

필리핀 한국 상공회의소 뉴스 KOREAN CHAMBER OF COMMERCE PHILIPPINES NEWSLETTER



August 2025 Issue | Vol. 56

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UPCOMING EVENT

[Sept 25- Sept 26] Arangkada **Philippines Investment Forum** — раде 7-8

Fiscal deficit seen widening to 6% of GDP

August 13, 2025 | Marco Luis Beech | The Philippine Star

MANILA, Philippines – The country's fiscal deficit is expected to widen to six percent of gross domestic product (GDP), signaling a slowdown in fiscal consolidation efforts amid rising global economic headwinds, a study showed.

A study by BMI Country Risk & Industry Research found that 2025 brought a more challenging external environment, potentially hindering efforts and straining the Philippines' already limited economic policy space.

"Washington is preparing to impose 19 percent tariffs on all imports from the Philippines. If fully implemented, this would further dampen external demand and add to existing structural weaknesses," according to the BMI report.



A study by BMI Country Risk & Industry Research found that 2025 brought a more challenging external environment, potentially hindering efforts and straining the already Philippines' economic policy space.

Miguel de Guzman

The Cabinet-level Development Budget Coordination Committee expects the debt-to-GDP ratio to ease to 5.5 percent this year from the 2024 level of 5.7 percent.

For the six-month period, the budget deficit rose by nearly 25 percent to P765.5 billion from the P613.9 billion last year as spending outpaced revenue growth from January to June.

A budget deficit means that the government is spending beyond what it earned from revenue collections, although at a slower pace this time around.

BMI estimates that government spending would need to increase by one percentage point from the current level of 21.9 percent of GDP to meet its medium-term growth target.

"The Philippines' public finances remain fragile, with the debt-to-GDP ratio having risen to around 60 percent from the pre-pandemic level of 40 percent. This places the country among the regional laggards in fiscal recovery," it said.

BMI said elevated borrowing costs and a narrow revenue base restrict the country's ability to provide large-scale fiscal support without undermining debt sustainability.

By the end of June, the debt-to-GDP ratio of the Philippines was at 63.1 percent from the first quarter's 62 percent.

The research found that the full impact of US tariffs and broader trade fragmentation remains uncertain, as geopolitical tensions and supply chain shifts make potential economic consequences difficult to quantify. It noted that the impact may be less severe than feared.

"Policymakers are unlikely to rely solely on fiscal spending. Instead, we expect a more balanced policy response that includes monetary easing, targeted subsidies and efforts to diversify trade partners, particularly within ASEAN and the Indo-Pacific region," it added.

BMI said the Philippines must choose between accepting structurally slower GDP growth and extending its fiscal adjustment timeline, as limited fiscal space and mounting external risks test the government's ability to maintain balance.

Source: https://www.philstar.com/business/2025/08/13/2465035/fiscal-deficit-seen-widening-6-gdp

PEZA to exempt admin workers from WFH cap

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



THE Philippine Economic Zone Authority (PEZA) said it plans to exempt administrative workers from the cap on work-from-home (WFH) jobs in economic zones (ecozones).

"Those with non-sensitive positions, like those in finance and administration, can do remote work," PEZA Director General Tereso O. Panga said on the sidelines of the PEZA Water Forum 2025 on Tuesday.

"We will relax it so that the threshold can actually be increased more than the 50% because we will exclude from the threshold the administration and finance people," he added.

Production workers at manufacturing plants and contact center agents were among those to be counted in the WFH cap.

"We pre-cleared that already with the FIRB to be safe about it. So we will issue guidelines on this," he said, referring to the Fiscal Incentives Review Board (FIRB).

The FIRB regulates incentives granted by entities like PEZA. WFH arrangements emerged as an issue because ecozone locators benefiting from incentives are required by law to perform a certain percentage of work onsite.

Mr. Panga said the implementing rules and regulations (IRR) of the WFH policy could be released as early as this month.

"We are done with the consultations, but we are waiting for the inputs from the Information Technology and Business Process Association of the Philippines (IBPAP)," he said.

"We will try to release it within the month or early next month. It's within the policy-making powers of the board. So, the general rule is not to exceed the 50% limit, but we have policy considerations," he added.

