필리핀 한국 상공회의소 뉴스
KOREAN CHAMBER OF COMMERCE PHILIPPINES NEWSLETTER

July 2025 Issue | Vol. 46

SPECIAL POINTS OF INTEREST

Trump sets 20% US tariffs on Philippine goods, says relations not 'reciprocal' in letter to Marcos

July 10 , 2025 | Cristina Chi - Philstar.com

MANILA, Philippines — (Updated 11:00 a.m.) United States President Donald Trump has imposed a 20% tariff on all Philippine goods starting August 1 and threatened to pile on additional duties if the Philippines retaliates, according to his letter to President Ferdinand Marcos Jr.

This photo shows US President Donald Trump (left) during the inaugural parade in Washington, DC on Jan. 20, 2025 and Philippine President Ferdinand Marcos Jr. (right) at an event in Malacañan Palace on July 31, 2024.

AFP / Jim Watson; Bongbong Marcos via Facebook

The White House letter dated July 9 was posted on Trump's Truth Social account along with similar tariff notifications sent to six other countries.

"If for any reason you decide to raise your Tariffs, then, whatever the number you choose to raise them by, will be added onto the 20% that we charge," Trump wrote in the letter to Marcos.

Trump offered an exemption for companies willing to relocate manufacturing operations to the United States, promising approvals could be processed "quickly, professionally, and routinely – in other words, in a matter of weeks."

The 20% tariff rate is higher than the 17% rate Trump originally announced for Philippine exports in April but lower than that of other Southeast Asian nations, including Cambodia and Thailand (36% each).

Trump's letter justifies the raised tariffs by citing "many years of the Philippines' Tariff, and Non-Tariff, Policies and Trade Barriers" that created what he calls "unsustainable Trade Deficits."

The US president said he believes the trade imbalance is a "a major threat to our Economy and, indeed, our National Security."

The tariff on the Philippines is part of Trump's expanded trade offensive targeting multiple countries. He has also announced a whopping 50% tariffs on Brazil and copper imports, both effective August 1.

Trump first announced "reciprocal tariffs" in April but delayed implementation to allow for a 90-day negotiation period.

He repeatedly extended the deadline but now says August 1 is final, with no further delays.

The Philippines faces constraints in responding with its own tariffs given its close military ties with the US and their ongoing cooperation in the South China Sea.

Reaction to the original 17% tariff rate. Malacañang had downplayed the initial imposition of a 17% tariff rate on Philippine exports to the US. Palace Press Officer Claire Castro described the potential impact as "very minimal" and said the Philippine government was "accepting it" due to the relations between the Philippines and the US.

The Philippines received a lower rate compared to other countries announced this week. Trump imposed 30% tariffs on Algeria, Iraq, Libya and Sri Lanka, while Brunei and Moldova face 25% duties.

Source: https://www.philstar.com/business/2025/07/10/2456970/trump-sets-20-us-tariffs-philippine-goods-says-relations-not-reciprocal-letter-marcos

Senator cites tax relief under Ginhawa bill

July 09, 2025 | Butch Fernandez | BusinessMirror

SEN. Sherwin Gatchalian on Wednesday said young professionals, minimum wage earners and those earning above minimum wage alike, stand to gain from the Ginhawa bill, which raises the income tax exemption from P250,000 to P400,000, in effect putting more money back in their pockets.

"Kapag naging batas ang Ginhawa [bill], *para kang may dagdag isang buwang sahod kung kumikita ka ng* P400,000 *pababa taun-taon,"* said Gatchalian.

As the "taxpayers' voice," Gatchalian said that under current tax rules, individuals with a net taxable income of P400,000 a year pay P22,500 in income tax. The Ginhawa bill removes this burden, freeing up P22,500 for essentials like food, education, and healthcare.

For call center employes earning P25,000 monthly or P325,000 annually, including 13th month pay, Ginhawa means zero income tax, translating to an additional income of P314 per month or P3,765 per year.

A private nurse earning P33,000 monthly or P429,000 annually with 13th month pay is currently taxed at P1,424 monthly or P17,085 a year. Under Ginhawa bill, this entire amount becomes savings.

Teachers III earning P34,421 monthly or P447,473 yearly pay P1,414 per month or P16,973 annually in taxes. If Ginhawa were enacted into law , they would pay nothing.

