# 필리핀 한국 상공회의소 뉴스
# KOREAN CHAMBER OF COMMERCE PHILIPPINES NEWSLETTER

August 2025 Issue | Vol. 58


### SPECIAL POINTS OF INTEREST



### UPCOMING EVENT



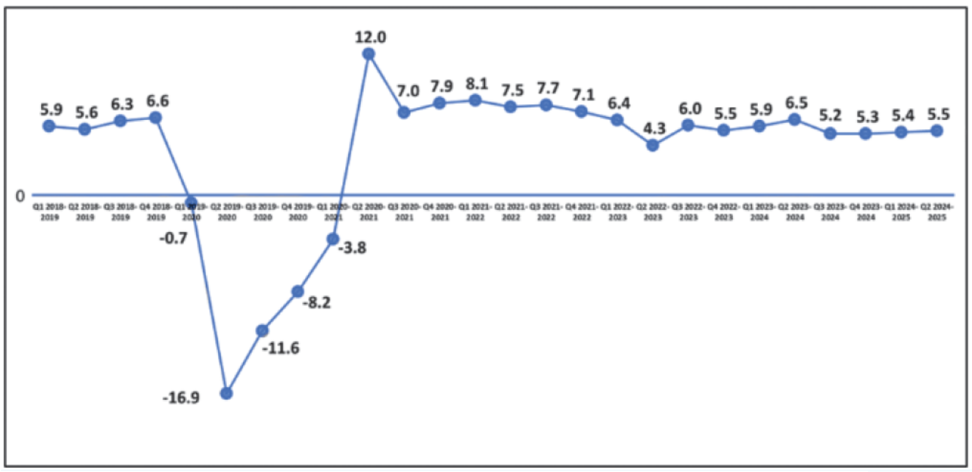
## PH keeps 'A-' credit rating with stable outlook — Japan's R&I

August 22, 2025 | Malaya Business News Team | Malaya Business Insight

Figure 1. Gross Domestic Product (At Constant 2018 Prices)

Year-on-Year Growth Rates (in percent)

Q1 2018-2019 to Q2 2024-2025




*SOURCE: National Income Accounts, Philippine Statistics Authority*

The Philippines kept its investment grade credit rating at "A-" with a stable outlook as the economy has sustained its firm growth trajectory, Japan-based debt watcher Rating and Investment Information Inc. (R&I) said.

R&I cited the Philippine economy's limited external risks and the government's fiscal consolidation drive.

"The Philippines is expected to realize stable economic growth and higher income levels against the backdrop of robust investments and population growth," the credit rating agency said in a report released late Wednesday.

The agency has kept the same investment grade rating for the Philippines since August 2024, with the "stable outlook" pointing to the medium-term prospects for the rating.

R&I also cited a sustainable growth path for the economy as the country continued to report one of the strongest growth rates in Southeast Asia.

Support comes from steady domestic consumption, sustained infrastructure spending, and the expansion of information technology-business process management (IT-BPM) and electronics manufacturing, R&I said.

Gross domestic product (GDP) grew 5.5 percent in the second quarter of 2025, slightly faster than the 5.4 percent in the first quarter, and the quickest since the slowdown from a high of 6.5 percent posted in the second quarter of 2024.

The latest GDP is still at the low end of the government's 5.5 to 6.5 percent full-year 2025 target, bringing the first-half average to 5.4 percent.

Inflation, meanwhile, has eased significantly to its lowest level in six years at 0.9 percent in July, bringing the year-to-date average at 1.7 percent on the back of lower rice prices. R&I said this has created a favorable outlook for growth momentum. *[Cont. page 2]*

## PH keeps 'A-' credit rating with stable outlook — Japan's R&I

*[Cont. from page 1]*

Although the current account remains in deficit, largely due to higher imports of construction materials and other capital goods, R&I said this reflects the government's infrastructure program and potential for future expansion.

"Despite the current account mostly in deficit, the stability of items in surplus is maintained including the steadily increasing remittances," R&I said.

It further noted that strong overseas Filipinos' remittances and adequate foreign exchange reserves will keep external risks "limited."

R&I does not see the potential impact of the US reciprocal tariffs on Philippine goods alarming — at 19 percent — and said it is relatively low. The country's exports to the US comprise only a small portion of the Philippines' overall trade.

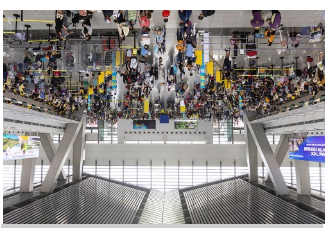
The Marcos administration, under the Philippine Development Plan 2023-2028, has committed to accelerating infrastructure development, encouraging private sector participation through public-private partnerships, and expanding investments to generate jobs and reduce poverty.