Under the Corporate Recovery and Tax Incentives for Enterprises to Maximize Opportunities for Reinvigorating the Economy (CREATE MORE) Act, registered business enterprises are allowed to implement WFH arrangements for up to 50% of the workforce and still receive incentives.

According to Mr. Panga, the CREATE MORE IRR allows even manufacturers to adopt WFH arrangements.

"It will now benefit not just information technology (IT) locators but also manufacturing companies. Because in the early stages of the CREATE law, it was exclusive only to IT," he said.

Source: https://www.bworldonline.com/economy/2025/08/12/691143/peza-to-exempt-admin-workers-from-wfh-cap/

Marcos urged to veto 'Konektadong Pinoy' bill

August 12, 2025 | Lorenz S. Marasigan | BusinessMirror

PLDT Inc. and Globe Telecom Inc. have called on President Ferdinand Marcos Jr. to send the proposed Konektadong Pinoy (KP) Bill back to Congress, citing concerns over constitutionality, regulatory imbalance, and cybersecurity risks despite supporting the measure's goal of expanding internet access.

PLDT Corporate Secretary Marilyn Victorio-Aquino said the bill grants "so much benefits" to data transmission providers without extending similar advantages to other telecommunications players.



She warned that the proposal would require incumbent operators to open "all our assets" to new entrants without establishing that such access is "essential," and without cybersecurity clearance, potentially creating "as many cybersecurity threats for us and for our subscribers."

"We were requested by the Office of the Deputy Secretary for Legal Affairs of Malacañang to comment on the bill and we sent our comment. We raised this issue of constitutionality and our position that the president should veto the bill," she said on Tuesday. [Cont. page 3]

Marcos urged to veto 'Konektadong Pinoy' bill

[Cont. from page 2]

Aquino noted that if the bill is signed into law "then we may have no option to go to court and raise the issue of constitutionality."

Globe General Counsel Froilan Castelo said the bill should be refined to ensure fair competition and long-term industry stability.

"We believe this bill needs further study and reform. We hope the President understands the concerns raised by many in the industry, including respected voices and notable personalities," he said. "Our key concerns include regulatory imbalance, uneven competition, and the lack of transparency and oversight for new players."

The Department of Information and Communications Technology (DICT) has defended the bill, saying it would strengthen—not weaken—regulatory oversight by enhancing the National Telecommunications Commission's powers on cybersecurity, quality of service, and fair competition.

It assured that foreign entities would be subject to multi-layered national security vetting and that core digital infrastructure would remain protected under existing laws.

The measure, approved on third reading in February, seeks to ease market entry for more than 1,000 small internet providers, especially in remote and underserved areas, through streamlined permitting, improved spectrum management, and mandatory infrastructure sharing.

Mr. Marcos has yet to decide whether to approve or veto the bill. He has 12 days left to do so.

Source: https://businessmirror.com.ph/2025/08/12/marcos-urged-to-veto-konektadong-pinoy-bill/

Al could boost Philippine economy by P1.8 trillion

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



Artificial intelligence technologies can potentially boost the Philippine economy by P1.8 trillion, according to a new report. — REUTERS/DADO RUVIC/ILLUSTRATION

ARTIFICIAL INTELLIGENCE (AI) technologies can potentially boost the Philippine economy by P1.8 trillion (around \$31 billion), as Filipinos increasingly use AI for work and upskilling, according to a report by Google Philippines and consulting firm Public First.

If realized, this would result in a 7% increase in gross value added (GVA), and can possibly "lift our overall global standing," Google and Public First said in its 2025 Economic Opportunity Report.

"With this new technology, it's as if we're adding a new growth engine, a new industry to the Philippines," Gabriel Roxas, country marketing manager at Google Philippines and Vietnam, said at a news briefing on Tuesday.

The skills gained from AI can boost an average worker's productivity by P110,000 a year (about \$2,000), according to the report.

Today's AI technologies could potentially augment around 37% of workers, it added.

It could also save the average worker around three hours worth of administrative tasks in a week, freeing up their time for more productive and high-value chores, it said.

This would also boost workers' wages by over 6%, according to the report.

To unlock the economic benefits of AI, companies must develop new workflows and invest in the necessary infrastructure to accelerate AI adoption in their operations, Mr. Roxas said.