Source: https://businessmirror.com.ph/2025/07/09/senator-cites-tax-relief-under-ginhawa-bill/

DOLE: Minimum wage in 5 regions under review

July 10, 2025 | GMA Integrated News

The Department of Labor and Employment (DOLE) on Thursday said that five Regional Tripartite Wages and Productivity Board (RTWP) have already started the review of their wage orders.

"May limang region na ang nagsisimula sa proseso. Matatandaan natin, nung nakaraang May 2024, nagkaroon ng direktiba ang ating Pangulo na magkaroon ng timely review, 60 days prior to the anniversary ng kanilang pinakahuling wage order," said DOLE Secretary Bienvenido Laguesma in an interview on Super Radyo dzBB.

(There are five more regions that are starting the review process. If we remember, the President had a directive in May 2024 for the wage boards to start the review 60 days prior to the anniversary of their last issuance.)

"Ang mga susunod na rehiyon na magsasagawa ng proseso ay Region I, II, III, IV-A, at VII. Pagkatapos niyan ay susunod na rin ang ibang rehiyon," added Laguesma.

(These regions are Regions I, II, III, IV-A, and VII. Then, other regions will follow.)

Bienvenido said that this is in line with the directive of President Ferdinand Marcos Jr. in May 2024 to review the minimum wage rates in every region.

Last week, the NCR-RTWPB granted a P50 wage hike for minimum wage earners in Metro Manila, bringing the daily minimum wage rate from P645 to P695 for the non-agriculture sector and from P608 to P658 for the agriculture sector, service and retail establishments employing 15 or less workers, and manufacturing establishments regularly employing less than ten workers.

The increase is set to take effect on July 18. —**Sundy Locus/ VAL, GMA Integrated News**

Source: https://www.gmanetwork.com/news/money/economy/952132/dole-minimum-wage-in-5-regions-under-review/story/

Philippine FDI rebounds strong in April, highest in three months

July 10, 2025 | Derco Rosal | Manila Bulletin

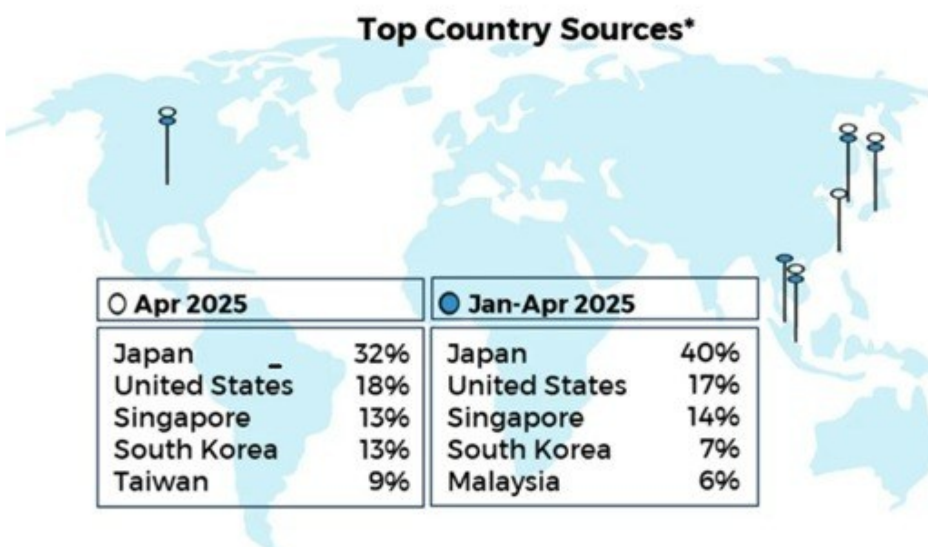
At A Glance

- Net inflows of brick-and-mortar foreign direct investment (FDI) into the Philippines increased to $610 million in April, the highest in three months, driven by larger investments in the manufacturing sector from Japan.

Net inflows of brick-and-mortar foreign direct investment (FDI) into the Philippines increased to $610 million in April, the highest in three months, driven by larger investments in the manufacturing sector from Japan.

Net FDI inflows climbed by 7.1 percent from $570 million in April last year, according to the preliminary data from the Bangko Sentral ng Pilipinas (BSP). Historically, the FDI at the start of the second quarter was the highest since February's $731 million.

"FDI into the Philippines remained positive in April 2025, with inflows from Japan and into manufacturing taking the lead," the BSP said in a statement released on Thursday, July 10.



In particular, the increase resulted from higher net investments of nonresident investors, surging by 24.3 percent annually. Nonresidents' net investments in the country's debt papers climbed to $522 million from $420 million.

