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SPECIAL POINTS OF INTEREST

Incoming lawmakers urged to focus on economic measures

June 18, 2025 | Kenneth Christiane L. Basilio | BusinessWorld

THE INCOMING 20th Congress should prioritize legislation that would boost economic growth and enforce fiscal discipline to curb rising debt, while laying the foundation for long-term economic stability, economists and business groups said.

President Ferdinand R. Marcos, Jr. delivers his third State of the Nation Address before the joint session of the 19th Congress at the Plenary Hall of the House of Representatives, July 22, 2024. — PHILIPPINE STAR /KJ ROSALES

John Paolo R. Rivera, a senior research fellow at the Philippine Institute for Development Studies, said lawmakers should focus on measures that would drive productivity-led growth, improve tax revenue, and reduce wasteful spending.

"[The] focus should be on easing business through digital infrastructure laws, revenue reforms for fiscal sustainability, middle-skills and workforce development, climate-resilient infrastructure, trade facilitation and industrial upgrading," he said in a Viber message.

"All of these are aimed towards enhancing competitiveness and economic resilience," he added.

Malacañang releases a list of priority bills to help fast-track legislative action on measures viewed as critical to national development, as mandated under Republic Act No. 7640.

Out of the 64 priority bills for the 19th Congress, only 33 have been enacted into law, based on the accomplishment list on the Legislative-Executive Development Advisory Council's website.

Priority bills that failed to hurdle the 19th Congress include a measure that sought to reform the military pension system, which economic managers earlier warned is currently unsustainable and could trigger a "fiscal collapse." It passed the House of Representatives on third reading but was left pending on second reading in the Senate.

A proposed shift to a cash budgeting system, which would restrict appropriations to a single fiscal year, also failed to secure congressional approval. The measure aimed to streamline government spending by ensuring funds were allocated and utilized within a defined timeframe, but it languished in the House's appropriations and Senate's finance committees since it was filed more than two years ago.

The 20th Congress, the last under the Marcos administration, is set to convene on July 28.

Measures to be prioritized in the next Congress should include economic reforms aimed at bringing the country's debt levels back within internationally accepted thresholds, Rizal Commercial Banking Corp. Chief Economist Michael L. Ricafort said in a Viber message.

The Philippines' debt as a share of the gross domestic product (GDP) rose to 62% at the end of the first quarter, the highest in two decades. It is slightly higher than the 60% threshold considered manageable by multilateral lenders for developing economies.

The government seeks to bring the ratio down to 60.4% by end-2025, and to 56.9% by 2028.

The National Government's (NG) ballooning budget deficit is also a concern. In the first four months of the year, the budget deficit widened by 79% to P411.5 billion from the P229.9-billion gap a year ago amid faster government spending. *[Cont. page 2]*

Incoming lawmakers urged to focus on economic measures

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"The government's deficit is quite worrisome," Philippine Chamber of Commerce and Industry Chairman George T. Barcelon said in a phone call. "There should be a program to cut down on unnecessary expenses."

He said Congress should eliminate bloated appropriations in the annual budget, including the purchase of overpriced goods and "pork barrel" projects disguised as financial aid programs.

The NG's deficit ceiling for 2025 is capped at P1.54 trillion or 5.3% of GDP.

Jose Enrique "Sonny" A. Africa, executive director at think tank IBON Foundation, said there should also be a shift towards "progressive" taxes, such as higher income duties on large corporations and a wealth tax.

"The 20th Congress should make decisive shifts towards progressive taxation with wealth taxes, higher income taxes on large corporations and rich families, and windfall land value taxes while reducing consumption taxes that disproportionately burden the poor," he said in a Viber message.

A House bill seeking to impose a 1-3% tax on people with a net value of taxable assets exceeding P1 billion failed to gain traction in the chamber. There was no counterpart proposal in the Senate.

Finance Secretary Ralph G. Recto said last year he is not in favor of taxing the wealthy, citing that such a measure could be "counterproductive."

However, Mr. Barcelon said Congress should not make changes to the corporate income tax rates. "If you touch those, you will hear foreign investors saying you're changing the rules every so often."

In 2021, the Philippines lowered the corporate income tax rate to 25% from 30% under a law aimed at improving investment competitiveness.

