498 million net inflows in March 2025, a contraction of 27.8 percent from the $689 million net inflows posted in March 2024.

The BSP said this was mainly due to nonresidents' net investments in debt instruments which contracted 31.6 percent year-on-year to $329 million in March 2025 from $481 million in March 2024.

The data also showed nonresidents' net investments in equity capital and their reinvestment of earnings fell by 27.4 percent to $102 million from $141 million and 1.2 percent to $66 million from $67 million, respectively.

Equity capital placements in March 2025 were sourced primarily from Singapore, Japan, the United States, South Korea, and Malaysia.

These were infused largely to the real estate; manufacturing; financial and insurance; and administrative and support services industries.

Image credits: BM Graphics: Ed Davad

Source: https://businessmirror.com.ph/2025/06/11/geopolitics-global-woes-mar-fdi-outlook/

Tourism projected to contribute P5.9T to Philippine GDP

June 11, 2025 | Justine Irish D. Tabile | BusinessWorld

Tourists visit the colorful houses in Lucban, Quezon during Pahiyas Festival. — PHILIPPINE STAR/RYAN BALDEMOR

THE TRAVEL and tourism sector is expected to contribute P5.9 trillion to the Philippine economy this year, according to the World Travel & Tourism Council (WTTC).

"This new record would represent more than one-fifth (21%) of national gross domestic product (GDP), cementing travel and tourism's place as a backbone of the Philippine economy," the WTTC said in a statement, citing its 2025 Economic Impact Research report.

Economic managers are targeting 6-8% GDP growth this year until 2028.

The WTTC also projected the travel and tourism sector to employ 11.7 million by yearend, accounting for 23.8% of all jobs in the Philippines. *[Cont. page 3]*

Tourism projected to contribute P5.9T to Philippine GDP

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Last year, the travel and tourism sector contributed P5.3 trillion to the country's GDP and accounted for 11.2 million jobs.

If the projections are realized, it will represent an 11.3% and 4.5% increase in GDP contribution and employment, respectively, from last year.

The WTTC said that the travel and tourism sector's contribution for this year would be 13.5% higher than the 2019 level or before the pandemic.

"International visitor spending is also on the rise, projected to reach P709.2 billion — up 2.1% on the previous high in 2019, while domestic visitor spending is anticipated to reach P4.1 trillion — a 9.3% increase over its previous peak," the WTTC said.

Last year, spending by domestic visitors stood at P3.6 trillion, while spending of international visitors hit P644.8 billion.

If the WTTC's spending projections are realized, these will represent an almost 10% increase in international spending and a 13.9% increase in domestic spending.

"The Philippines is a standout example of how travel and tourism, when supported by a clear, long-term vision, can deliver real economic impact and long-term opportunity," said WTTC President and Chief Executive Officer Julia Simpson.

"This success speaks to the country's extraordinary appeal, its policy focus on tourism as a growth engine, and the energy of its people and private sector," she added.

By 2035, the WTTC expects the travel and tourism sector to contribute P9.2 trillion to the Philippine economy, representing 19.8% of GDP.

It also expects the creation of 2.5 million jobs, which will bring total sector employment to 14.1 million.

"As the country continues to strengthen air connectivity, invest in infrastructure, and prioritize destination resilience, travel and tourism are positioned not just to grow but to transform the national economy," said the global tourism body. "WTTC calls on policymakers to continue fostering this trajectory with clear regulation, long-term investment in workforce development, and sustained global promotion of the Philippines as a world-class destination," it added.

Sought for comment, Rizal Commercial Banking Corp. (RCBC) Chief Economist Michael L. Ricafort said that tourism is a "low-hanging fruit" for the Philippines.

"The Philippines is yet to fully catch up with other Asian or Association of Southeast Asian Nations countries that have three to five times more foreign tourism, so this could be a major source of economic growth," said Mr. Ricafort in a Viber message.

He said that the tourism sector has the potential to create more jobs, generate more investments, and spur business activity.

"This could be made possible with further development of the country's infrastructure, especially airports, seaports, mass transport systems, and accommodation facilities," he added.