"Eyes are on progress in further improving the country's fundamentals for sustained economic growth under the Marcos Jr. administration," R&I said.

*Source: https://malaya.com.ph/business/ph-keeps-a-credit-rating-with-stable-outlook-japans-ri-2/*

## NAIA fee hikes not arbitrary, allowed by concession terms, operator says

August 20 , 2025 | Ashley Erika O. Jose | BusinessWorld



*REUTERS*

PLANS to raise the passenger service charge (PSC) at the Ninoy Aquino International Airport (NAIA) are within the parameters of the concession agreement, the airport operator said on Wednesday.

In a statement, New NAIA Infra Corp. (NNIC) said the PSC adjustment is not arbitrary but follows the agreed schedule when the concession was awarded.

The Department of Transportation (DoTr), Manila International Airport Authority (MIAA) and its project transaction advisor Asian Development Bank had outlined the financial terms the concession holder will operate under when the NAIA public-private partnership (PPP) was auctioned.

"Any winning bidder would have implemented the same schedule," it said.

PSCs, also known as terminal fees, are imposed on departing passengers. Currently, domestic travelers pay P200, while foreign travelers pay P550. These fees will rise to P390 and P950, respectively, starting next month.

NNIC said overseas Filipino workers are exempt from the terminal fee adjustment.

Last year, the NNIC, formerly the SMC SAP & Co. Consortium, signed a P170.6-billion contract to operate, maintain, and upgrade the country's primary gateway for 25 years.

The NNIC plans to construct a new passenger terminal building with a capacity of 35 million passengers annually to alleviate airport congestion.

The government hopes to earn P900 billion from the project, equivalent to P36 billion per year. This projection compares with the P1.17 billion average annually remitted by the MIAA over the 13 years ending 2023, according to the DoTr.

"On privatization, NNIC said the turnover of NAIA's operation was the result of a competitive and transparent bidding process, with safeguards to protect the public interest. The PPP model was pursued by the government precisely to ensure the needed funds, expertise, and technology are brought in to modernize the country's primary airport without burdening taxpayers," NNIC said.

*Source: https://www.bworldonline.com/economy/2025/08/20/692855/naia-fee-hikes-not-arbitrary-allowed-by-concession-terms-operator-says/*

## Philippines attracting more foreign businesses with Ease of Doing Business law

August 22 , 2025 | Michael Din Dela Cruz | The Manila Times

The Manila Times®

MORE foreign locators are gaining confidence and interest in setting up shop in the Philippines due in large part to the country's Ease of Doing Business law, a senior Aboitiz InfraCapital Economic Estates official said.

"One of the bigger [factors] that affects locators' decision-making is the ease of doing business. Our competition is outside of the country, so when they look at us, there's so many things in terms of regulation that have changed," AIC Economic Estates Vice President Monica Lorenzana Trajano told reporters on Tuesday.

Trajano added that the Create More Act, which was designed to boost foreign investment, create jobs and help businesses recover and expand in the Philippines, was also helping draw the interest of foreign businesses.

"People see that our government is actually supporting business in terms of infrastructure, foreign trade agreements, and things like that," she said.

Incentives under the law include a 20-percent corporate income tax, value-added tax incentives, and deductions for energy and research and development.

Trajano added that since their estates were registered with the Philippine Economic Zone Authority (PEZA), locators can benefit from PEZA-related initiatives.

"We also make sure that it's easy for them (locators) in terms of checking in and out with PEZA and [the] Bureau of Customs," Trajano said.

She highlighted a collaboration between AIC Economic Estates and the PEZA called EaseBiz where the company acts as "a concierge for the locators to get the documents for the PEZA registration and liaise with them in a more direct fashion."

In June, LIMA Estate, one of AIC Economic Estates' industrial parks, signed a memorandum of understanding with the PEZA to enhance investor services and streamline regulatory processes.

Nico De Leon, assistant vice president for sales and leasing at AIC Economic Estates, said the local workforce and infrastructure were also key considerations for foreign locators.

"[T]hat's where we come in as part of the bigger Aboitiz group of companies. What's important to locators are the utilities, both power and water, and our estates are supported by the Aboitiz Group," De Leon said.

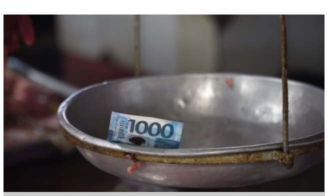
"Regardless [of whether] they're into export or domestic consumption, they're seeing the value already from being in an industrial park that's fully integrated."

Shares of Aboitiz Equity Ventures, the ultimate parent of AIC Economic Estates, slipped 25 centavos, or 0.84 percent, to P29.35 on Wednesday.