"What's even more significant is when artificial intelligence unlocks different kinds of services, products or businesses that aren't even within the scope of what they're currently doing, which is actually likely possible, because these are new frontiers or revenue streams that won't be possible without the technology available," he added.

Al should also be ingrained in accelerating economic development and growth, which would help accelerate scientific innovation and boost workers' skills overall, he added. [Cont. page 4]

Al could boost Philippine economy by P1.8 trillion

[Cont. from page 3]

Across the Philippines, Al adoption has been growing at a fast pace, driven by its young and mobile-first population.

In its report, Google and Public First noted that AI adoption is higher among the younger workforce, which bodes well for the Philippines as it has a median age of 26.

"We saw higher adoption rates among the younger workforce. So, that bodes well for us because these are people who are leaning into new technologies and eager to try it out," Mr. Roxas said.

"We've gotten used to using smartphones, these devices for everyday productivity tasks," he added. "All the more that it's going to be easier to access artificial intelligence solutions on our mobile devices."

Al can also boost productivity across traditional and emerging sectors, he said.

In particular, AI can help boost the growth of the wholesale and retail industry by P410 billion (about \$7.2 billion), which is equivalent to a 9% increase in GVA.

Wholesale and retail companies could use AI to improve their advertising, and quickly respond to consumer queries and requests, Mr. Roxas said.

"Of course, and maybe this is what we can encourage our Filipino businesses to do, is that AI can open up new markets for you to export to, especially the markets where they have a different language," Mr. Roxas said.

The financial and insurance sector can also grow by P300 billion (around \$5.2 billion), increasing its GVA by 12%, if it adopts AI to create better product solutions and detect cases of fraud.

The report noted that AI can increase the GVA of the public administration and defense sector by 9%, reaping economic benefits of about P109 billion (around \$1.9 billion).

"Al can streamline a lot of frontline services as well, in terms of actually optimizing procurement, identifying bottlenecks, and catching fraud. But ultimately, the end vision here is for governments to actually personalize how they interact and solve the problems of each citizen," Mr. Roxas noted.

Greater digital access can increase the overall economic impact of AI in the Philippines by P37 billion, Google and Public First said, citing the importance of smartphones, connectivity, and digital infrastructure in achieving this.

Al can also address some of the country's pressing issues, namely, cyberthreats and fraud, agriculture, and public sector challenges, Google and Public First said.

According to the report, Al-driven solutions can reduce about half of the costs (about P180 billion) arising from cybersecurity threats and fraud.

By 2035, Al could also boost the productivity of the Philippines' agriculture sector by about P120 billion through satellite imagery, weather forecasts, and farm sensors.

Lastly, Al tools can increase the efficiency of the public sector by 5% by streamlining repetitive tasks, the report said.

"With artificial intelligence, you can automate highly repetitive tasks, so that the manpower of the government can focus on much more pressing issues," Mr. Roxas noted.

The report, which included a survey of over 1,084 online adults based in the Philippines, said that 50% of respondents are using Al weekly in their personal lives.

It also noted that 76% of Filipino respondents said that they're already using AI for work or intend to do so in the next 12 months.

"This tells us that it's actually quite mainstream to leverage artificial intelligence," Mr. Roxas said.

The Google and Public First survey noted that 87% of Filipinos have shown interest in using AI to learn a new skill.

This means they see AI as a partner or tutor that will help them make the most out of the available technologies, Mr. Roxas said.

About 88% of Filipinos are willing to engage in skills training to better take advantage of the benefits of AI, the report said.

With this, businesses and employees must meet halfway to find better ways to learn AI at a quicker pace, according to Mr. Roxas.

"What's most important is for us is to come together as an ecosystem and as a community to drive education and

Government readies incentives for Samsung's \$1 billion project

August 14, 2025 | Louella Desiderio | The Philippine Star

MANILA, Philippines — The government is looking to finalize within the current quarter the incentives package, including a power subsidy for Samsung Electro-Mechanics Philippines Corp. (SEMPHIL)'s planned \$1 billion investment, according to the Philippine Economic Zone Authority (PEZA).

While the government has already ironed out the fiscal incentives, PEZA director general Tereso Panga told reporters that the power subsidy still needs to be approved.

"We're working on the power subsidy," he said, noting that the government has already come up with a mechanism and formula.