Colliers Research Director Joey Roi H. Bondoc said it would be a challenge to reach the tourism targets this year.

"The 2024 figures are down compared to the target of the government, and that was even before the South Korean economic crisis. But now that you no longer have the Chinese tourists, and then the Korean figures are down, so it will be extra challenging," he said in a phone interview.

Data from the Department of Tourism showed that the Philippines booked 5.95 million visitor arrivals last year, missing the agency's target of 7.7 million.

However, Mr. Bondoc said that the DoT's initiatives are in the right direction but need to be complemented with initiatives that will address infrastructure, peace and order, and affordability, among others.

"I think they're doing the right thing; attracting Indians and implementing visa-upon-arrival or visa-free access to the Philippines are steps in the right direction, but it needs to be complemented," he said.

Source: https://www.bworldonline.com/top-stories/2025/06/11/678401/tourism-projected-to-contribute-p5-9t-to-philippine-gdp/

Philippines IT-BPM seen outpacing global industry growth this year

June 11, 2025 | Louella Desiderio | The Philippine Star

Information Technology and Business Process Association of the Philippines (IBPAP) president Jack Madrid told reporters that the sector sees its revenues and employee count growing faster than the global industry growth of three percent this year.

STAR / File

MANILA, Philippines — The Philippine information technology - business process management (IT-BPM) industry expects to grow faster than the global industry in terms of revenue and headcount this year.

Information Technology and Business Process Association of the Philippines (IBPAP) president Jack Madrid told reporters that the sector sees its revenues and employee count growing faster than the global industry growth of three percent this year.

Madrid said the country's IT-BPM industry expects to generate $40 billion worth of revenues this year, five percent higher than last year's $38 billion.

He said headcount is also expected to rise by four percent to 1.9 million in 2025 from 1.82 million in 2024.

"(This) shows that yet again, the Philippines is leading the growth of this industry," he said.

The revenue and headcount goal for this year have undergone review to reflect the latest developments.

According to IBPAP, rising demand for digital customer experience and increased adoption of artificial intelligence and analytics will support this year's performance.

It also expects growth to be supported by firms diversifying away from India, as well as the continued increase in Global Capability Center market through both new investments and expansion of existing centers.

To support the growth, IBPAP is working with the government to ensure the Filipino workforce is ready for the market requirements of the future.

In particular, the IBPAP is working with the government on upskilling initiatives related to the Enterprise-Based Education and Training (EBET) Framework Act.

IBPAP chief operating officer Celeste Ilagan said the group is now mobilizing the industry to fully utilize within the year the P240-million allocation from the Department of Information and Communications Technology (DICT) and the P500 million from the Technical Education and Skills Development Authority (TESDA) for upskilling in the IT-BPM sector.

The IBPAP is closely coordinating with TESDA and DICT for the official guidelines for the national rollout of the EBET.

It is also working with the Department of Trade and Industry (DTI) on talent development, innovation and business competitiveness through the Philippine Quality Award Program.

"Public-private partnership is critical in achieving our vision for inclusive and future-ready growth for this year until 2028," Madrid said.

Source: https://www.philstar.com/business/2025/06/11/2449610/philippines-it-bpm-seen-outpacing-global-industry-growth-year

19th Congress fails to approve wage-hike bill

June 12, 2025 | Jovee Marie N. de la Cruz | BusinesMirror

BusinessMirror
A broader look at today's business

THE 19th Congress ended its session on Wednesday without approving the proposed daily wage increase bill, following a deadlock between differing versions of the wage hike proposal.

House of Representatives Spokesperson Princess Abante strongly condemned the Senate's refusal to convene a bicameral conference committee on the proposed legislated wage hike, calling the move a deliberate obstruction that effectively killed the bill on the final night of session.

"Let's not sugarcoat the truth—the Senate killed the P200 [a day] wage-hike bill," Abante said on Thursday. "Last night marked the final session of the 19th Congress. No bicam. No compromise. No wage hike. And why? Because the Senate refused to talk. They wanted us to blindly accept their P100 version. Why? Why is the Senate shortchanging our workers?" *[Cont. page 5]*

19th Congress fails to approve wage-hike bill
[Cont. from page 4]

Abante revealed that the House bicameral conferees were fully prepared to negotiate in good faith and reconcile the differing versions of the bill—but were left shocked by the Senate's inaction.