Reinvestment of earnings also expanded by 3.3 percent to $84 million from $82 million.

Meanwhile, nonresidents' net investments in equity capital—other than reinvestment of earnings—fell by 94.1 percent from $68 million to $4 million.

Japan emerged as the top source of equity capital placements in April, accounting for 32 percent of the total. It was followed by the United States (US) with 18 percent, Singapore and South Korea with 13 percent each, and Taiwan with nine percent.

Manufacturing accounted for the largest share of investments in April at 47 percent—nearly half of the total. It was followed by financial and insurance activities and real estate, each receiving 16 percent, while the remaining 20 percent went to other industries.

Despite the positive trend in April FDI, net inflows for the first four months declined by 33.4 percent to $2.4 billion from the $3.6 billion recorded in the same period a year ago. This continued the decline in the first quarter.

Measured against the Philippines' FDI target of $10 billion this year, the four-month total now stands at 24 percent. This year's target is higher than last year's $8.93 billion in attracted investments.

FDI refers to cross-border investments where a nonresident investor owns at least 10 percent equity in a local enterprise, and may take the form of equity capital, reinvested earnings, or intercompany borrowings.

Source: https://mb.com.ph/2025/07/10/philippines-fdi-rebounds-strong-in-april-highest-in-three-months

Q2 GDP growth likely picked upon strong domestic demand — analysts

July 10, 2025 | Angela Celis | Malaya Business Insight

Avg growth seen at 5.78%; Recto says rate within full-year govt estimate

GROWTH in the Philippine economy likely quickened to an average 5.78 percent in the second quarter of 2025 on sustained domestic demand, reflecting strong household spending, easing inflation, and steady remittance flows, analysts said.

Finance Secretary Ralph Recto said the economy likely grew within the government's latest full-year projection.

"Growth will come from household consumption and government consumption and investment," Recto said.

If confirmed, the second-quarter performance would mark an improvement from the 5.4 percent growth posted in the first three months of the year, keeping the country within its updated full-year target range of 5.5 to 6.5 percent.

'Inflation manageable'

John Paolo Rivera, senior research fellow at the Philippine Institute for Development Studies (PIDS), estimates Q2 growth between 5.6 and 5.8 percent.

He said demand was lifted by seasonal spending and mid-year consumption, while inflation remained manageable.

Solid drivers

"Services and non-discretionary goods performed well. Government spending also picked up after a slow start, while tourism and remittances supported incomes," Rivera said. "But exports remained weak and global uncertainty still weighed on investor sentiment."

He added that high underemployment and elevated interest rates continued to limit gains, particularly in investment-heavy sectors such as real estate and construction.

"Sustaining momentum will require better public spending efficiency and policy that supports key industries without tightening too fast," Rivera said.

Reinielle Matt Erece, economist at Oikonomia Advisory & Research, sees Q2 growth at around 5.6 to 5.7 percent, citing "a more stable price environment and improving business confidence" as drivers of the modest pickup. *[Cont. page 5]*

Q2 GDP growth likely picked upon strong domestic demand — analysts

[Cont. from page 4]

Lingering risk

"Domestic demand remains the backbone," Erece said. "But global trade tensions and weak investment appetite continue to act as brakes."

University of Asia and the Pacific economist Cid Terosa said growth likely stayed within target as consumption held firm, supported by lower inflation and remittances. But external headwinds, he added, remained a drag.

"Global market uncertainty, persistent trade tensions, and investor caution are still major hurdles," Terosa said.

Michael Ricafort, chief economist at Rizal Commercial Banking Corp., gave one of the more upbeat estimates at 6 percent, citing the broad recovery of services, small enterprises, and tourism-related industries.

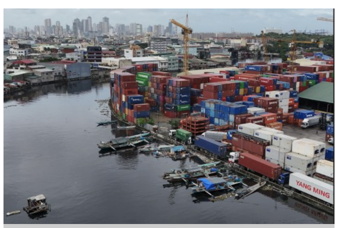
"Increased infrastructure and pre-election spending also helped lift activity," Ricafort said.

The government is set to release official second-quarter GDP figures in August.

Source: https://malaya.com.ph/business/business-news/q2-gdp-growth-likely-picked-upon-strong-domestic-demand-analysts/

PHL industries burdened by long-standing export issues

July 11, 2025 | Andrea E. San Juan | BusinessMirror



The container yard seen from Dagat Dagatan, Caloocan on Thursday, July 10, 2025. The Philippines faces a 20 percent US tariff based on the newly signed letters from President Donald Trump on Wednesday.