He also said the parties have agreed on the power rates and the formula is set to be endorsed to the Fiscal Incentives Review Board (FIRB) this week for approval.

After securing FIRB approval, the incentives package will need to be endorsed to the Office of the President (OP).



After OP approval, Panga said the project would be endorsed to the PEZA for registration with the investment promotion agency.

He said the government expects to complete the process within the third quarter.

He also said securing the approval within the current quarter falls within schedule as SEMPHIL is expected to start construction by January next year.

SEMPHIL is planning to expand its existing facility in Calamba, Laguna.

At present, SEMPHIL manufactures multi-layer ceramic capacitors, tantalum capacitors, inductors and chip resistors, which are commonly used in electronic gadgets.

Under the implementing rules and regulations of the CREATE MORE Act, the President has the power to grant tailored incentives for highly desirable projects in the interest of national economic development.

Highly desirable projects are those with a minimum investment capital of P50 billion or its equivalent in dollars or those generating at least 10,000 local jobs.

Source: https://www.philstar.com/business/2025/08/14/2465259/government-readies-incentives-samsungs-1-billion-project

Higher power bills this month due to transmission charge increase, NGCP says

August 14, 2025 | Louella Desiderio | The Philippine Star

The Hanila Times HIGHER transmission charges will lead to an increase in the power bills that consumers will receive this month, National Grid Corp. of the Philippines (NGCP) said on Wednesday.

Average transmission rates for the July billing period increased to P1.3233 per kilowatt-hour (kWh), up from June's P1.2113/kWh, the company said on Wednesday.

NGCP said the increase was brought about by the Energy Regulatory Commission's (ERC) having approved the firm's maximum allowable revenue and under-recoveries.

The regulator earlier greenlit the recovery of P0.0384/kWh, to be collected for 84 months, and a maximum revenue of P6.62 billion translating to an anticipated increase of P0.0629/kWh.

The NGCP said the approvals would help finance continued efforts to further strengthen the power grid and ensure continuous and reliable service.

"Technically, there are no increases in our charges, as what the consumers are currently seeing ... is the approval of the ERC of our expenses and efforts to strengthen the grid from 2016 until right now that were not collected before," NGCP Assistant Vice President Cynthia Perez-Alabanza told reporters.

"We also want to emphasize that NGCP has a revenue cap, so what has been ordered is the only figure that will be allowed to collect. This is to charge us not excess but rather, just the right amount for us to continue and give better service to our customers."

 $\underline{Source: https://www.manilatimes.net/2025/08/14/business/top-business/higher-power-bills-this-month-due-to-transmission-charge-increase-ngcp-savs/2167370}$

Report: Corruption, political spat stunt economic growth

August 13, 2025 | Cai U. Ordinario | BusinessMirror



A makeshift house floats along the seawall of Manila Bay in the Parañaque area, serving as temporary shelter for fishermen. This free-of-charge housing option provides refuge for those who would otherwise be living on the streets or renting.

Corruption and political instability continue to undermine the country's economic growth under the Marcos administration, according to Capital Economics.

In its latest brief on the administration's mid-term scorecard, Capital Economics said that while the past three years showed "encouraging" economic performance.

However, Capital Economics noted the Philippines remains among the most corrupt countries in Asia and the "high-profile spat" between the President and Vice President makes the country one of the least politically-stable economies in Southeast Asia.

"Overall, the progress that Marcos has made over the past three years is encouraging for the economic outlook. However, persistent concerns over corruption and political instability risk undermining this progress," Capital Economics stated.

"If these issues remain unresolved, the Philippines will find it difficult to keep pace with the

region's top-performing economies, particularly Vietnam and India. Moreover, it risks not fully capitalizing on the significant opportunities arising from the realignment of global supply chains driven by the US-China decoupling," it added.

The think tank noted that GDP grew by an average of 5.6 percent in 2023-2024, and is set to grow by 5.3 percent this year.

Further, inflation has been below 2 percent since March 2025. In July, inflation has averaged 0.9 percent, allowing the central bank to consider another rate cut in the August meeting of the Monetary Board. (See: https://businessmirror.com.ph/2025/07/30/august-rate-cut-seen-as-tariff-chaos-clears).

However, Capital Economics said while reforms were implemented in the Bureau of Customs and stronger procurement laws were already introduced, there are fears the country could "backslide" in its fight against corruption.