"Our bicam conferees were puzzled and frustrated," she said. "They came ready to sit down, defend the P200 wage hike, and stand for labor. But the Senate clearly had no intention of meeting — none at all."

The House had earlier passed its version of the bill, granting a P200 daily wage increase, on third reading and designated its bicameral panel well ahead of adjournment. In contrast, the Senate only named its conferees on the eve of sine die and refused to participate in bicam discussions, essentially issuing a take-it-or-leave-it stance on its watered-down P100 proposal.

She also pointed out that the House version of the bill had been carefully designed with safeguards and exemptions for micro-, small-, and medium-enterprises (MSMEs), proving that it was both pro-labor and fiscally responsible.

For her part, Party-list Rep. Arlene Brosas of Gabriela revealed that the Senate has remained firm on its version of the wage increase proposal, a stance that has stalled the progress of the bicameral conference committee tasked to reconcile the differing provisions of the House and Senate bills.

"The Senate remains firm on its version of the wage increase proposal. Because of this, the process has reached a deadlock, putting the long-standing call for a legislated wage hike at risk, especially with today being the last session to approve the bicam report," Brosas said.

She disclosed that they had actively lobbied in the Senate on Monday in anticipation of a bicameral meeting, only to be met with what she described as an apparent lack of interest from the Upper Chamber.

"So we ask the Senate and the President: Why is the discussion not moving forward? Who is causing the deadlock?" she said, pointedly, stressing that even the modest P100 to P200 wage increase being proposed falls short of what constitutes a living wage—yet the measure still appears to face strong resistance.

For his part, Party-list Rep. Perci Cendaña of Akbayan criticized the Senate and the Legislative-Executive Development Advisory Council (Ledac) for failing to act on the proposed P200 across-the-board wage hike, despite both chambers of Congress passing their respective versions of the bill.

Cendaña denounced the Senate for its inaction, saying it had enough time to adopt the House version to expedite the bill's passage.

He also criticized Ledac for not certifying the wage hike bill as urgent, which could have significantly hastened its progress through Congress.

"Ledac is supposed to champion meaningful measures for the people. But instead of pushing for the P200 wage hike, it chose to downplay the dire needs of our workers," said Cendaña.

Despite the setback, Akbayan vowed to continue the fight in the upcoming 20th Congress by refiling the P200 wage hike bill, reiterating its strong commitment to workers' rights and welfare.

Rizal Rep. Fidel Nograles, House Committee on Labor and Employment chairman, said the House acted swiftly and decisively.

"We passed our version of the bill on third reading, submitted the names of our conferees in advance, and have since stood ready to enter into bicameral discussions with our Senate counterparts."

He pointed out that the Senate only named its conferees on Tuesday, limiting the already narrow window for bicameral discussions and ratification.

"Let history show that we in the House did everything within our power to pass this important piece of legislation. Should it fail to reach the President's desk before adjournment, the responsibility will be clear to the public," he added.

Source: https://businessmirror.com.ph/2025/06/12/19th-congress-fails-to-approve-wage-hike-bill/

Asia's easing prices pave path for rate cuts and US divergence

June 13, 2025 | BusinessWorld

A fruit and vegetable stall at a wet market in Taguig City, the Philippines, on Sept. 4, 2024. — GERIC CRUZ/BLOOMBERG

INFLATION is easing across Asia as lower food and fuel prices and stronger local currencies against the dollar push down costs. That's giving the region's central bank chiefs scope to support their trade-reliant economies as the risk of US tariffs and related uncertainty weigh on the outlook.

Consumer price indexes have moderated across most of the economies in the region that have already reported data for May. In April, regional consumer prices on a simple average basis excluding Japan slowed to about 1.5%, the lowest level since the first quarter of 2021, according to economists at Nomura Holdings, Inc.