PHILIPPINE industries are now bearing the impact the failure to resolve long-standing issues with exports, as some factories might start shutting down operations and shed jobs after Washington raised the tariffs to be slapped on Philippine goods entering the United States, its top export destination, according to local industry leaders.

In separate interviews with the BusinessMirror, leaders representing various industries and organizations in the Philippines weighed the fate of the manufacturers and exporters in the country after US President Donald Trump decided to increase the duties on Philippine exports to the United States to 20 percent.

Robert Young, President of the Foreign Buyers Association of the Philippines (Fobap), had a curt assessment: "Factories here can no longer compete within this kind of scenario."

Breaking down the potential effects of Washington's move on local industries, Young said these scenarios may occur: "Number one, people will be losing jobs. Number two, which is drastic, is to close the operation, which is, again, very sad for the Philippine economy, for the labor market. So that will be the problem."

"Number three, which is very obvious, eventually, perhaps the garment industry will perish and will be removed from the radar of the international buying market. That's exactly what happened to footwear. So mawawala na tayo, burado na tayo [So, we will disappear, we will be erased]."

This kind of scenario, he said, should prompt the Philippines to "sit down and sharpen our pencils and see how we can still remain in the competition," adding, "Because it will be very, very tough. It will be an uphill battle for the Philippines now that we have this 20 percent."

In May 2025 or during the 90-day pause of Washington's tariff policy implementation, the Confederation of Wearable Exporters of the Philippines (Conwep), a local garments industry group, was pinning its hopes on securing lower tariffs than its Asean competitors in order to capture the garments market in the US.

Conwep Executive Director Maritess Jocson-Agoncillo said then: "This is a very critical moment for the industry. If Cambodia and Vietnam would get a little higher than 17 percent, then I can still exist as long as my Asean counterparts would have a higher number, I have a silver lining."

However, it is worth noting that Vietnam was able to negotiate for lower tariffs, bringing down the initial 46 percent rate to 20 percent, which means the US now imposes the same additional tariff rate on Vietnam and the Philippines.

[Cont. page 6]

PHL industries burdened by long-standing export issues

[Cont. from page 5]

Jocson-Agoncillo previously explained that even prior to Washington's announcement of the additional tariffs it would impose on its trade partners, the Philippine garments industry was already "in trouble."

She also noted two months ago that even without the additional tariffs, the industry was already paying duties and taxes because the sector is not enjoying any preference status compared to the electronics industry. (See:https://businessmirror.com.ph/2025/05/26/survival-of-phl-garments-sector-rests-on-slapping-of-higher-tariffs-for-asean-rivals/)

These scenarios have led to Young setting a dim outlook for Fobap's garments sector, saying: "It will contract. It will be hard for us … Our target is about $1 billion this year, shipments for the apparel garments. I don't think we can hit it because there will be cancellations."

The Electronics sector which also exports to the US, represented by the Electronics Industries Association of the Philippines, Inc. (EIAPI), has a dim view of the tariffs aftermath.

EIAPI President Earl Lawrence Qua told the BusinessMirror in a Viber message Washington's move to hike the tariff on Philippine goods to 20 percent "is definitely not good news."

Qua said the local electronics industry hopes the government will continue to negotiate with the US side, and sees no reason why the Philippines should have the same tariff as Vietnam.

"Vietnam has over $116 billion in trade deficit while the Philippines has less than $5 billion. This is a critical time as it is the beginning of a supply chain realignment epoch and we do not want to miss the boat again," Qua pointed out.

EIAPI is more focused on the design side of electronics.

Seipi review

Meanwhile, officials of the Semiconductor and Electronics Industries in the Philippines Foundation, Inc. (Seipi) will review this Friday the impending tariffs on the semiconductors and electronics industry.

"Let me get the details on this new announcement if this will include the semiconductor products that we export to the US. For sure other products other than semiconductor components will be affected," Seipi Chairman Norberto Viera said in a Viber message. Components that may be affected are "modules, finished products that have components sourced from other countries."

Seipi President Danilo C. Lachica separately said: "We need to clarify if the 20 percent is reciprocal or total."

The Seipi officials were asked if semiconductor and electronics would still be exempted from the tariffs, as the terms used by Trump in his letter addressed to Philippine President Ferdinand R. Marcos, Jr. indicated that the 20-percent tariffs will cover all Philippine goods entering the US.