It said factors that are of concern are the abolition of the Presidential Anti-Corruption Commission as well as the lack of transparency in the country's sovereign wealth fund.

In 2022, the PACC were among three offices of Malacañang that were abolished by the President as part of his effort to streamline its operations. (See: https://businessmirror.com.ph/2022/07/07/pacc-abolished-pcoo-its-units-folded-under-office-of-press-secretary/).

In 2024, then Senator Aquilino Pimentel III and representatives of Bayan Muna Party-list have reiterated their plea for the Supreme Court to immediately enjoin implementation of Republic Act 11954 or the Maharlika Investment Fund (MIF) Act of 2023. (See: https://businessmirror.com.ph/2024/07/02/koko-et-al-renew-plea-for-sc-to-strike-down-maharlika-fund-law/).

However, managers of the sovereign wealth fund remain unfazed, vowing to continue with investment plans for the year. (See: https://businessmirror.com.ph/2024/07/08/mif-managers-to-proceed-with-investment-plans/).

Meanwhile, the think tank said the impeachment complaints against the Vice President continue to weigh on the country's efforts to become more politically stable.

"Duterte resigned from the cabinet in June 2024, and she was impeached earlier this year amid accusations of corruption and that she had hired a hitman to target President Marcos should she be killed. While the Supreme Court voided the impeachment last month, another impeachment attempt is likely next year," it said.

'Meaningful reforms'

Meanwhile, the Marcos administration intends to further its activities related to good governance by allocating a budget of P1.367 trillion to implement Transparent Governance and Institutional Efficiency in 2026.

The amount covers the P1.191-trillion National Tax Allotment; P16.1-billion Local Government Support Fund; and P1.5 billion for the National Government Data Center Infrastructure. [Cont. page 7]

Report: Corruption, political spat stunt economic growth

[Cont. from page 6]

"We aim to deepen participatory governance, bolster public accountability, and strengthen government systems through meaningful and impactful reforms," the President said in his budget message to the House of Representatives for the 2026 National Budget.

The Marcos administration intends to implement open government initiatives such as reinforcing the country's as a global leader in fiscal transparency and public accountability as the Philippines.

The Department of Budget and Management (DBM) has joined the global Steering Committee of the Open Government Partnership in October 2024.

The President said the administration will maintain the country's top spot in the Open Budget Survey which deemed the country as the most fiscally transparent in Asia.

The national government will also continue its budget tagging efforts which include the Climate Change Expenditure Tagging (CCET) to support climate mitigation and adaptation.

The DBM intends to release assessment reports on the budget and find out whether it is climate-responsive, disaster resilient and responsive, gender-responsive, and child-responsive.

The national government plans to strengthen the Program Convergence Budgeting (PCB) which aims to eliminate the duplication of programs.

The PCB also ensures consistency in program targets, beneficiaries, resource requirements, and implementation timelines across agencies.

The President noted that through the eMarketplace, the administration has improved the procurement process by reducing the procurement timeline.

Officials said the platform helps prevents corruption, improves competition, ensures bureaucratic efficiency and transparency, and generates savings for the government.

Image credits: Nonie Reves

Source: https://businessmirror.com.ph/2025/08/13/report-corruption-political-spat-stunt-economic-growth/

[UPCOMING EVENT] ARANGKADA PHILIPPINES INVESTMENT FORUM 2025

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 and sponsorships, you may visit this website links of Arangkada Philippines **Briefer**, **Sponsorship Tier** and **Confirmation Form**. You may also contact KCCP Secretariat at (632) 8885-73-42 or email info@kccp.ph for further inquires. **Links**:

[BRIEFER] https://drive.google.com/file/d/1H4eAL1QQNvfXsRkLFk7nZ-XeptMF3YNK/view
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MARRIOTT GRAND BALLROOM SEPTEMBER 25-26, 2025

KEYNOTE SPEAKERS



HON. FREDERICK GO

OFFICE OF THE SPECIAL ASSISTANT TO THE PRESIDENT FOR INVESTMENT AND ECONOMIC AFFAIRS



HON. RALPH RECTO

SECRETARY DEPARTMENT OF FINANCE

PANELISTS, MODERATORS, AND PRESENTERS



HON ERNESTO PEREZ



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