Overnight indexed swaps have priced in more dovish bets for the Reserve Bank of Australia and less hawkish moves from the Bank of Japan over the past month. Money market pricing also implies more dovish outlooks over the three-month horizon for South Korea, India and Malaysia.

Central banks have already begun taking action. The Reserve Bank of India last week cut interest rates by a bigger-than-expected 50 basis points (bps), while Australia's central bank adopted a surprisingly dovish stance after delivering a quarter percentage point cut. In both cases, officials pointed to demand concerns and the potential impact of US tariffs.

"Inflation, deflation, stagflation — what happens in each economy will hinge on trade agreements and how central bankers react," said KB Securities Head of Global Markets Peter Kim.

Figures Wednesday showed US inflation accelerated to 2.4% in May from a year ago, compared with 2.3% in April.

By contrast, Asia's biggest economy remains mired in deflation. China's factory deflation persisted into a 32nd month in May, with producer prices falling the most in nearly two years.

In the region's second-biggest economy, Bank of Japan Governor Kazuo Ueda this week said the central bank is still some distance from its inflation goal in comments that helped accelerate a weakening of the yen. While Mr. Ueda also talked down the possibility of any rate cut, the mention of a possible need to offer support for the economy gave the impression that the bank's next move to raise rates will be more distant.

Meantime, an unexpected slowdown in South Korea's inflation strengthened the case for monetary easing. Bloomberg Economics sees the Bank of Korea cutting rates by 25 bps both in August and November, bringing down the base rate to 2% by yearend.

And it's a similar story across much of Southeast Asia.

"Central banks, instead of getting policy back to neutral if they weren't already there, they're now going into easing territory," said Tamara Henderson, Bloomberg Economics' ASEAN economist. "The question is how fast will they go? These tariffs are going to be around, they're going to be high and they're going to stick in some form."

Ms. Henderson now forecasts a recession in Singapore and Thailand, on the back of higher US levies hitting global goods demand. Indeed, forecasts for this year's economic growth across much of the region have been dialed back since late 2024, Bloomberg surveys of economists show, as crude oil prices fall and tariffs weigh on sentiment.

Broad weakening of the US dollar — if sustained — means central banks won't need to worry as much about their currencies when cutting rates. But that could also come with complications.

"In past cycles, local currency weakness in Asia served as an important shock absorber during periods where exports were weak, but this cushion may not be available this time," said Sonal Varma, chief economist at Nomura. The bank sees further appreciation for the yen, Taiwanese dollar and the Korean won this year.

For currencies, the Fed's policy path will also be key. US Fed Chair Jerome H. Powell has resisted calls from President Donald J. Trump to lower interest rates, preferring a cautious approach to assess the impact of tariffs on prices and jobs.

As for Asia's economic and policy outlook, much will hinge on what happens with US tariffs. Officials from across the region are scrambling to negotiate with the Trump administration to avoid the steep "reciprocal" tariffs announced on April 2 before being paused to allow time for deal making.

"Unlike COVID, tariffs are not a shock that'll push up inflation around the world," said Robin Brooks, a senior fellow at the Brookings Institution. He pointed out that replacing US demand will not be easy, which means there'll be downward price pressures in net exporter countries.

"The global inflation picture is about to diverge." — **Bloomberg**

Source: https://www.bworldonline.com/bloomberg/2025/06/13/678930/asias-easing-prices-pave-path-for-rate-cuts-and-us-divergence/

PHL no longer 'dirty money' hub, says European Commission

June 12, 2025 | Cai U. Ordinario| BusinessMirror

THE European Commission has removed the Philippines from its list of "high-risk jurisdictions" when it comes to anti-money laundering and countering the financing of terrorism (AML/CFT).

The European Commission said the Philippines is one of the countries that have already addressed their technical deficiencies on AML/CFT.

Apart from the Philippines, other countries that were removed from the "dirty money" list also includes Barbados, Jamaica, Senegal and Uganda.

"These countries have strengthened the effectiveness of their AML/CFT regimes and addressed technical deficiencies to meet the commitments in their action plans on the strategic deficiencies identified by the FATF [Financial Action Task Force]," the EC said in a statement.