In his letter to President Ferdinand R. Marcos, Jr., President Donald Trump said: "Starting on August 1,2025, we will charge the Philippines a tariff of only 20 percent on any and all Philippine products into the United States, separate from all Sectoral Tariffs. Goods transshiped to evade a higher tariff will be subject to that higher tariff."

Nothing else to offer: Philexport

We have nothing else to offer, so we should take exports seriously. That's the stand of the umbrella organization of Philippine exporters.

Philippine Exporters Confederation Inc. (Philexport) President Sergio R. Ortiz-Luis Jr. explained to the BusinessMirror in a phone interview why the Philippines may have gotten a higher-than-expected tariff rate.

"One concern of Trump is the BRICS [Brazil, Russia, India, China, and South Africa]. We have no intention of joining BRICS, we have no intention of abandoning the dollar. Naibigay na natin 'yun kaya originally mababa tayo [We had already given that, so originally we were slapped with a lower tariff]," Ortiz-Luis told this paper.

"But they [other countries] are offering now [concessions to the US]. What can they offer that we cannot offer? Like what we have already said, we won't join BRICS, we won't abandon the dollar, we have already given them the bases. They now have free entry here," the Philexport chief added. *[Cont. page 7]*

PHL industries burdened by long-standing export issues

[Cont. from page 6]

Ortiz-Luis noted that the Philippines "even agreed to put up an ammunition plant here," adding, "Those are negotiation points. The act of veering away from China, we have done already."

The Philexport chief deduced that the Philippines "has nothing to offer but they have everything to offer," referring to other countries that were able to negotiate for lower tariffs such as Vietnam, which got Washington to trim the tariff on its exports to the US from 46 percent to 20 percent, or just the same level as the Philippines' new tariff rate at 20 percent — higher from the initial 17 percent reciprocal tariffs prior to the 90-day pause.

"The problem is what else can we offer? Geopolitics is what we're talking about now. We're so small a trading partner that it doesn't make much sense to notice us," Ortiz-Luis explained.

If the Philippines will make an offer to the US, "We may not be able to offer anything aside from our agricultural products which we cannot afford anymore."

Fobap's Young thinks the Philippine negotiating team did their best in securing lower reciprocal tariffs, "But we don't have anything in exchange. This is our business. So, Vietnam has something to offer."

Young added: "Plus the fact that the Philippines is a negligible country because of trade, the volume that we are doing. You will notice that maybe, we are the last to be announced on how much tariff we are having."

Ortiz-Luis zoomed in on what the Philippine government can do, particularly paying attention to the beefing up of exports and local industries.

"We're such a small player. We don't affect the structure. But what is important for the government to do now? It's once and for all to take exports seriously," the Philexport chief underscored.

Ortiz-Luis emphasized: "Kasi we don't support exports. We only talk about exports and then we expect exports to grow by itself."

Ortiz-Luis recalled a time when the Philippines's outbound shipments posted the fastest growth rate compared to its peers in Asia.

"There was a time in 1989, the effort of former President FVR, napadala niya dito pati semiconductors. We grew 21 percent. The highest, if not in the world at least in Asia we were the highest," added the Philexport chief.

"Now there's almost no funds. So we should look at developing markets, developing products, rather than looking at the US," Ortiz-Luis said.

Image credits: Nonoy Lacza

Source: https://businessmirror.com.ph/2025/07/11/phl-industries-burdened-by-long-standing-export-issues/

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The six members of the Joint Foreign Chambers (JFC) of the Philippines are pleased to announce that registration for the **Arangkada Philippines Investment Forum 2025** is now open! Since 2012, the Arangkada Philippines Forum has been a premier platform for high-level dialogue on investment, economic reform, and inclusive growth in the Philippines. This year, the annual forum will take place on **September 25 and 26, 2025** at the **Marriott Grand Ballroom** in Pasay City and bring together hundreds of distinguished leaders from government, the private sector, academe, and media to discuss strategies to attract and retain investments and promote business growth. Specifically, the forum will be focused on the JFC's seven "big winner" sectors of agribusiness, infrastructure, manufacturing and logistics, tourism, critical minerals, creative industries, and Information Technology and Business Process Management.

The first day of the forum will feature speeches from top government and business leaders and breakout discussions focused on the seven sectors and the second day will feature exclusive business-to-business and business-to-government networking opportunities, live product and business demonstrations at booth exhibits, and in-depth industry talks that provide valuable insights into government services and investment-related topics.

For more information, you may contact KCCP Secretariat at +632-8885-7342 or through email at info@kccp.ph


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