"I would not be in favor of an increase in income tax on companies," British Chamber of Commerce of the Philippines (BCCP) Executive Director Chris Nelson said in a phone call, citing that the government should instead focus on attracting foreign investments.

High electricity and logistics costs also dampen the Philippines' appeal to foreign investors, Mr. Barcelon said, urging policymakers to tackle long-standing structural issues in the energy and transportation sectors.

Mr. Africa said the government should pursue "real" reforms in the energy sector, including increased state control, to lower high electricity costs.

The next Congress should review the implementation of existing laws designed to enhance the country's appeal to foreign investors, Mr. Barcelon said.

The BCCP supported the call for the monitoring of the implementation of investment-related laws.

"[It's] critically important that the implementing rules and regulations are clear and obviously support the bill itself," Mr. Nelson said.

Philippine business groups and foreign chambers are finalizing a joint list of priority reforms, which they plan to unveil ahead of President Ferdinand R. Marcos, Jr.'s State of the Nation Address in late-July, American Chamber of Commerce of the Philippines Executive Director Ebb Hinchliffe said in a Viber message.

The legislative agenda should also include measures facilitating technology transfers and upgrading the country's cybersecurity capabilities.

The next Congress must prioritize legislation requiring foreign companies operating in the country to transfer technology and collaborate with local companies to spur domestic industry growth, Mr. Africa said.

"Too many liberalization laws sought to reinforce foreign investor privilege rather than strengthen Filipino industry or public enterprises," said Mr. Africa.

A bill pushing for a review of foreign investments into the country should also be prioritized, he added.

"They can study current global foreign investment trends and, for instance, legislate strategic reviews of foreign investment where these are screened for their contribution to Filipino industrialization and even any national security risks," he said. *[Cont. page 3]*

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Mr. Nelson said lawmakers must prioritize a cybersecurity bill in the next Congress. “This is a key issue across economies in the world.”

The Philippines’ weak cybersecurity systems have led to national security vulnerabilities and economic losses, with incidents ranging from foreign actors allegedly breaching the President’s office and stealing sensitive documents to more than 80% of businesses facing cyberattacks last year.

Congress should also look at prioritizing a measure mandating digital payment platforms for government and business transactions and amending the bank secrecy law, said Mr. Hinchliffe.

Source: https://www.bworldonline.com/top-stories/2025/06/18/679859/incoming-lawmakers-urged-to-focus-on-economic-measures/

Biz groups cheer right of way, foreign lease reforms
June 18, 2025 | Alden M. Monzon | Philippine Daily Inquirer

MANILA, Philippines — The Makati Business Club (MBC) on Tuesday cheered the passage of three key reforms seen to boost investment, speed up infrastructure projects, and enhance government transparency.

In a statement, the MBC congratulated Congress for approving amendments to the Right of Way (ROW) Act, the Foreign Investors’ Long-Term Lease Act, and the E-Governance Act.

“These reforms are aligned with our advocacies for improvements in governance, infrastructure, and transparency, which we see as key drivers to attract more investors and create more jobs,” the club said.

“We hope that the proper implementation of these reforms will achieve the intended goal of enhancing the country’s competitiveness,” the MBC said.

The Filipino Chinese Chambers of Commerce and Industry Inc. (FFCCCII) also welcomed the passage of the ROW Act and the long-term lease law for foreigners.

It said the business sector had been urging the government for years to enact these reforms to attract more foreign direct investments and ease bottlenecks in vital infrastructure development.

The FFCCCII said the two measures could unlock fresh foreign capital and accelerate infrastructure rollout across the country.

The Accelerated and Reformed Right-Of-Way Act (Arrow) that will amend the ROW Act is expected to fast-track major infrastructure projects by streamlining land acquisition processes to reduce costly delays.

One of the major challenges previously faced in infrastructure development was the slow, complex, and often contentious process of acquiring private land for public use that led to significant delays, budget overruns and, in some cases, project cancellations.

“There were problems in the acquisition of the right-of-way. It was a recurring problem for infra projects which eventually caused delays in its accomplishment resulting in economic losses to the government,” Sen. Mark Villar, who formerly headed the Department of Public Works and Highways, said in his sponsorship address.