"The Commission concludes that these countries have addressed the strategic deficiencies identified in their AML/CFT regimes. It is therefore appropriate to remove these countries from the table in point I of the Annex to Delegated Regulation [EU]," it added.

With the removal of the Philippines from the list, only three Southeast Asian economies remain on the list—Laos, Myanmar and Vietnam.

The European Commission also added countries to its dirty money list. This includes Algeria, Angola, Côte d'Ivoire, Kenya, Laos, Lebanon, Monaco, Namibia, Nepal and Venezuela.

"That's certainly good news. But the European Union [EU] Parliament will still need to confirm the EC decision," BSP Governor Eli M. Remolona Jr. told reporters on Wednesday.

Article 9 of the 4th Anti-money Laundering Directive (AMLD IV) mandates the Commission to regularly update the list of high-risk third-country jurisdictions. The update of the list takes the legal form of a delegated regulation, which will enter into force after scrutiny and non-objection of the European Parliament and the Council within a period of one month (which can be prolonged for another month).

In February 2025, the Philippines exited the FATF "grey list" after nearly four years. The Paris-based global financial watchdog announced the country's delisting after a plenary session on Friday, citing the Philippines's completion of its action plan within the agreed timeframe.

Bangko Sentral ng Pilipinas (BSP) Governor Eli M. Remolona Jr. told reporters in a text message that the Philippines's grey list exit is "a vote of confidence" for the country.

Image credits: BM Graphics: Ed Davad

Source: https://businessmirror.com.ph/2025/06/12/phl-no-longer-dirty-money-hub-says-european-commission/

Financial firms may be liable for fraud losses

June 13, 2025 | Niña Myka Pauline Arceo | The Manila Times

FINANCIAL institutions under the supervision of the Bangko Sentral ng Pilipinas (BSP) will be held accountable for financial losses suffered by customers due to fraud if they fail to comply with mandated mechanisms.

Banks and other BSP-supervised financial institutions (BSFIs) are legally obligated to establish adequate fraud detection and prevention systems, central bank Deputy Governor Elmore Capule said. Failure to comply will result in direct liability, including compensating victims of fraudulent transactions.

"If you fail to comply with the fraud management system, then you can be held civilly liable for the damage caused to the victim," he told reporters.

If a customer falls victim to fraud and the bank's systems are found to be inadequate or unprepared, the institution may be held civilly liable, Capule explained.

"So instead of going after the scammer, the institution will have to pay."

The Anti-Financial Account Scamming Act (Afasa), which mandates tighter surveillance and quicker intervention by financial institutions, was signed into law in July last year.

The central bank is empowered under the Afasa to investigate financial accounts suspected of involvement in illegal activities. These include money mule operations, social engineering scams, and offenses such as using fictitious names or stolen identities to open accounts.

Under the Afasa, financial institutions are mandated to implement a robust fraud management system capable of detecting, flagging, and/or blocking suspicious transactions.

This includes looking for unusual patterns such as high-velocity activity — multiple, similar, simultaneous or consecutive transactions — that may indicate fraudulent behavior, often executed using bots, malware, zero-day exploits or other sophisticated attack methods.

Banks will be able to temporarily hold questionable transactions, particularly those reported by account holders themselves, effectively preventing the transfer of funds to fraudulent accounts and enhancing customer protection.

"Let's say you're the victim," Capule said. "There's no geotagging and it's impossible for you to be in two places at once, say the US and the Philippines."

"If that system (geotagging) had been in place, the bank would have flagged the anomaly. But because they didn't have that system, they should be the one to pay you," he added.

The law requires financial institutions that offer complex electronic products or handle large volumes of digital transactions to put more advanced systems in place.

Capule acknowledged that the required technology, such as Transaction and Event Tracking Information Systems, could be costly, but he insisted that such investments were essential for any institution operating in the modern digital economy.

BSP Technology Risk and Innovation Supervision Department Deputy Director Maricris Salud said that major commercial banks were on track to meet this requirement.

Source: https://www.manilatimes.net/2025/06/13/business/top-business/financial-firms-may-be-liable-for-fraud-losses/

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