*Source: https://www.manilatimes.net/2025/08/22/business/top-business/philippines-attracting-more-foreign-businesses-with-ease-of-doing-business-law/2171981*

## Easing to persist on weak GDP, inflation

August 22 , 2025 | Cai U. Ordinario | BusinessMirror




*REUTERS*

THE underperformance of the economy in the first quarter as well as the slowdown in inflation could prompt the Bangko Sentral ng Pilipinas (BSP) to continue easing monetary policy, according to an international think tank.

In its latest economic note, BMI, a Fitch Solutions Company, said the BSP is expected to bring down the benchmark policy rate by 50 basis points to 4.75 percent by the end of the year.

BMI noted that while the country's GDP growth remained below the 5.5-percent goal of the administration, it expects inflation to average 1.6 percent this year from the initial 2.2-percent forecast. *[Cont. page 4]*

## Easing to persist on weak GDP, inflation

*[Cont. from page 3]*

"We believe this underperformance will continue into the coming quarters, given mounting signs of softening domestic activity and the winding down of exports front-loading," BMI said.

BMI said the Monetary Board has ample room to continue reducing policy rates. Inflation already slowed to 0.9 percent in July and remained below the 2 to 4 percent target of the BSP.

"With geopolitical risks, particularly surrounding the Israel-Iran conflict, now largely de-escalated, energy-related price pressures are expected to remain contained. We have therefore revised our inflation forecast down to an average of 1.6 percent in 2025, from 2.2 percent previously," it explained.

Meanwhile, despite the rate cuts, BMI still expects the Philippine peso to strengthen in the second semester of the year.

BMI expects the Philippine peso to trade between P55.2 and P59.2 against the US dollar in the second half of 2025. However, it said, the peso may end the year stronger at a spot rate of P57.22 to the US dollar.

Risks to the outlook include developments in the United States as the US Federal Reserve continues to face growing political pressure from President Donald Trump who is advocating for monetary easing.

"Markets could interpret any rate cuts as politically driven, raising doubts about the Fed's independence especially if rate cuts coincide with fiscal slippage or policy uncertainty. This would support risk appetite for EM [emerging market] currencies such as the peso," BMI said.

Earlier, BSP said a reduction in key policy rates remains "on the table" despite the recent increase in the country's core inflation rate. *(See: https://businessmirror.com.ph/2025/08/12/policy-rate-cuts-still-on-table-amid-inflation).*

On the sidelines of the forum of the Economic Journalists Association of the Philippines (EJAP), BSP Governor Eli M. Remolona Jr. said core inflation is not expected to reach 3 percent until 2027 while headline inflation is expected to average 2 percent this year.

Last week, the Philippine Statistics Authority (PSA) reported that core inflation remains elevated at 2.3 percent in July. This is faster than the 2.2 percent recorded in June but slower than the 2.9 percent recorded a year ago. *(See: https://businessmirror.com.ph/2025/08/06/july-core-inflation-worries-analysts/).*

The Monetary Board began reducing key policy rates in August 2024 by 25 basis points to 6.25 percent, followed by another 25-bps cut in October to 6 percent; and another 25 bps in December to 5.75 percent at the end of 2025.

While the BSP kept interest rates steady in January 2025, by April 2025, the Monetary Board reduced policy rates by 25 bps to 5.5 percent, and by another 25 bps in June to 5.25 percent.

**Image credits: ALEXEL KORNYLEV / DREAMSTIME.COM**

*Source: https://businessmirror.com.ph/2025/08/22/easing-to-persist-on-weak-gdp-inflation/*

## BMI: BSP to further reduce policy rates in second half

August 21 , 2025 | Anna Leah Gonzales | Philippine News Agency

**MANILA** – The Bangko Sentral ng Pilipinas (BSP) is expected to continue reducing policy rates in the second half of the year as easing inflation provides ample room for more policy rate cuts, BMI, a unit of Fitch Solutions said.

In a report released Thursday, BMI said low inflation and slow growth would prompt the BSP to ease further in the second half, bringing the benchmark policy rate to 4.75 percent by the end of this year.

Inflation eased to a nine-year low of 0.9 percent in July this year.

BMI projects inflation to settle at 1.6 percent this year, down from its earlier 2.2 percent forecast.

*[Cont. page 5]*

## BMI: BSP to further reduce policy rates in second half

*[Cont. from page 4]*

Economic growth, however, settled at 5.4 percent in the first quarter of the year and slightly picked up to 5.5 percent in the second quarter.

"We expect the Bangko Sentral ng Pilipinas (BSP) to maintain a pro-growth policy stance in H2 (second half) 2025 amid growing economic uncertainty," BMI said.

BMI believes that despite further rate cuts, "the peso will strengthen slightly from current levels as the evolving situation in the US weighs on the dollar."