For instance, ROW issues have delayed the completion of a key segment intended to link the North Luzon Expressway–South Luzon Expressway (NLEx-SLEx) Connector Road to the Metro Manila Skyway Stage 3, a critical infrastructure connection meant to ease traffic and improve travel time across Metro Manila.

Delayed major projects

Vital projects such as the Metro Manila Subway and Metro Rail Transit Line 7 (MRT 7) have encountered numerous delays due to issues related to ROW acquisitions, primarily on the issue of land valuation.

The amended law aims to address these issues by simplifying legal procedures, clarifying compensation mechanisms, and strengthening government authority to negotiate or expropriate land when necessary. *[Cont. page 4]*

Biz groups cheer right of way, foreign lease reforms

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It addresses the issue of compensation, one of the most common causes of ROW delays, by updating the standards for assessing the value of property subject to negotiated sale using Republic Act No. 12001, or the Real Property Valuation and Assessment Reform Act, that took effect in January this year.

Long-term investors

It establishes a standardized system for real property valuation in the Philippines by mandating the use of a Schedule of Market Values (SMV) as the single basis for property valuation across all government agencies and for various real estate transactions.

The changes to the Foreign Investors' Long-Term Lease Act aim to encourage more foreign capital by easing restrictions on long-term leases.

A major challenge often cited for foreign investors in the country has been the limited ability to secure land for extended periods, which made long-term planning and investment riskier.

Previously, restrictions on lease duration contributed to uncertainty for businesses looking to establish manufacturing facilities, logistics hubs, or large-scale developments.

By extending the allowable lease period to 99 years from 75 years previously, the amendments bring the Philippines more in line with regional competitors such as Singapore (99 years), Malaysia (99 years), and Indonesia (95 years) and provide foreign investors with the security and stability needed for significant capital commitments.

Digital access, efficiency

The E-Governance Act, meanwhile, seeks to promote transparency and efficiency by expanding digital access to government services.

One of the persistent challenges in government processes has been bureaucratic inefficiency and lack of transparency, often resulting in delays, corruption, and limited public access to essential services.

Many of these government processes still rely on manual or paper-based systems, which are time-consuming and prone to human error.

By mandating the digitization of public services and integrating platforms across agencies, the E-Governance Act aims to reduce red tape and improve the overall ease of doing business.

Source: https://business.inquirer.net/531219/biz-groups-cheer-right-of-way-foreign-lease-reforms

BIR steps up investor support to make PH top investment hub

June 17, 2025 | Philippine News Agency

MANILA – The Bureau of Internal Revenue (BIR) is ramping up efforts to support local and foreign investors consistent with President Ferdinand R. Marcos Jr.'s goal of making the Philippines a premier investment destination.

Bureau of Internal Revenue Commissioner Romeo Lumagui Jr. *(Photo courtesy of BIR)*

In a post in his official Facebook page on Tuesday, BIR Commissioner Romeo Lumagui Jr. said he has directed "all BIR offices to assist and prioritize all local and foreign investors, particularly strategic investment, under the Investment Facilitation Network."

"This is in line with PBBM's call to make the Philippines a top investment destination. The BIR will do its role in attracting investors. Nation-building requires both the public and private sector to work together, in harmony," Lumagui said.

As a member of the Investment Facilitation Network (INFA-Net) -- a 36-agency body created under Executive Order No. 18 -- the BIR will fast-track the registration and processing of investments endorsed by the Board of Investments (BOI), as well as simplify tax-related requirements for strategic investments.

Under the Joint Memorandum Circular that governs INFA-Net, the BIR is tasked to ensure timely taxpayer registration, streamline the issuance of permits and licenses, and promptly process investment-related applications. *[Cont. page 5]*

BIR steps up investor support to make PH top investment hub

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In particular, the BIR is responsible for ensuring efficient and expedited taxpayer registration for investments endorsed by the BOI's One-Stop Action Center for Strategic Investments (OSAC-SI). It is also expected to simplify and fast-track the processing of permits and licenses required for such investments, in accordance with the timelines set by the Citizens Charter.

The BIR will designate a focal person in its offices to handle INFA-Net concerns, and will also regularly report to the BOI on the progress of investment endorsements and provide technical assistance through training modules and knowledge-sharing.

The BIR's involvement in INFA-Net is part of government efforts to promote ease of doing business in the country.

Earlier this year, the agency issued Revenue Memorandum Circular No. 37-2025 to streamline value-added tax (VAT) refund processes for exporters and businesses, pursuant to the Corporate Recovery and Tax Incentives for Enterprises to Maximize Opportunities for Reinvigorating the Economy (CREATE MORE) Act.

The reforms remove redundant requirements, cut processing time, and improve inter-agency coordination to make the country more business-friendly for legitimate local and foreign-based enterprises.

Source: https://www.pna.gov.ph/articles/1252374

PEZA OKs 4 ecozones worth over P3 billion in H1

June 19, 2025 | Louella Desiderio | The Philippine Star

In a statement yesterday, PEZA said that Marcos approved two expansion projects of a manufacturing zone in Batangas and new information technology (IT) parks in Bacolod and Bohol.
STAR / File

MANILA, Philippines — Four economic zones with total investments amounting to P3.22 billion were proclaimed by President Marcos in the first semester to help spur growth in the regions, according to the Philippine Economic Zone Authority (PEZA).

In a statement yesterday, PEZA said that Marcos approved two expansion projects of a manufacturing zone in Batangas and new information technology (IT) parks in Bacolod and Bohol.

Those approved include the expansion projects for the Lima Technology Center of the Aboitiz Group in Batangas with investments amounting to P1.4 billion and the Upper East IT (information technology) Park worth P1.6 billion of Megaworld Corp. in Bacolod City.

The park is expected to host five IT-business process outsourcing firms, creating over 2,500 local jobs.

Apart from these new ecozones, Marcos also proclaimed the Tagbilaran Uptown IT Hub 2 in Bohol with over P200 million. This new IT Park will build on the success of the 1.4-hectare Tagbilaran Uptown IT Hub 1, which currently hosts IT-business process management firm TaskUs.

PEZA said a prospective locator has already expressed interest in investing over P70 million at the Tagbilaran Uptown IT Hub 2 and hiring over 500 Filipinos.

"As a medium-term strategy under the Philippine Development Plan, the ecozones will play a vital role in attracting the much-needed investments in the country, generating more jobs for Filipinos and contributing in accelerating the nation's socioeconomic progress," PEZA director general Tereso Panga said.

PEZA also said it is working to establish the Palawan Mega Ecozone and the Pantao Ecozone in Albay. Both ecozones are targeted for proclamation within the current administration.

A total of 32 ecozones with committed investments amounting to P13.41 billion have been proclaimed under the Marcos administration.

To encourage more ecozone developments in the country, PEZA continues to work with local government units and real estate developers.

By facilitating the establishment of ecozones, PEZA wants to further solidify the country's position as a premier investment destination in the region.

"At PEZA, under my watch, we continue to engage with our partner developers like Aboitiz and Megaworld in creating more ecozones that attract investments and drive growth, prosperity and innovation nationwide," PEZA said.

Source: https://www.philstar.com/business/2025/06/19/2451537/peza-oks-4-ecozones-worth-over-p3-billion-h1

Extension of US tariff negotiation period favorable to the Philippines — Roque

June 16, 2025 | Justine Irish D. Tabile | BusinessWorld


REUTERS/MIKE BLAKE/FILE PHOTO

THE Department of Trade and Industry (DTI) said the extension of US tariff negotiations beyond July 8 will be favorable for the Philippines because it will mean the provisional 10% rate will apply for longer.

"For now the tariff is at 10%, which is lower (than the April 2 reciprocal tariff of 17%). So the extension should be okay, favorable for us," Trade Secretary Ma. Cristina A. Roque told reporters on Wednesday.

The US imposed a 17% reciprocal tariff on the Philippines on April 2. Tariffs were then put on hold for 90 days pending negotiations. In the interim, most trading partners were charged a provisional 10% rate.

"But of course if we get the tariffs lower than 10%, why not, right? But again, everything is under negotiation," she added.

Last week, Reuters reported that US President Donald J. Trump is willing to extend the deadline for completing trade talks before the reciprocal rates, or the new rates negotiated by the various trade delegations, take effect on July 8.

"I have also heard that there might be an extension, but it is not yet confirmed, so everybody is just speculating," Ms. Roque said.

According to Reuters, only the trade deal with the UK was confirmed as of last week, while 17 others are at various stages of negotiation.