"We expect that the currency will end the year a touch stronger than the current spot rate of PHP57.22 per USD as there remains the risk that investor confidence in the US dollar may weaken further," BMI said.

*Source: https://www.pna.gov.ph/articles/1257038*

## Infrastructure spending rebounds in June

August 22 , 2025 | Aubrey Rose A. Inosante | BusinessWorld

*Workers from the Department of Public Works and Highways (DPWH) continue working on the flood control project of Marikina City. — PHILIPPINE STAR/WALTER BOLLOZOS*

STATE SPENDING on infrastructure bounced back in June, as disbursements for public works projects resumed after the election ban was lifted in early May, the Department of Budget and Management (DBM) said.

In its latest disbursement report on Thursday, the DBM reported that expenditure on infrastructure and other capital outlays increased by 6.5% to P148.8 billion in June from P139.7 billion in the same month last year.

Month on month, it increased by 20.2% from P123.8 billion.

This came after the month of May saw an annual 9.2% decline.

“This was largely attributed to the recovery of DPWH’s (Department of Public Works and Highways) spending performance following a two-month decline in April and May amid the election ban,” it said.

The Commission on Elections’ 45-day ban on public works spending started on March 28 and ended with the May 12 elections.

In June, the DPWH resumed payments for mobilization fees as well as made progress payments for newly awarded projects. It also settled outstanding obligations from previous years.

However, the DBM noted the pace of infrastructure spending was tempered by base effects from substantial releases for the Department of National Defense’s Revised Armed Forces of the Philippines Modernization Program in June last year.

The Philippines has been ramping up its military capacity under the $35-billion military modernization program since 2012 in response to rising tensions in the South China Sea.

The DBM said big-ticket releases for infrastructure are expected in the second half of the year.

Budget Secretary Amenah F. Pangandaman earlier explained that disbursements are expected to pick up toward the latter part of May to June after the 45-day election ban is lifted.

Rizal Commercial Banking Corp. Chief Economist Michael L. Ricafort said that increased infrastructure spending is crucial for economic growth.

“(This will translate to) more inclusive economic growth and development, as better infrastructure boosts the economy’s productivity, as well as help attract more foreign tourists and more foreign investments/locators,” Mr. Ricafort said in a Viber message on Thursday.

For the first half of 2025, overall infrastructure and capital outlays disbursements inched up by 1.4% to P620.2 billion from P611.8 billion in the same period last year.

This was 0.1% or P800 million below the P621-billion program for the first semester.

“Although infrastructure expenditures posted a notable 20.8% (P45-billion) annual growth in first quarter this year, it contracted by 9.3% (P36.6 billion) in second quarter amid the election-related prohibition on public spending covering the entire month of April up to the first two weeks of May,” the DBM said. *[Cont. page 6]*

## Infrastructure spending rebounds in June

*[Cont. from page 5]*

Meanwhile, overall infrastructure disbursements, which include infrastructure components of subsidy or equity to government corporations and transfers to local government units, were flat at P720.3 billion in the January-to-June period from P720.5 billion a year ago.

It also exceeded the overall infrastructure spending program of P718-billion for the first half by 0.3%.

The DBM said growth in infrastructure transfers to local government units, particularly their development fund equivalent to 20% of the National Tax Allotment, was offset by lower National Government-implemented infrastructure activities and reduced subsidies to state agencies like the National Irrigation Administration (NIA).

Subsidies provided to state-run firms stood at P7.45 billion in June, 26.68% down from P10.16 billion a year earlier.

Budgetary support to the NIA plunged by 68.21% in June to P2.39 billion from P7.52 billion in the same period in 2024.

"Nevertheless, the total infrastructure spending for the first semester was registered at 5.3% of GDP (gross domestic product), in line with the 5.3% full-year target for this year," it added.

Based on the 2026 Budget of Expenditures and Sources, the government set its full-year infrastructure spending program at P1.51 trillion, equivalent to 5.3% of the GDP.

In the following months, the DBM said line agencies are expected to ramp up requests for release of allotments for their programs, activities, and projects in the second semester as implementation activities normalize post-election ban.

"These may also include unutilized cash allocations from the second quarter that line agencies can still request this second semester so they can process payments and make disbursements to suppliers or contractors for completed and delivered goods or rendered services," it said.

Among the anticipated spending drivers for the succeeding months are progress billings from multiple finished or partially completed road and transport infrastructure projects and releases for defense modernization program.

"Increased infrastructure spending at around 5%-6% of GDP for the coming years, as also seen in recent years, would still lead to sustained growth in infrastructure spending," Mr. Ricafort said.

*Source: https://www.bworldonline.com/top-stories/2025/08/22/693066/infrastructure-spending-rebounds-in-june/*

## [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:***

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