"Negotiations are still ongoing … We do not know yet what the decision of the US will be; we are waiting for that," she said.

"Everybody is hoping to get what they negotiated for because when we went there, it seemed that their feedback was okay, but until we really get the exact tariffs, we really cannot say for sure," she added.

She said that the negotiations are currently being handled by Trade Undersecretary Allan B. Gepty.

"He said that the negotiations are ongoing and are favorable … By favorable, I mean it is still within what we want," she said.

"Of course what we want is lower than 17%, so we are hoping it to be within that range," she added.

She said the department is hopeful as the Philippines is already starting at a lower rate than most of its regional competitors.

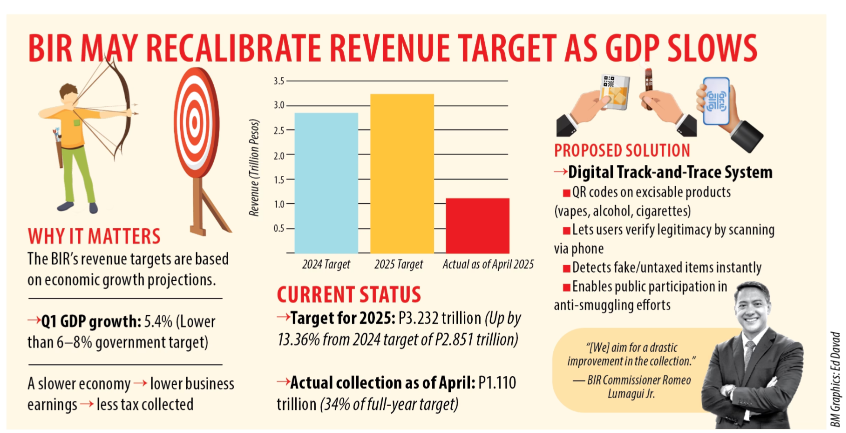
Source: https://www.bworldonline.com/economy/2025/06/18/680100/extension-of-us-tariff-negotiation-period-favorable-to-the-philippines-roque/

BIR open to tweaking its revenue targets

June 18, 2025 | Reine Juvierre S. Alberto | BusinessMirror

AFTER the Philippine economy grew slower-than-expected in the first quarter, the Bureau of Internal Revenue (BIR) is sticking to its revenue target for now, but a recalibration could be a possibility.

"There have been discussions because supposedly the collection target is dependent on the economic growth of the country," Internal Revenue Commissioner Romeo D. Lumagui Jr. said in response to a question about the possibility of revising the revenue collection target this year.



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DOTr eyes privatization of 10 more airports until 2028

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The country's gross domestic product (GDP) grew by 5.4 percent in the first quarter, slower than the 5.9 percent in the same period last year but slightly quicker than the 5.3 percent in the final quarter of 2024.

Since the government expects the economy to grow higher at 6 percent to 8 percent this year, it also anticipates higher revenue collections.

This year, the revenue collection target for the BIR is set at P3.232 trillion, higher by 13.36 percent than its P2.851-trillion goal in 2024, based on the assumption of higher economic growth.

"Our GDP growth is not going as projected… If you follow the GDP growth, there must be a recalibration of the collection target if we follow that," Lumagui said.

This means the BIR's revenue target could be lowered, given that a recalibration is possible, as a slower GDP growth leads to less tax collection.

"So we are discussing what should be the right collection target of BIR, but as of now, it's still at P3.2 trillion," Lumagui added.

The BIR has collected P1.110 trillion as of the end of April, or 34 percent of its full-year target.

One of the ways to improve the BIR's revenue collection is through the proposed digital track-and- trace system, targeted to be fully implemented next year.

The system allows anyone to scan through their phones the unique QR codes in tax stamps affixed on excisable products, such as vape products, cigarettes and alcohol, to check their legitimacy.

If such a product lacks a QR code, then it is considered illegal since it is required, Lumagui said. However, many still try to counterfeit them.

Once the QR code is scanned, it directs to a website showing details such as where the product came from, who produced it, where it is manufactured and the country of origin.

This also enables the BIR to trace the product that was scanned, such as its details and its legitimacy.

Lumagui said this will be easier for the BIR to enforce because everyone could participate in the initiative.

"[We] aim for a drastic improvement in the collection," he said.

At present, the feasibility study of the system is awaiting the Department of Finance's (DOF) approval.

It also has to secure Department of Economy, Planning and Development's (DepDev) approval since it is a public-private partnership (PPP) project.

"The BIR has been working double-time in making sure that our revenue collection target will be met this year," Lumagui said.

Image credits: BM Graphics: Ed Davad

Source: https://businessmirror.com.ph/2025/06/18/bir-open-to-tweaking-its-revenue-targets/

Peso drops to P57: $1 ahead of anticipated BSP interest rate cut

June 19, 2025 | Ben Arnold de Vera | Manila Bulletin

The peso dropped to the ₱57 level against the United States (US) dollar on Thursday morning, June 19, ahead of the expected Bangko Sentral ng Pilipinas (BSP) interest rate cut later in the day.

According to the Bankers Association of the Philippines (BAP), the local currency opened at ₱57.1, weaker by three centavos than Wednesday's close of ₱56.98. [Cont. page 8]

Peso drops to P57: $1 ahead of anticipated BSP interest rate cut

[Cont. from page 7]

As of 10 a.m., the peso fell to a low of ₱57.26.

"Higher oil prices is Philippine peso-negative," said Deepali Bhargava, Asia-Pacific regional research head at Dutch financial giant ING, in a June 18 report.

ING projected the peso spot trade to reach ₱57.04:$1, even as it could appreciate to ₱56 over the next month, ₱56.5 over the next quarter, ₱56 over the next semester, and then return to the ₱57 level over the next 12 months.

"The Philippine peso underperformed the region last month and fell 0.7 percent against the US dollar. The recent spike above ₱56 has been driven by higher oil prices as the Philippines is one of the worst impacted given it's a large oil importer," ING said.

The peso dropped to the ₱56 level just last Friday, June 13, after Israel attacked Iran.

"Our estimates indicate that a 10-percent increase in oil prices can add 0.25 percent of GDP to the current account deficit, which will be a negative for the currency in the near term," ING added.

According to ING, "from a valuation perspective, the Philippine peso remains overvalued on a real effective exchange rate basis with the weakest current account balance in the region."

Singapore's DBS Bank Ltd. had also flagged the Philippines' wider deficit in its current account, or net dollar earnings.

The latest Bangko Sentral ng Pilipinas (BSP) data released last week showed that the Philippines' current account deficit doubled to $4.2 billion in the first quarter of 2025 from $2.1 billion a year ago, as goods imports growth outpaced the rise in exports.

The Philippines is a net importer of the goods it consumes. Economists are bracing for a surge of products coming from China—already the top source of Philippine imports for many years now—as Chinese exporters look for alternative markets other than the US amid renewed trade tensions between Beijing and Washington.

BSP data showed that the current account deficit's share to gross domestic product (GDP) climbed to 3.7 percent at end-March from 1.9 percent a year ago.

The BSP had projected the current account deficit would further widen to $19.8 billion, or 3.9 percent of GDP, this year.

Last year, the deficit stood at $17.5 billion, or 3.8 percent of GDP—larger than the $12.4 billion, or 2.8 percent of GDP, in 2023.

In a June 19 report, Japanese financial giant MUFG Bank Ltd. noted that "Asian currencies have broadly extended their losses against the US dollar [last Wednesday], with the Philippine peso leading regional declines, falling 0.5 percent on the day and nearly two percent since Middle East tensions escalated last Friday," referring to the tensions between Israel and Iran.

For ING, its projected 25-basis-point (bp) cut in key interest rates, to lower the BSP's policy rate to 5.25 percent from the current 5.5 percent, "could add to the Philippine peso's downside."

"Moreover, equity markets remain weak with outflows from FIIs [foreign Institutional Investors] persisting since November 2024," ING added.

MUFG Global Markets Research senior currency analyst Lloyd Chan noted that BSP Governor Eli M. Remolona Jr. had stated that "the central bank will tolerate currency weakness, noting that intervention will be futile amid global risk aversion."

MUFG is also looking forward to the market's widely anticipated 25-bp BSP rate cut, which Chan noted would be "supported by moderating inflation."

Source: https://mb.com.ph/2025/06/19/peso-drops-to-571-ahead-of-anticipated-bsp-interest-rate-cut

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